

MAINE STATE LEGISLATURE

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SIXTH REVISION

THE
REVISED STATUTES

OF THE

STATE OF MAINE

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By the Authority of the Legislature

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annual report. If no changes have occurred, a certificate to that effect shall be sufficient.

Sec. 112. Penalty for violation of section 111. 1911, c. 152, § 6. Any foreign corporation which omits to file the certificate required by section one hundred and eleven shall forfeit to the state not less than five, nor more than ten dollars, for each day for fifteen days after the expiration of the period therein named, and not less than ten, nor more than two hundred dollars, for each day thereafter, during which such omission continues.

Sec. 113. Secretary of state shall notify corporation upon failure to file required certificate. 1911, c. 152, § 7. The secretary of state upon the failure of any such corporation to file the certificate required by section one hundred and eleven shall forthwith notify such corporation, and the notice shall contain a copy of this and the two preceding sections, but failure on the part of the secretary of state to so notify shall not relieve any corporation of any of the duties or liabilities imposed thereon.

Sec. 114. Liability of officers. 1911, c. 152, § 8. The officers of such foreign corporations shall be jointly and severally liable for all the debts and contracts of the corporation contracted or entered into while they are officers thereof, if any statement or report, required by the provisions of the seven preceding sections, made by them, is false in any material representation and known to them to be false; but only the officers who sign such statement or report shall be so liable.

CHAPTER 52.

Savings Banks, Trust and Banking Companies, Loan and Building Associations, Foreign Investment Corporations.

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The Bank Commissioner. Restrictions upon Banking.

Sec. 1. Appointment of bank commissioner. R. S. c. 48, § 1. 1909, c. 12. The governor, with the advice and consent of the council, shall appoint a bank commissioner, who shall hold his office for three years, subject to removal at any time by the appointing power, and shall not during his continuance in office hold any office in any bank in the state.

72 Me. 556.

Sec. 2. Banking business must be authorized; banking defined. 1913, c. 69, §§ 1, 3. No person, copartnership, association, or corporation shall do a banking business unless duly authorized under the laws of this state or the United States, except as provided by the following section. The

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soliciting, receiving, or accepting of money or its equivalent on deposit as a regular business by any person; copartnership, association, or corporation shall be deemed to be doing a banking business, whether such deposit is made subject to check or is evidenced by a certificate of deposit, a pass-book, a note, a receipt, or other writing; provided that nothing herein shall apply to or include money left with an agent, pending investment in real estate or securities for or on account of his principal.

Sec. 3. Application of mercantile corporation to the bank commissioner; shall file statement of financial condition; license and bond. 1913, c. 69, §

2. 1915, c. 112. A corporation desiring to encourage thrift among its employees by receiving deposits subject to interest at a specified rate, may apply to the bank commissioner for a license to receive such deposits and shall, at the same time, file with the commissioner a complete statement of its financial condition, sufficient to satisfy the commissioner of its solvency. If satisfied that the applying corporation is solvent and reputable, the commissioner may, at his discretion, issue a license to such corporation, authorizing it to receive such deposits from its employees only, upon filing with the treasurer of state its bond, payable to him and his successors in office for the use of its depositors, and secured by a surety company authorized to do business in this state, or by personal sureties approved by the bank commissioner, in such amount as the bank commissioner may specify in such license, conditioned for the payment of all such deposits and interest thereon.

Sec. 4. Penalty for violation. 1913, c. 69, § 4. Whoever violates section two of this chapter, either individually or as an interested party in any copartnership, association, or corporation shall be punished by a fine of not less than three hundred dollars nor more than one thousand dollars, or by imprisonment in the county jail for not less than sixty days nor more than one year, or by both such fine and imprisonment.

Sec. 5. Only banks and trust companies may use as part of name the words "bank," "savings," "trust" and kindred words. 1905, c. 171. No person or partnership, and no association or corporation, organized after the twenty-third day of April, nineteen hundred and five, unless duly authorized under the laws of this state or of the United States to conduct a banking or trust company business, shall use as a part of their name or title, or as designating their business, the word or words "bank," "savings," "savings bank," "savings department," "trust," "trust company," "banking" or "trust and banking company," or the plural of any such word or words in, or in connection with, any other business than that of a bank or trust company duly authorized as aforesaid. Any person, partnership, association or corporation violating the provisions of this section may be enjoined therefrom by any court having general equity jurisdiction, on application of the bank commissioner or of any person, corporation, or association injured or affected by such use, and any person or persons violating the provisions of this section either individually, as members of any association or copartnership or as interested in any such corporation, shall be punished by a fine not exceeding one thousand dollars, or by imprisonment for not less than sixty days nor more than one year, or by both fine and imprisonment.

