

The Bank of North Dakota

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SERIES OF 1920

Issued February 2, 1920

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The Bank of North Dakota

OWNED, OPERATED, MANAGED AND CONTROLLED BY
THE STATE OF NORTH DAKOTA

Bismarck



"THE BANK OF THE PEOPLE"

February 2, 1920.

Dear Sir:

Thinking that you might be interested in the plans and purposes of The Bank of North Dakota, owned, operated, managed and controlled by the State of North Dakota, I enclose herewith copies of laws, regulations, by-laws, orders, rules and instructions governing the Bank and outlining its policy, together with a brief general statement of the reasons that impelled the people to create the Bank, the auspices under which it sets out on its career and the conditions which give assurance of its success.

The Bank is now fully organized, with a capital of two million dollars, and is actively engaged in banking operations. It has deposits of over sixteen million dollars, and solicits further deposits, and is ready to handle all such business as is authorized by the law creating the Bank. The Bank is the fiscal agent for the sale of the guaranteed bonds of the State of North Dakota.

This series goes to all banks and financial institutions in the State, as a guide in the transaction of their business with the Bank.

Respectfully,

F. W. CATHRO,

Director General.



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

LAWS

SERIES OF 1920.

SESSION LAWS OF 1919.

CHAPTER 147.

The Bank of North Dakota Act

An Act Declaring the Purpose of the State of North Dakota to Engage in the Banking Business and Establish a system of Banking Under the Name of the Bank of North Dakota, Operated by the State, and Defining the Scope and Manner of its Operation, and the Powers and Duties of the Persons Charged with Its Management; Making an Appropriation Therefor; and Providing Penalties for the Violations of Certain Provisions Thereof.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. For the purpose of encouraging and promoting agriculture, commerce and industry, the State of North Dakota shall engage in the business of banking, and for that purpose shall, and does hereby, establish a system of banking owned, controlled and operated by it, under the name of the Bank of North Dakota.

Section 2. The Industrial Commission shall operate, manage and control the Bank of North Dakota, locate and maintain its places of business, of which the principal place shall be within the state, and make and enforce orders, rules, regulations and by-laws for the transaction of its business. The business of the Bank, in addition to other matters herein specified, may include anything that any bank may lawfully do, except as herein restricted; but this provision shall not be held in any way to limit or qualify either the powers of the Industrial Commission herein granted, or the functions of said Bank herein defined. The Industrial Commission shall meet within twenty days after the passage and approval of this Act to begin the organization of the Bank.

Section 3. To accomplish the purpose of this Act, the Industrial Commission shall acquire by purchase, lease or by exercise of the right of eminent domain, as provided by Chapter 36 of the Code of Civil Procedure, Compiled Laws of 1913, all requisite property and property rights, and may construct, remodel and repair buildings; but it shall not invest more than ten per cent of the capital of the bank in furniture fixtures, lands and buildings for office purposes.

Section 4. The Industrial Commission shall obtain such assistance as in its judgment may be necessary for the establishment, maintenance and

operation of the Bank. To that end it shall appoint a manager, and may appoint such subordinate officers and employes as it may judge expedient. It may constitute such Manager its general agent, in respect to the functions of said Bank, but subject, nevertheless, in such agency, to the supervision, limitation and control of the Commission. It shall employ such contractors, architects, builders, attorneys, cashiers, tellers, clerks, accountants, and other experts, agents and servants as in the judgment of the Commission the interests of the state may require, and shall define the duties, designate the titles, and fix the compensation and bonds of all such persons so engaged; provided, however, that subject to the control and regulation of the Commission, the Manager of the bank shall appoint and employ such deputies, cashiers, tellers, and other subordinates, and such contractors, architects, builders, attorneys, clerks, accountants and other experts, agents and servants, as he shall, in his judgment, deem are required by the interests of the Bank. The total compensation of such appointees and employes, together with other expenditures for the operation and maintenance of the Bank, shall remain within the appropriation and earnings lawfully available in each year for such purpose. All officers and employes of the Bank engaged upon its financial functions shall, before entering upon their duties, respectively furnish good and sufficient bonds to the state in such amount and upon such conditions as the Commission may require and approve; but the bond of the Manager shall not be less than fifty thousand dollars. Such bond shall be filed with the Secretary of State.

Section 5. The Industrial Commission may remove and discharge any and all persons appointed in the exercise of the powers granted by this Act, whether by the Commission or by the Manager of the Bank, and any such removal may be made whenever in the judgment of the Commission the public interests require it; provided, however, that all appointments and removals contemplated by this Act shall be so made as the Commission shall deem most fit to promote the efficiency of the public service.



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

CIRCULAR NO. 1

SERIES OF 1920.

