

LIQUIDATION

WHEN a national bank is to be placed in liquidation, the Comptroller should be notified, as the initial step, so that the proper blanks and instructions may be furnished. It is then customary to call a meeting of the shareholders, and before liquidation proceedings may go farther, the proposal must receive the affirmative vote of the owners of two-thirds of the bank's stock.

After the adoption of the resolution for liquidation, the directors cause notice of the fact to be certified, under seal of the bank, to the Comptroller by the president or cashier. Also, notice of the proposed liquidation, requesting creditors to present their claims against the bank for payment, must appear for a period of two months in a newspaper published in New York City, and also in a newspaper published in the place where the bank is located. Weekly papers may be used.

Lawful money to provide for the redemption of circulation must be deposited with the Treasurer of the United States within six months from the date of liquidation.

These requirements having been met, Federal law ceases to govern, and the affairs of the bank pass into the hands of its shareholders, for settlement in whatever legal way may be deemed advisable. It is usual, however, for the shareholders to appoint a liquidating agent or committee, and to require the agent or committee to render semi-annual reports to the Comptroller showing the progress of the liquidation until it is completed. Forms for these reports are furnished by the Comptroller's office, and although this office has no authority to compel rendering of such reports, it is obviously to the advantage of all parties concerned that an official record of the liquidation proceedings should be on file.

Officers of a bank in liquidation have no authority to bind the shareholders except in transactions arising directly from the closing of the bank's affairs, unless such authority is expressly conferred by the shareholders.

Any shareholder who is dissatisfied with the manner in which the liquidation is being conducted, may go into court and ask for the appointment of a receiver.