Organization of Savings Banks.

Sec. 6. Powers of savings banks as corporations. R. S. c. 48, § 3. 1909, c. 43. All savings banks or institutions for savings, lawfully organized, are corporations possessed of the powers and functions of corporations generally, and as such have power:

- I. To have perpetual succession, each by its corporate name.
- II. To sue and be sued, complain and defend, in any court of law or equity.
- III. To adopt and use a common seal.
- IV. To make by-laws not inconsistent with the laws of the state or of the United States, for the management of their property and the regulation of their affairs.
- V. To receive money on deposit, to invest the same, to own, maintain and let safe-deposit boxes and vaults, and further to transact the business of a savings bank, as hereinafter provided. But no savings bank shall be liable for any loss of property deposited in said boxes or vaults for safe-keeping, beyond the sum paid for the rental thereof for the term within which such loss is discovered.

Sec. 7. Organization. R. S. c. 48, § 4. Any number of persons not less than thirteen, may associate themselves for the purpose of organizing a savings bank in accordance with this chapter; three-fourths of such number shall reside in the county where the proposed bank is to be located, and may fill vacancies and add to their number from time to time as they desire, all of whom shall be residents of the state.

Sec. 8. Certificates to be sent to the secretary of state and bank commissioner. R. S. c. 48, § 5. Such persons shall execute a certificate, sworn to before a justice of the peace, in duplicate, one of which shall be deposited with the secretary of state for record, and the other sent to the bank commissioner, in which shall be set forth: the name of the bank; the names of all the corporators and the places where they reside; their business occupations; and the place where its business is to be transacted; together with the reasons why a bank is needed in such place.

Sec. 9. Notice of intention to organize. R. S. c. 48, § 6. A notice of intention to organize such bank, signed by all the corporators, shall be published once a week for three weeks in some newspaper published in said county where said bank is to be located, if any, otherwise in some newspaper published in an adjoining county.

Sec. 10. Duty of bank commissioner. R. S. c. 48, § 7. When the commissioner receives the certificate, with the published order of notice, if he finds that the foregoing provisions have been complied with, he shall, from the best information at his command, ascertain:

- I. Whether greater convenience of access to a savings bank will be afforded to any considerable number of depositors by opening a savings bank at the place designated in such certificate.
- II. Whether the responsibility, character and general fitness of the persons named in such certificate, for the discharge of the duties appertaining to such a trust, are such as to command the confidence of the community in which it is proposed to locate such bank.

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Sec. 11. Commissioner shall issue certificate of authorization to corporators, and file duplicate with secretary of state. R. S. c. 48, § 8. If the commissioner is satisfied, concerning the several points named in the preceding section, and that the organization of a savings bank as proposed in such certificate, will be a public benefit, he shall, within sixty days after the same has been received by him for examination, issue under his hand, a certificate of authorization to the persons named therein, or to a portion of them, together with such other persons as a majority of those named in such certificate of association, in writing, approve; also a duplicate to the secretary of state; which certificate, so issued by him, shall authorize the persons named therein to open an office for the deposit of savings, as designated in the certificate of association, subject to the five preceding sections.

Sec. 12. Corporation, when authorized to transact business. R. S. c. 48, § 9. Upon the filing of such certificate with the secretary of state, the persons named therein, and their successors, are, thereupon and thereby, constituted a body corporate and politic, vested with all the powers conferred, and charged with all the liabilities imposed by the six preceding sections.

Management of Savings Banks.

Sec. 13. Savings banks, their powers and liabilities. R. S. c. 48, § 10. Savings banks and institutions incorporated under the authority of the state, may exercise the powers and shall be governed by the rules and be subject to the duties, liabilities and provisions in their charters, in the following sections, and in the general laws relating to corporations, unless otherwise specially provided.

68 Me. 518.

Sec. 14. Institutions, legally organized. R. S. c. 48, § 11. Savings banks and institutions for savings which have exercised the privileges thereof and done business as such for one year, shall be held to be legally organized.

Sec. 15. Membership in corporation. R. S. c. 48, § 12. Every such corporation shall consist of not less than thirty members, and may, at any legal meeting, by a vote of at least two-thirds of those present, elect by ballot any citizen of the county wherein the corporation is located, or of an adjacent county, to be a member thereof. No person shall continue to be a member after removing from the state. Any member who fails to attend the annual meetings for two successive years ceases to be a member, unless reelected by a vote of the corporation.