Organization, Purposes and Progress

The Bank of North Dakota was established by Act of the State Legislature in 1919. The purpose of creating the Bank is stated in the Act, as being for the encouragement and promotion of agriculture, commerce and industry. The reasons for establishing a bank owned and operated by the people are to be found in the industrial history of the State. So far as yet developed the resources of North Dakota are chiefly agricultural; more than 80 per cent of the population is rural and the remaining less than 20 per cent is chiefly dependent upon agricultural activities. The methods of agriculture heretofore best adapted to conditions of surface, soil and climate, and therefore so far developed, have not been such as are calculated to bring the people together into compact communities. As a result co-operation, for buying and selling, or for financing farming operations has been extremely difficult. Under these conditions any marketing service that could be supplied by individuals or by private corporations has been very costly and relatively inefficient. Nor is it strange that under these conditions private interests sometimes have taken advantage of the needs of the people to keep down the prices of farm products, and exorbitantly to advance the prices of the things the farmers had to buy and the rates of interest for farm loans. That this was often done is now a matter of history, so completely verified and authenticated that no one denies it.

There is general agreement as to the facts of the North Dakota situation, but considerable variance of opinion as to proper and effective remedies. But there is no room for doubt as to the remedy that the majority of the people demand. After trying various remedies they arrived at the conclusion that the only permanent remedy lay in state ownership and control of marketing and credit facilities—at least to the

extent necessary to stabilize market conditions and prices and the rates of interest on loans. So believing, they elected in 1918 a state government pledged to provide state mills and elevators and a state system of credit. The Bank of North Dakota is the institution that was created to serve the latter purpose, and it is designed to finance the other parts of the State Industrial System, as well as to serve the needs of the people for credit for the carrying on of their principal industry and the business activities dependent upon it.

The Bank has now passed through the period of organization, and is in successful operation. It is no longer a charge upon the state treasury, and, tho beginning its operations under temporarily unfavorable financial conditions, which have to a considerable extent been aggravated by the opposition of the enemies of the people's program, with the apparent purpose of defeating the Bank, it sets out upon its career under very favorable auspices. As compared with other states, the standard of intelligence and education of the people of North Dakota is high. Its percentage of illiteracy is much below the average for the United States. The percentage of illiteracy for North Dakota is 3.1 per cent, as compared with an average of 4.4 per cent for the great states of Minnesota, Illinois, Missouri, Pennsylvania and New York, in which are located six of the great financial centers of the country (and six federal reserve banks), with which heretofore North Dakota has had most of its financial and industrial associations, borrowing from and selling to them largely upon their terms. The people of North Dakota are industrious, thrifty and progressive. Production and wealth per capita compare very favorably with other states. The resources of the State are sufficient to support



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

LAWS

SERIES OF 1920.

SESSION LAWS OF 1919

CHAPTER 151

The Industrial Commission Act

An Act Creating the Industrial Commission of North Dakota, authorizing it to conduct and manage on behalf of the State certain utilities, industries, enterprises and business projects, and defining its powers and duties; and making an appropriation therefor.

Be It Enacted by the Legislative Assembly of the State of North Dakota:

Section 1. A commission is hereby created and established to conduct and manage, on behalf of the State of North Dakota, certain utilities, industries, enterprises and business projects, now or hereafter established by law. It shall be known as the Industrial Commission of North Dakota, but may be designated as the Industrial Commission.

Section 2. The Industrial Commission shall consist of three members, namely: The Governor, the Attorney General and the Commissioner of Agriculture and Labor, of the State of North Dakota. Two Members shall constitute a quorum for the transaction of business. The first meeting of the Commission shall be held in the office of the Governor, at his call, within twenty days after this Act goes into effect. Its meetings thereafter shall be held at such times and places as the Governor or a majority of the Commission may determine. It shall be provided by the proper authorities with suitably furnished offices at the seat of government.

Section 3. The Governor shall be the Chairman of the Industrial Commission, and its attorney shall be the Attorney General of the State. In the transaction of its general business it may employ secretaries and other subordinate officers, clerks and agents, on such terms as it may deem proper, appointing and discharging all persons so engaged when and as, in its judgment, the public interests may require. The Commission may require suitable bonds of any such secretary or other subordinate officer, clerk or agent, and shall fix the amount of the compensation of each. Such compensation, together with other expenditures for operation and maintenance of the general business of the Commission shall remain within the appropriation available in each year for such purpose.

Section 4. The Industrial Commission shall adopt and procure an official seal, and may authenticate therewith its documentary acts. All orders, rules, regulations, by-laws and written contracts, adopted or authorized by the Commission shall, before becoming effective, be approved by the Governor, as Chairman, and shall not be in force unless approved and signed by him.

