

MAINE STATE LEGISLATURE

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SEVENTY-NINTH LEGISLATURE

HOUSE

NO. 498

House of Representatives, March 26, 1919.

Reported by Mr. Farnsworth from Committee on Banks and Banking and ordered printed under joint rules.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Crane of Whiting.

STATE OF MAINE

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

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

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 the
3 fifth line of said section, the words "nor in excess of twenty-
4 five per cent thereof, except on such approval and secured
5 by collateral, which in the judgment of said majority of said
6 investment board shall be of a value equal to the excess of
7 said loan above said twenty-five per cent" and inserting in

8 place thereof the words 'which shall be of a value equal to
9 the excess of said loans above said ten per cent, and the total
10 amount of loans to any person, firm, business syndicate or
11 corporation, shall at no time exceed twenty-five per cent
12 of said total capital, unimpaired surplus and net undivided
13 profits, and said section is hereby further amended by
14 striking out, in the fifteenth and sixteenth lines of said
15 section, the words "twenty-eighth day of April, in the year
16 nineteen hundred and seven" and inserting in place thereof,
17 the words 'first day of August, in the year nineteen hundred
18 and nineteen,' so that said section, as amended, shall read
19 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 cent.
4 of its total capital, unimpaired surplus and net undivided
5 profits, except on approval of a majority of its entire in-
6 vestment board, unless secured by collateral which shall
7 be of a value equal to the excess of said loans above said
8 ten per cent., and the total amount of loans to any person,
9 firm, business syndicate or corporation, shall at no time
10 exceed twenty-five per cent. of said total capital, unim-
11 paired 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.

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