Sec. 16. Officers; trustees, number and restrictions. R. S. c. 48, § 13. The officers of every such corporation shall consist of a president, treasurer and, when in the opinion of the trustees necessary, a vice-president and an assistant treasurer, and not less than five trustees, not more than two of whom shall be directors in any one national bank, trust company or other banking institution, who shall elect from their number or otherwise such other officers as they see fit. All officers shall be sworn to the faithful performance of their duties, and shall hold their several offices until others are chosen and qualified in their stead.

72 Me. 227.

Sec. 17. Officers of savings banks shall not act as agents for certain corporations; treasurers and trustees, regulations relating to. R. S. c. 48, § 14. No president, treasurer, clerk or employee of any savings bank shall act as agent or representative of any foreign corporation engaged in the business of selling or negotiating any bonds, mortgages, notes or other choses in action. No cashier in a national bank or trust and banking company shall be treasurer of any savings bank, the deposits of which exceed one hundred and fifty thousand dollars; and if the treasurer of a savings bank, having deposits not exceeding one hundred and fifty thousand dollars, is cashier in a national bank or trust and banking company, the board of trustees of such savings bank shall not include more than one director, nor more than two stockholders in the national bank or trust and banking company so connected therewith.

Sec. 18. Trustees, their election and duties; office, how vacated. R. S. c. 48, § 15. The members of the corporation shall annually at such times as may be provided in their by-laws, elect from their number not less than five trustees, who shall have the entire supervision and management of the affairs of the institution, except so far as may be otherwise provided by their by-laws. Any trustee who becomes a trustee or officer in any other savings corporation, thereby vacates his office as such trustee.

68 Me. 404.

Sec. 19. Officers, their election and term; treasurer, ex officio, clerk; bonds of treasurer and assistant treasurer, and their annual examination; compensation of officers fixed by trustees; compensation of trustees fixed by corporation. R. S. c. 48, § 16. The trustees, immediately after their election and qualification, shall elect one of their number president, who shall also be president of the corporation. They shall also elect a treasurer, and when deemed necessary, a vice-president and an assistant treasurer, to hold their offices during the pleasure of the trustees. The treasurer, and in his absence, the assistant treasurer, if there is one, shall be, ex officio, clerk of the corporation, and of the trustees. The treasurer and assistant treasurer shall give bonds to the corporation, for the faithful discharge of the duties of their offices, in such sums as the trustees decide to be necessary for the safety of the funds, and such bonds shall continue and be valid from year to year, so long as they are elected, and hold said offices, subject to renewal whenever ordered by the trustees or commissioner. Said bonds shall be recorded upon the books of the institutions, and the commissioner shall annually examine the same and inquire into and certify to the sufficiency thereof, and when he deems any such bond insufficient, he shall order a new bond to be given within a time, by him specified. All such bonds shall, at the expiration of ten years from the date thereof, be deemed insufficient. The trustees may, in lieu of such bond, insure at the expense of the bank with some fidelity or guaranty company, which shall be satisfactory to the bank commissioner, for the faithful discharge of the duties of the treasurer, assistant treasurer and such other clerks as may be employed, in such sums as they may decide to be necessary for the safety of the funds in the custody of the corporation. Said treasurer, assistant treasurer and clerks shall receive a compensation to be fixed by the trustees. The trustees may receive such compensation for their services in making

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examinations and returns required by their by-laws and the state laws, as may be fixed by the corporation at any legal meeting thereof.

69 Me. 369.

Sec. 20. Clerks to publish list of officers and corporators; shall return copy of list to bank commissioner. R. S. c. 48, § 17. Within thirty days after the annual election in the several savings banks, the clerks thereof shall cause to be published in some local newspaper, if any, otherwise in the nearest newspaper, a list of the officers and corporators thereof. They shall also return a copy of such list of officers and corporators to the bank commissioner within said thirty days, which shall be kept on file in his office for public inspection. Any clerk who neglects to give such notice or make such return shall be liable to a penalty of fifty dollars.

Sec. 21. Vacancies. Meetings of the corporation. R. S. c. 48, § 18. If any office becomes vacant during the year, the trustees may fill the same until it is filled at the next annual meeting. Special meetings of the corporation may be held at any time by order of the trustees; the treasurer shall also call special meetings upon application in writing of ten members of the corporation. Seven days' notice of all annual meetings shall be given by public advertisement in some newspaper of the county where the corporation is established, if any; otherwise, in the state paper.