Section 5. The Industrial Commission is hereby empowered and directed to manage, operate, control and govern all utilities, industries, enterprises and business projects, now or hereafter established, owned, undertaken, administered or operated by the State of North Dakota, except those carried on in penal, charitable or educational institutions. To that end it shall have the power, in the exercise of its sound judgment, and is hereby directed:

(a) To determine the location of such utilities, industries, enterprises and business projects.

(b) For the State and in its name and behalf, in order to accomplish the purposes of this Act, to acquire by purchase, lease or by exercise of the right of eminent domain, as provided by Chapter 36 of the Code of Civil Procedure, Compiled Laws of 1913, all necessary properties and property rights and to hold and possess or to sell the whole or any part thereof; to construct and reconstruct necessary buildings thereon; to equip, maintain, repair and alter any and all such properties and the improvements thereon; and generally to use the same so as to promote such utilities, industries, enterprises and business projects.

(c) To appoint a Manager, and all necessary subordinate officers and employes, of and for each such utility, industry, enterprise and business project; to constitute any such Manager its general agent in the performance of its duties in the particular utility, industry, enterprise or business project in which he shall be engaged, but subject, nevertheless, in such agency to the supervision, limitation and control of the Commission; to employ such contractors, architects, builders, attorneys, salesmen, clerks, accountants and other experts, agents and servants, as in the judgment of the Commission the interests of the

Section 6. The Bank shall be opened and shall proceed to transact business whenever there shall be delivered to the Industrial Commission bond in the sum of two million dollars issued by the State as may be provided by law for such purpose. The fund procured by the negotiation and sale of such bonds is hereby designated and shall be known as the capital of said Bank.

Section 7. All state, county, township, municipal and school district funds, and funds of all penal, educational and industrial institutions and all other public funds shall be, by the person having control of such funds, deposited in the Bank of North Dakota within three months from the passage and approval of this Act, subject to disbursement for public purposes on checks drawn by the proper officials by law; provided, however, that on a proper showing made by any official having control of public funds, the Industrial Commission may permit a postponement of the deposit of such funds or any part thereof in the Bank of North Dakota, the period of such postponement not to exceed six months. And provided, further, that if any such funds are now loaned by authority of law under a contract terminating at a future time, then the deposit of such funds in the Bank of North Dakota shall not be required until two months after the time of expiration of such contract. Any person who shall violate any of the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be punished by imprisonment in a county jail for not less than ninety days, and by a fine of not less than one hundred dollars.

Section 8. Whenever any of the public funds hereinbefore designated shall be deposited in the Bank of North Dakota, as hereinbefore provided, the official having control thereof, and the sureties on the bond of every such official, shall be exempt from all liability by reason of loss of any such deposited funds while so deposited.

Section 9. The Bank of North Dakota may receive deposits from any source, including the United States Government and any foreign or domestic individual, corporation, association, municipality, bank or government. Funds may be deposited to the credit of the Bank of North Dakota in any bank or agency approved by the Industrial Commission.

Section 10. All deposits in the Bank of North Dakota are hereby guaranteed by the State. Such deposits shall be exempt from state, county and municipal taxes of any and all kinds.

Section 11. Funds deposited by State Banks in The Bank of North Dakota shall be deemed "available funds" within the meaning of that term as used in Section 5170 of the Compiled Laws of 1913. For banks that make the Bank of North Dakota a reserve depository, it may perform the

functions and render the services of a clearing house, including all facilities for providing domestic and foreign exchange, and may rediscount paper, on such terms as the Industrial Commission shall provide.

Section 12. The Industrial Commission, unless otherwise limited by law, shall from time to time fix the rates of interest allowed and received in transactions of the Bank. Such rates shall be as nearly uniform and constant as practicable, and shall not be fixed or changed to work any discrimination against or in favor of any person or corporation. But in respect to time deposits received by the Bank, transactions may be reasonably classified as to the amounts and the duration of time involved, and a reasonable differentiation of interest rates based on such classification may be allowed. When interest is allowed on any deposits it shall not be less than one or more than six per cent. The Industrial Commission shall also fix reasonable charges, without unjust discrimination, for any and all services rendered by the Bank.

Section 13. All checks and other instruments and items of exchange payable on demand, sent by the Bank of North Dakota to any State bank or banking association in North Dakota, for collection, shall be by such State bank or banking association remitted for at par to the Bank of North Dakota. Any person or corporation who shall violate any of the provisions of this section shall be guilty of a misdemeanor.

Section 14. The Bank of North Dakota may deposit funds in any bank or banking association within or without the State upon such terms and conditions as the Industrial Commission shall determine.

