

# MAINE STATE LEGISLATURE

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SEVENTY-NINTH LEGISLATURE

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HOUSE

NO. 410

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House of Representatives, March 13, 1919.

Referred to Committee on Banks and Banking and 500 ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Crane of Whiting.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD ONE THOUSAND  
NINE HUNDRED AND NINETEEN

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AN ACT to Amend Section Seventy-eight of Chapter Fifty-two of the Revised Statutes, Relating to the Loans Made by Trust Companies.

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Be it enacted by the People of the State of Maine, as follows:

Section seventy-eight of chapter fifty-two of the revised  
2 statutes, is hereby amended by striking out, beginning at  
3 the fifth line of said section, the words "nor in excess of  
4 twenty-five per cent. thereof, except on such approval and  
5 secured by collateral, which in the judgment of said ma-  
6 jority of said investment board shall be of a value equal  
7 to the excess of said loan above said twenty-five per cent."  
8 and inserting in place thereof the words 'which shall be

9 of a value equal to the excess of said loans above said  
10 ten per cent., and the total amount of loans to any per-  
11 son, firm, business syndicate or corporation, shall at no  
12 time exceed twenty-five per cent. of said total capital, un-  
13 impaired surplus and net undivided profits,' and said sec-  
14 tion is hereby further amended by striking out, in the fif-  
15 teenth and sixteenth lines of said section, the words "twen-  
16 ty-eighth day of April, in the year nineteen hundred and  
17 seven" and inserting in place thereof, the words 'first day  
18 of August, in the year nineteen hundred and nineteen,' so  
19 that said section, as amended, shall read as follows:

'Sect. 78. No trust company shall loan to any person,  
2 firm, business syndicate, or corporation, an amount or  
3 amounts, at any time outstanding in excess of ten per  
4 cent. of its total capital, unimpaired surplus and net un-  
5 divided profits, except on approval of a majority of its en-  
6 tire investment board, unless secured by collateral which  
7 shall be of a value equal to the excess of said loans above  
8 said ten per cent; and the total amount of loans to any  
9 person, firm, business syndicate or corporation, shall at no  
10 time exceed twenty-five per cent. of said total capital, un-  
11 impaired surplus and net undivided profits; provided, that  
12 in determining said amount every person, firm, syndicate  
13 or corporation appearing on any loan as indorser, guaran-  
14 tor or surety, shall be regarded as an original promissor.  
15 But the discount of bills of exchange drawn in good faith  
16 against actually existing values, and the discount of com-

17 mercial or business paper actually owned by the person ne-  
18 gotiating the same, shall not be considered as money bor-  
19 rowed. Provided, however, that any such company hav-  
20 ing on the first day of August, in the year nineteen hun-  
21 dred and nineteen, loans outstanding in excess of any of  
22 the aforesaid restrictions may permit the same to be re-  
23 newed from time to time as they mature, for periods not  
24 exceeding six months each, if an amount equal to not less  
25 than ten per cent. of every loan so maturing shall have first  
26 been paid in in cash, and if an equivalent amount shall be  
27 paid in at the end of every six months on all demand loans  
28 in such aggregate. In all cases where loans in excess of  
29 said ten per cent. are granted, the records of the company  
30 shall show who voted in favor thereof, and said records  
31 and those required by section seventy-nine of this chapter  
32 shall constitute prima facie evidence of the truth of all facts  
33 stated therein in prosecutions and suits to enforce the sev-  
34 eral provisions and penalties enumerated in section eighty  
35 of this chapter'