Sec. 22. Regulation of deposits, and their amount; deposits in trust. R. S. c. 48, § 19. Savings banks and institutions for savings may receive on deposit, for the use and benefit of depositors, sums of money offered for that purpose; but shall not receive from any one depositor, directly or indirectly, over two thousand dollars, and no interest shall be paid to any one depositor for any amount of deposit, all dividends included, exceeding said sum, except for deposits of widows, orphans, administrators, executors, guardians, charitable institutions and as trust funds. Whenever a deposit is made in trust the name and residence of the person for whom it is made, or the purpose for which the trust is created, shall be disclosed in writing to the bank, and the deposit shall be credited to the depositor as trustee for such person or purpose; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may, in the event of the death of the trustee, be paid to the person for whom such deposit was made, or to his legal representative, or to some trustee appointed by the court for that purpose. The trustees may refuse any deposit at their pleasure.

72 Me. 276; 73 Me. 72; 90 Me. 551.

Sec. 23. Authority to pay any order notwithstanding death of drawer. R. S. c. 48, § 20. Such corporations may pay any order drawn by any person who has funds on deposit to meet the same, notwithstanding the death of such drawer in the interval of time between signing such order and its presentation for payment when said presentation is made within thirty days after the date of such order; and at any subsequent period provided the corporation has not received actual notice of the death of the drawer.

Sec. 24. Deposits of married women or minors are property of depositors. R. S. c. 48, § 21. 1907, c. 69, § 1. 1915, c. 61. Money deposited in a bank, institution for savings, or trust company, by a married woman, is

her property and she may maintain an action in her own name to recover it. Money deposited in the name of a minor is his or her property, and the corporation may, in the discretion of the officer making the payment, pay the same to such minor or to his or her guardian, and such payment shall be valid. The foregoing provisions as to ownership do not apply to money belonging to a third person and fraudulently deposited by or in the name of a married woman or minor, but payment to such married woman or minor by said bank, institution for savings, or trust company, without notice of such fraud shall be valid. The receipt of such married woman or minor for such deposits and interest, or any part thereof, is a valid release and shall discharge the corporation.

Sec. 25. Deposits in the names of two persons. 1907, c. 119. 1915, c. 96. When a deposit has been made or shall hereafter be made in any bank, institution for savings, trust company, or loan and building association transacting business in this state, in the name of two persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or the interest or dividends thereon, may be paid to either of said persons, whether the other be living or not, or to the legal representative of the survivor of said persons, and the receipt or acquittance of the person to whom said payment is so made, shall be a valid and sufficient release and discharge to such bank, institution for savings, trust company or loan and building association, for any payment so made.

Sec. 26. Duplicate book of deposit, in case of loss of original. R. S. c. 48, § 22. 1913, c. 32. When the person, to whom a book of deposit was issued by any savings bank or by any trust company for a deposit in its savings department, or his executor, or administrator, or guardian, in writing notifies the treasurer of the bank or trust company issuing the same, that such book is lost, and that he desires to have a duplicate book of deposit issued to him, said treasurer shall give public notice of such application by publishing at the expense of such applicant, an advertisement for three weeks successively, in some newspaper published in the town in which said bank or trust company is located, if any, otherwise in one published in the county, if any, and if not, then in the state paper. If such missing deposit book is not presented to said treasurer within six months after the last advertisement, then he shall issue a duplicate book of deposit to the person thus requesting the same, and such delivery of a duplicate relieves said bank from all liability on account of the original book of deposit so advertised.

Sec. 27. Investment of deposits. R. S. c. 48, § 23. 1905, c. 103. 1907, c. 69. 1909, c. 11; c. 149. 1915, c. 165; c. 239. Savings banks and institutions for savings are restricted to and hereafter may invest their deposits as follows:

68 Me. 404; 71 Me. 52.

First, a: In the public funds of the United States and District of Columbia.

b: In the public funds of any of the New England states and of the states of New York, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas, Nebraska, California, Oregon and Washington.