Section 15. The Bank of North Dakota may transfer funds to other departments, institutions, utilities, industries, enterprises or business projects of the State, which shall be returned with interest to the Bank. It may make loans to counties, cities or political subdivisions of the State, or to State or national banks, on such terms, and under such rules and regulations, as the Industrial Commission may determine; but it shall not make loans or give its credit to any individual, association or private corporation, except that it may make loans to any individual, association or private corporation, secured by duly recorded first mortgages on real estate in the State of North Dakota in amounts not to exceed one-half the value of the security, or secured by warehouse receipts issued by the Industrial Commission or by any licensed warehouse within the State, in amount not to exceed ninety per cent. of the value of the commodities evidenced thereby. It shall not, however, loan on real estate security more than thirty per cent. of its capital, nor in addition thereto, more than twenty per cent of

veyed in the name of "The State of North Dakota, doing business as The Bank of North Dakota." Written instruments shall be executed in the name of the State of North Dakota, signed by any two members of the Industrial Commission, of whom the Governor shall be one, or by the Manager of The Bank of North Dakota within the scope of his authority so to do as defined by the Industrial Commission.

Section 22. Civil actions may be brought against the State of North Dakota on account of causes of action claimed to have arisen out of transactions connected with the operation of The Bank of North Dakota, upon condition that the provisions of this section are complied with. In such actions the State shall be designated as "The State of North Dakota, doing business as The Bank of North Dakota," and the service of process therein shall be made upon the Manager of said Bank. Such actions may be brought in the same manner and shall be subject to the same provisions of law as other civil actions brought pursuant to the provisions of the Code of Civil Procedure. Such actions shall be brought, however, in the county where the Bank of North Dakota shall have its principal place of business, except as provided in Sections 7415, 7416 and 7418, Compiled Laws of North Dakota, 1913. The provisions of Section 375 and 657 of the Compiled Laws of 1913 shall not apply to claims against the state, affected by the provisions of this section.

Section 23. The State Examiner shall personally or through deputy examiners visit the Bank

of North Dakota at least twice annually, and shall inspect and verify the assets in its possession and under its control, with sufficient thoroughness of investigation to ascertain with reasonable certainty whether the valuations are correctly carried on its books. He shall investigate its methods of operation and accounting. She shall report the results of each such examination and investigation to the Industrial Commission as soon as practicable, and to the Legislative Assembly at its next ensuing session, and as provided in paragraph numbered 5, of Section 5146 of the Civil Code, Compiled Laws, 1913, to the State Banking Board.

Section 24. There is hereby appropriated out of the general funds of the State, not otherwise appropriated, one hundred thousand dollars, or so much thereof as may be necessary, to carry out the provisions of this Act. This appropriation is hereby made available immediately upon the passage and approval of this Act. The Industrial Commission shall, out of the earnings of the bank, make provision for accumulating a fund with which to replace in the general funds of the state, the amount received by the commission under this appropriation, as may be directed by the Legislative Assembly.

Section 25. All Acts and parts of Acts inconsistent with this Act are hereby repealed.

Section 26. This Act is hereby declared to be an emergency measure and shall take effect and be in force from and after its passage and approval.

Approved February 25, 1919.

said bonds to deliver them to the Industrial Commission, in such denominations and amounts, bearing interest at such rates, and running to such periods of maturity, as may be determined by the Governor, in his discretion, upon consideration of such recommendations as the Commission may make in regard thereto. The Industrial Commission is empowered, authorized and directed, in connection with and in addition to its other powers and duties, to act as the agent of the State for the negotiation, sale and delivery of said bonds. It shall sell them for cash in such manner and at such terms as in its sound discretion it shall deem most advantageous to the interests of the State. The Commission is hereby authorized to receive all moneys paid by buyers of said bonds, upon the sale thereof, and upon receipt of the purchase price to deliver to each purchaser the bonds by him purchased. Upon such delivery of bonds so purchased and paid for, the faith and credit of the State of North Dakota is pledged for the payment thereof, both principal and interest to the lawful holder and owner thereof upon presentation for payment, according to law. The moneys so derived and received from the sale of said bonds shall constitute the fund to be designated as the capital of the Bank of North Dakota, and shall be so employed by the Industrial Commission. Nothing in this Act, however, shall be construed to prevent the purchase of any of said bonds with any funds in the Bank of North Dakota.

Section 5. From time to time the Industrial Commission shall, out of the earnings derived from the operation of The Bank of North Dakota, pay to the State Treasurer such moneys as the Commission shall deem available to devote to the purpose of paying said bonds and interest. In making such payment the Commission shall file a statement with the State Treasurer specifying the purpose of such payment. When moneys shall have been so paid to the State Treasurer, he shall apply the same to their specified purpose as hereinafter directed.

Section 6. At the time of each annual meeting of the State Board of Equalization hereafter, the Industrial Commission shall deliver to said board an exact written statement of all bonds issued under the provisions of this Act outstanding at that time, including therein the dates of maturity, interest rates and all other information proper to enable the Board intelligently to comply with the provisions of this Act in regard to tax levies. On the basis of such information the State Board of Equalization shall annually levy a tax, at the time other taxes are levied, sufficient in amount to pay such interest on said bonds as will become due during the year beginning on the next ensuing first day of January, and said tax shall be collected in the same manner as

other state taxes are collected. In determining, however, the amount of the tax sufficient for such purpose the Board of Equalization shall take into account whatever moneys, if any, shall then have been paid to the State Treasurer by the Industrial Commission as provided in Section 5 of this Act, for the specific purpose of paying such interest. The Board of Equalization shall apply to the State Treasurer for information as to the amount of such moneys, and he shall forthwith supply the information requested. If the amount of such moneys shall equal or exceed the amount of the interest on said bonds payable during said year beginning on the next ensuing first day of January, then no tax shall be levied by the Board of Equalization for that purpose; but if the amount of such moneys shall be less than the amount of the interest on said bonds payable during said year, then the Board of Equalization shall deduct the amount of said moneys in the possession of the Treasurer from the amount of the interest so payable and shall levy the tax hereinbefore in the Section provided for at least the difference between said amounts.

Section 7. Whenever it shall appear to the Board of Equalization from the information contained in any statement delivered to it by the Industrial Commission at any annual meeting of said Board, as provided in Section 6 above, that there will mature, within a period of five years from such annual meeting, any of the bonds provided for in this Act, the Board of Equalization shall thereupon, at such annual meeting, levy a tax in an amount equal to one-fifth of the amount of the principal of such bonds; provided, however, that in determining the amount of such tax, the Board of Equalization shall take into account whatever moneys, if any shall have been paid to the State Treasurer by the Industrial Commission for the specific purpose of paying the principal of said bonds when due, as provided in Section 5 of this Act. The Board of Equalization shall apply to the State Treasurer for information as to the amount of such moneys and as to the times when paid to him. If the amount of such moneys paid to the Treasurer since the date of the last preceding tax levy made by the Board of Equalization, shall equal or exceed one-fifth of the amount of the bonds so to mature, then such tax shall not be levied; but if the amount of such moneys, paid to the State Treasurer since the date of the last preceding tax levy, shall be less than one-fifth of the amount of said bonds so to mature, then the Board of Equalization shall deduct the amount of such moneys, so paid, from such one-fifth of said bonds, and shall levy the tax, hereinbefore in this Section provided, for the difference. It is the intention of this Section to provide that in each of the last five years, before the maturity of any of said bonds, a state tax shall be levied which, to-



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

SERIES OF 1920.



Regulations

Adopted by the Industrial Commission

Regulation "A" pertains to the temporary location of the Bank.

Regulation "B" pertains to the duty of the Manager in regard to the organization of the Bank.

REGULATION "C"

Departments

The Manager of The Bank of North Dakota shall be general representative of the Industrial Commission in all affairs pertaining to The Bank of North Dakota, with such powers and authority as may from time to time be conferred upon him by the Industrial Commission. The Manager shall appoint the Directors and Deputy Directors of each of the departments hereinafter established, subject to approval by the Industrial Commission and subject to removal upon orders from the Industrial Commission.

The Director General, subject to the Industrial Commission and Manager, shall have general supervision over the affairs of The Bank of North Dakota and its management, and, acting through the several heads of departments, shall direct the management of the Bank.

There is hereby created five co-ordinate departments in The Bank of North Dakota, to be known respectively as the Bond Department, Farm Loan Department, Credits Department, Audits Department and the Department of Statistics and Publicity. The head of each department shall be known and designated as the Director of such department. The duties of each department shall be such duties as are indicated by the title, together with such additional duties as may from time to time be assigned to such department by the regulations, by-laws, rules and orders of the Bank, or by orders of the Director General.

The Directors of the several departments herein established shall constitute the General Finance Committee, of which the Director General shall be the Chairman. The General Finance Committee shall confer and advise with the Director General and shall carry into effect such orders as may be issued by the Manager and Director

General. A majority of the General Finance Committee shall constitute a quorum. The General Finance Committee shall meet daily (Sundays and holidays excepted) at 10 o'clock a. m.; provided, that such daily meetings may be dispensed with for such day or days as may be deemed proper, and special meetings may be called, when deemed proper, by the Director General.