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Second, a: In the bonds of the counties, cities and towns of any of the New England states.

b: In the bonds of cities and districts in the states of New York, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas, Nebraska, California, Oregon and Washington, having a population of seventy-five thousand or more, when issued for municipal purposes and which are a direct obligation on all the taxable property therein.

c: In the bonds of counties of twenty thousand inhabitants or more in the states of New York, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas, Nebraska, California, Oregon and Washington, when issued for municipal purposes, and which are a direct obligation on all the taxable property therein, except when issued in aid of railroads, provided, that the net municipal indebtedness of such county does not exceed five per cent of the last preceding valuation of the property therein for the assessment of taxes.

d: In the bonds of any city of ten thousand inhabitants or more in the states of New York, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas, Nebraska, California, Oregon and Washington, when issued for municipal purposes and which are a direct obligation on all the taxable property therein, except when issued in aid of railroads, provided, that the net municipal indebtedness of such city does not exceed five per cent of the last preceding valuation of the property therein for the assessment of taxes.

e: In the refunding bonds of counties and cities above enumerated issued to take up at maturity bonds which were legal and constitutional when issued, provided, that the interest has been fully paid on such original bonds for at least five years last prior to such refunding; provided, further, that such counties and cities can otherwise meet the foregoing conditions.

f: In the bonds and obligations of school district boards, boards of education and other corporate bodies within such cities, authorized to issue bonds payable primarily from taxes levied on all the taxable property in said district; provided, that the population of the district is ten thousand or more, and the population and assessed valuation of the district are equal to at least ninety per cent of the population and the assessed valuation of the city within which such district is located; provided, further, that the net municipal indebtedness of such district does not exceed five per cent of the last preceding valuation of the property therein for the assessment of taxes.

g: In the bonds or obligations of any municipal or quasi-municipal corporation of this state, when such securities are a direct obligation on all the taxable property of said corporation.

Third, a: In the railroad bonds of this state.

b: In the first mortgage bonds of any completed railroads of the states of New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas and Nebraska.

c: In the first mortgage bonds of the Central Pacific, Union Pacific and Northern Pacific railroads.

79. Me. 423.

d: In the mortgage bonds of any railroad leased to any dividend-paying railroad in New England upon terms guaranteeing the payment of a regular stated dividend upon the stock of such leased road and the interest on its bonds.

Note. Bonds issued pursuant to an act entitled "An Act to provide for the Reorganization or Consolidation of the railroad companies constituting the Boston & Maine Railroad system," approved April 2, 1915, are a legal investment for savings banks. P. & S. L. 1915, c. 186, § 19.

e: Street railroad companies are not railroad companies within the meaning of the foregoing clauses of this section.

f: In the bonds of street railroads constructed in this state prior to the twenty-seventh day of April, eighteen hundred and ninety-five, and in bonds of street railroads in this state constructed after said date, and in the first mortgage bonds of any completed street railroad in the states of New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas and Nebraska; provided, that in case of street railroads constructed in this state after the twenty-seventh day of April, eighteen hundred and ninety-five, and in the case of street railroads in the states above named, an amount of capital stock equal to thirty-three and one-third per cent of the mortgage debt shall have been paid in, in cash, and expended upon the road evidenced by a certificate of the railroad commissioners of the state where the road is located, if they have jurisdiction over such railroads, or of the bank commissioner of this state, filed in the office of the secretary of state of this state, that said percentage has been so paid in and expended in addition to the amount of the bonded debt; provided, further, that in lieu of the foregoing certificate such bonds may be certified as legal for the purpose hereof, on satisfactory proof to the bank commissioner that annual dividends in amount equal to five per centum per annum on an amount of capital stock equal to one-third of the bonded debt has been earned and paid for a period of five years next prior thereto; and the persons making such investigation and report may charge and collect in addition to any compensation now provided by law for their regular official duties, a reasonable compensation for such service and all expenses attendant thereon, including the employment of experts, the same to be paid by the railroad company seeking to make its bonds a legal investment under this section, whether the same are admitted or not. No bonds secured by an open mortgage shall be legal under this section unless the mortgage provides that the total amount of bonds certified and outstanding under it shall at no time exceed seventy-five per cent of the amount of cash expended upon the road.

g: In consolidated or refunding bonds, which are of an issue to retire the entire funded debt under the conditions as applied to first mortgage bonds in clauses b, c, and f, of this subdivision, and which are secured by a first mortgage on the whole or any part of the system.

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h: In the first mortgage bonds of any bridge company owning a railroad bridge, located wholly or partly in the State of Maine, provided payment of said bonds as to principal and interest is guaranteed by a railroad company organized under the laws of the state and owning and operating a railroad in this state.