The Manager shall appoint a Secretary to the Manager, subject to the approval of the Industrial Commission, who, in addition to his duties as Secretary to the Manager, shall also act as Clerk at the meetings of the General Finance Committee and shall keep a correct record of the regulations, by-laws, rules and orders issued for the Bank from the offices of the Manager and Industrial Commission, which record shall at all times be deposited and remain in the Bank. Officers and employees that shall be deemed necessary for the orderly transaction of the business of the Bank shall be employed or dismissed by the Manager after considering recommendations of the Director General and General Finance Committee. The Manager shall designate an employee or official of the Bank to maintain a stock of office and other supplies necessary for the proper and expeditious management of the affairs of the Bank.

The Bond Department Director shall be charged with the duties of developing a market for the sale of such bonds as may from time to time be offered for sale by the Bank and upon such terms as shall be most advantageous to the Bank.

The Farm Loan Department Director shall be charged with the duties of carrying into effect the law as it pertains to farm loans to be made by and through the Bank.

The Credits Department Director shall be charged with the duty of determining and passing upon the character of rediscounts offered to the Bank, and loans to be made by the Bank upon collateral and, for that purpose, shall investigate the credit, standing and responsibility of rediscounting banks or borrowers.

The Audits Department shall keep a correct



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

ORDER NO. 1.

SERIES OF 1920.



The Policy of The Bank

The purpose of establishing a policy for The Bank of North Dakota is threefold:

1st. To provide for the operation of the Bank in conformity to the plan proposed by the persons who enacted the laws.

2nd. To fix in the minds of our citizens the exact purpose and scope of the Bank's activities.

3rd. To establish the plan of operation along the lines of safe economic and banking principles.

Therefore, the policy of The Bank of North Dakota is to be established essentially along the following lines:

1. To promote agriculture, commerce and industry.

2. To be helpful to and to assist in the development of state and national banks and other financial institutions and public corporations within the State and not, in any manner, to destroy or to be harmful to existing financial institutions.

3. To redeposit in the State, so far as is consistent with the operation of the Bank, such public funds as are at present employed in the carrying on of farming operations and business enterprises throughout the State, to the end that

loans need not be called in, in order to make a compliance with the transferring of such funds to The Bank of North Dakota, thereby effecting the working of any immediate hardship upon any locality or county.

4. To stabilize interest rates.

5. To base credit upon financial responsibility and integrity, irrespective of party affiliations; to ignore politics and to recognize merit.

6. To mobilize the assets of the whole State and its entire financial worth into one large central bank, co-operating with all the banks in the State, both state and national, and all the public financial activities of the State and its individuals, thereby enlarging its powers and opportunity for the development of the whole State.

7. To become a State Clearing House.

8. To meet the needs for and to perform the functions of a joint stock land bank.

9. To permit the records to be open to public inspection, subject, however, to the usual confidential relations existing between banks and customers.

Issued May 12, 1919.



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

RULE 1.

SERIES OF 1920.

Depository Banks

To Banks:

1. The Bank of North Dakota encloses herewith blank signature card and requests you to kindly forward to "The Bank of North Dakota, Bismarck, North Dakota, (Audits Department)" specimen signature of the officers of your bank duly authorized to sign on behalf of the bank in all relations between your bank and The Bank of North Dakota.

2. We enclose to you herewith the specimen signatures of the officers of The Bank of North Dakota authorized to sign checks, drafts, or other bills of exchange.

3. State banks wishing to open an account with The Bank of North Dakota and wishing to accept deposits from The Bank of North Dakota as depository banks, being guaranteed under the Depositors' Guaranty Fund Law, will not be required to furnish depository bonds to The Bank of North Dakota, but will be designated as "Depository Banks" by virtue of their qualifications under the Depositors' Guaranty Fund Law.

4. National banks in North Dakota, in order to qualify as "Depository Banks" for The Bank of North Dakota, will be required to file with The Bank of North Dakota a depository bond, which will be in lieu of present and former existing bonds guaranteeing the deposit of public funds. A form of depository bond has been prepared to cover such deposits as may be made by The Bank of North Dakota. Trust companies organized under the laws of the State of North Dakota will take up the matter of depository bonds with the several respective national banks now bonded by them, arranging for the filing of a new bond with The Bank of North Dakota; and after the transfer of funds has been made the present or former existing depository bonds will be cancelled and premium returned pro rata to apply on the premium for the new bond. National banks bonded by foreign trust companies may make application to The Bank of North Dakota for a blank form of depository bond.

5. Deposits will be made by The Bank of North Dakota with depository banks from time

to time as funds may be available therefor. Such deposits will be made subject to check or on time deposit and at rates of interest to be determined according to existing financial conditions. That part of the deposit which consists of sinking funds may be charged a higher rate of interest than the so-called "general funds" and will be deposited, as far as possible, for a specified time. It is probable that time certificates of deposit may be accepted for such deposits, due notice of which will hereafter be given. In order to avoid confusion of accounts it might be well for the depository bank to designate the account on its books as bank's reserves, to be known as "The Bank of North Dakota (Public Funds Account)" thereby preventing any confusion or co-mingling of the account with the depository bank's revenues, to be known as "The Bank of North Dakota (Reserve Account)."

6. Banks wishing to avail themselves of the rediscount facilities of The Bank of North Dakota will be required to file with The Bank of North Dakota a certified copy of a resolution to be adopted by their Boards of Directors, substantially in the following form:

"Authority to Re-Discount or Borrow"

"WHEREAS, It is highly desirable that the officers of this bank should from time to time be able to borrow sums of money on its behalf, now, therefore, be it

RESOLVED:

1st. That the President, Vice-President and Cashier of this Bank are, and each of them is hereby authorized to borrow, from time to time, on behalf of this Bank from THE BANK OF NORTH DAKOTA, such sums of money, for such times and upon such terms as may to them or any of them seem advisable, and to execute obligations in the name of the Bank for the payment of any sums so borrowed.

2nd. That each of the said officers is hereby authorized to pledge any of the bonds, stocks, bills receivable or other securities or property

ness requirements. Such portion of their reserves as can be consistently carried with The Bank of North Dakota ought to be so carried, keeping in mind the facilities to be asked and the services to be rendered by The Bank of North Dakota, in order that reciprocal relations may be established consistent with the conditions affecting the respective depository banks. As the opportunity to serve may be enlarged, in like manner should the reserves held with The Bank of North Dakota be increased from time to time. After crop settlement time, and before entering upon the new year's activities, reserves with The Bank of North Dakota should be very materially increased. The Bank of North Dakota will stand ready to serve to the utmost of its ability, and it realizes that for the two or three months next preceding the crop moving period, reserves are likely to be at the lowest ebb. Nevertheless, the transfer of some portion of the reserves should be made and maintained with The Bank of North Dakota.

14. Banks should open an account with The Bank of North Dakota and place a portion of their reserves with it at once, in order to be in a position to facilitate the transfer of funds from public corporations.

15. Reserves carried with The Bank of North Dakota will be subject to draft by the depository bank at all times. This account is to be kept always separate and distinct from the account representing redeposit of public funds. It is the account in The Bank of North Dakota over which the depository bank has control, and for which it remits to build up its "available funds" or reserves, and against which it draws its drafts. In order that there may be no confusion or co-mingling of accounts it is suggested that the depository bank designate this account in its own books as "The Bank of North Dakota (Reserve Account)."

16. The term "Depository Bank" is adopted as designating a relationship to The Bank of North Dakota somewhat analagous to the term of "Member Bank," as used in its relation to the Federal Reserve Bank, and for the purpose of avoiding a confusion of terms.

17. The Bank of North Dakota offers to perform the functions of a State Clearing House for depository banks. Any depository bank may avail itself of the privileges of The Bank of North Dakota for the clearing of its checks at par and all checks and other instruments and items of exchange, payable on demand, sent by The Bank of North Dakota to any state bank or banking association in North Dakota for collection, shall be by such state bank or banking association remitted for at par to The Bank of North Dakota.

18. Blank drafts on The Bank of North Dakota may be ordered from The Bank of North

Dakota in quantities to meet the requirements of depository banks, thereby receiving the benefit of quantity prices. The cost of the drafts, at quantity rates, plus the cost of numbering, printing the name of the depository bank and A. B. A. transit number and location, and tabling or binding and mailing will be charged to the depository bank. A similar plan will be provided for furnishing checks to treasurers of public corporations at cost. Schedule of costs may be obtained from the Bank upon request.

19. The A. B. A. transit number for The Bank of North Dakota is 77-28. A. B. A. transit numbers of the depository banks should show on the rubber stamp endorsement of the respective depository banks, both at the right and at the left of the name of the depository bank, as well as on the face of the instrument, and at the upper right-hand corner thereof.

20. All mail intended for The Bank of North Dakota should be addressed to The Bank of North Dakota, Bismarck, North Dakota. If the matter pertains to rediscounting, or to money borrowed, the envelope on the lower left hand corner should contain the words "Credits Department;" if it pertains to real estate loans it should be designated "Farm Loan Department;" if it relates to clearance of checks it should be indicated by "Transit Department;" if it relates to statements or book-keeping matters or depository bonds, it should be indicated by "Audits Department;" if it is intended for the consideration of some particular officer in the Bank it should be indicated "For the attention of Mr.;" if the matter relates to the purchase or sale of bonds of the State of North Dakota, Bank Series, Real Estate Series or Mill and Elevator Series, it should be indicated by "Bond Department;" and if the matter relates to statistics and publicity it should be indicated as "Department of Statistics and Publicity." By getting your matter either by mail or in person direct to the department having it in charge you will expedite the transactions, and promote the efficiency of the Bank.

21. Individual deposits will not be received from within the State of North Dakota. Individual deposits from without the State of North Dakota will be received, and on time deposits of that character a specified rate of interest will be paid, to be determined from time to time by rules issued by the Bank. At present the rate is four per cent.

22. All banks are requested to send to The Bank of North Dakota (Department of Statistics and Publicity), a copy of their published report of condition on each call, preferably as published in the newspaper.

23. Interest will be paid on reserve accounts at a rate to be determined from time to time by



The Bank of North Dakota

BISMARCK, NORTH DAKOTA

RULE 4

SERIES OF 1920.



Interest Rates---Effective July 1, 1919

To be paid by The Bank of North Dakota:

1. On daily balances subject to check (from outside the State of North Dakota) averaging \$300 per month or more 2%
2. On daily balances subject to check (banks and public corporations), crediting items on date of receipt and charging costs of collection, if any 2%
3. On daily balances subject to check (banks and public corporations within the state), deferring credit until items are collected and charging costs of collection, if any 2 1/4%
4. On time deposits (sinking funds), public corporations 4%
5. On time certificates of deposit (from outside the State of North Dakota), amounting to \$500 or more, deposited for six months or one year 4%

To be charged by The Bank of North Dakota:

6. On daily balances in Depository Banks 4%
7. On time certificates of deposit (from Depository Banks) secured by collateral 6%
8. On re-discounts from Depository Banks, or on money borrowed secured by collateral other than State or Government obligations not exceeding six months 6%
9. On money borrowed (by Depository Banks) secured by State or Government obligations, not exceeding three months 5%
10. On farm loans (7% installment to be paid annually) 6%

F. W. CATHRO,

Director General.

Approved February 2, 1920.

Keeps record of loans.
Reports changes to general bookkeeper.
Balances books belonging to the Bond Department daily, and submits changes (debits and credits) to the general bookkeeper.

Bond Department

Keeps record of outstanding bonds (coupon) and maturities.
Keeps record of outstanding bonds (registered) and maturities.
Keeps record as to engraving bonds, costs, forms, times for delivery, transportation of signed bonds and safe keeping of bonds.
Investigates bond houses or possible bond purchasers as to credit responsibility.
Keeps record of market on bond sales.
Anticipates requirements of Farm Loan Department as to bond issues.
Submits report for action of the General Finance Committee.
Balances books belonging to the Bond Department daily, and submits changes (debits and credits) to the general bookkeeper.

Farm Loan Department

Assigns loans for appraisal.
Verifies appraisals:
Soil surveys;
Geodetic maps;
Assessors' blue prints;
Assessment for purposes of taxation;
Usual loan values in community.
Keeps record of the consideration in actual bona fide transfers in the several localities.
Apportions list of appraisals and keeps record of appraisal fees.
Keeps record of disbursements for each loan.
Lists application, with recommendation, for approval of the General Finance Committee.
Requires adequate insurance.
Issues orders on teller for Cashier's Checks in payment of loans.
Balances books belonging to the Farm Loan Department daily, and submits changes (debits and credits) to the general bookkeeper.

Audits Department

General Ledger to be kept by the head bookkeeper.
Computes daily interest earnings.
Makes out all reports:
State Examiner;

Directory Publishers;
Reconcilements for State and National Bank Examiners.
Issues drafts and expense drafts and Cashier's Checks only where duly authorized by proper department.
Keeps record of maturities of bonds for which sinking funds are deposited in the Bank.
Vises signatures.
Keeps record of individual deposits (time and demand).
Ships currency and coin.
Prepares reports for action by The General Finance Committee.
Makes transfers of funds under Section 15, when duly authorized pursuant to law.
Keeps general ledger and control sheets for all departments.

Transit Department

(A Sub-Department of the Audits Department)
Keeps record of accounts with treasurers.
Keeps record of accounts with Depository Banks.
Keeps record of accounts with correspondent banks.
Verifies all of the foregoing.
Submits statements as to the foregoing.
Computes interest as to the foregoing.
Transfers funds, when authorized by proper department head.

Department of Statistics and Publicity

Estimates reserves carried by state and national banks thruout the State.
Tabulates the portion thereof carried in The Bank of North Dakota.
Estimates the portion thereof carried in other banks within and without the State.
Estimates the local requirements of the several communities thruout the State for agricultural, industrial and commercial purposes.
Encourages the promotion of diversified farming and dairying as against the one-crop system.
Prepares monthly crop report during the crop-growing season.
Publishes the monthly bulletin, setting forth the operation of the Bank and the financial situation and agricultural condition thruout the State.

Approved February 2, 1920.