Fourth: In the mortgage bonds of any water company in the New England states actually engaged in supplying any city or cities, town or towns, village or villages, or other municipal corporations with water for domestic use and for the extinguishment of fires, whenever such company is earning more than its fixed charges and interest on its debts and its running expenses.

Fifth: In bonds of any corporation other than railroad and water companies, incorporated under the authority of this state, and actually conducting in this state the business for which such corporation was created, which is earning an amount in excess of fixed charges, interest on its debts and running expenses equivalent to five per cent per annum on an amount of capital stock equal to one-half of its entire funded debt.

Sixth, a: In the stock of any bank or banking association incorporated under the authority of this state.

b: In the stock of any bank or banking association incorporated under the authority of the United States, if located within the New England states.

c: In the stock of any railroad company of this state unencumbered by mortgage.

d: In the bonds, stocks or notes of any railroad in New England, which has earned and paid an annual dividend equivalent to five per cent on a capital stock equal to one-third of its funded debt for a period of ten years next prior thereto, and in the stock or notes of the New York Central and Hudson River, the Illinois Central, the Lake Shore and Michigan Southern, and the Pennsylvania Railroad Companies.

e: In the stock of any railroad leased to any dividend-paying railroad in New England upon terms guaranteeing the payment of a regular stated dividend upon the stock of such leased road and the interest on its bonds.

f: In the stock of any corporation, other than railroad and water companies, incorporated under authority of this state, and actually conducting in this state the business for which such corporation was created, which earns and is paying a regular dividend of not less than five per cent a year; and any savings bank or institution for savings, owning stock of any such corporation that has earned and paid regular dividends of five per cent, or more, for five years, may, if any such corporation, by a vote of its stockholders sells and conveys all its property and assets, (franchise excepted) to trustees of a voluntary association, to hold and carry on the same business, for the members of such association, legally hold and own the certificates of shares of such association, issued in exchange for stock of such corporation; provided, however, that the deed of trust creating such voluntary association shall, in express terms, exempt the owner or owners of such certificates from individual liability thereon on account of debts or obligations contracted by such association.

Seventh, a: In loans secured by first mortgages of real estate in this state and New Hampshire to an amount not exceeding sixty per cent of the value of such real estate.

b: In notes with a pledge as collateral of any funds, bonds, notes or stocks which the bank or institution would, by this section, be authorized to purchase, provided the market value of said collateral is equal to the amount of the loan.

c: In notes with a pledge as collateral of any savings bank deposit book issued by any savings bank in this state.

d: In notes with a pledge as collateral of such funds, bonds, notes or stocks as in the judgment of the trustees it is safe and for the interest of the bank to accept, to an amount not exceeding seventy-five per cent of the market value of such funds, bonds, notes or stocks.

e: In loans to any municipal corporation in this state.

f: In loans secured by a mortgage of such personal property as in the judgment of the trustees it is safe and for the interest of the bank to accept.

g: In loans to any corporation owning real estate in this state and actually conducting in this state the business for which such corporation was created.

Sec. 28. Meaning of certain phrases. R. S. c. 48, § 23. a: The term "net municipal indebtedness of counties" as used in the preceding section shall be construed to include all bonds which are a direct obligation of the county, less the amount of any sinking-fund available in reduction of such debt.

b: The term "net municipal indebtedness of cities and districts" as used in the preceding section shall be construed to include in the case of either, not only all bonds which are a direct obligation of the cities but also all bonds of the districts or boards within the same as above enumerated, exclusive of any such debt created for a water supply and of the amount of any sinking-fund available in reduction of such debt.

c: The number of inhabitants of cities and counties shall be determined by the last previous official census thereof as established by the last United States or state census, or city or county census taken in the same manner as the United States or state census, and duly certified to by the clerk or treasurer of such city or the auditor or treasurer of such county.

Sec. 29. Investments, value as carried on books; authority of commissioner. R. S. c. 48, § 23. 1909, c. 149, § 2. All investments having a fixed maturity, shall be charged and entered on the books of the bank at their cost to the bank, or at par when a premium is paid. The bank commissioner may require any investment to be charged down to such sum as in his judgment represents its fair value. He may at any time call for a report of the financial condition of any corporation offering, or likely to offer, its bonds, stocks or notes to any savings bank in the state, or whose notes are held by any such savings bank, as much in detail as he may require, verified by the oath of such officers of said corporation as he may specify. He may communicate any such report, or an abstract thereof, to the officers of any of said savings banks. If such report is not furnished the bank commissioner within the time specified in his call therefor, or within such extension of time as he may grant, the bonds, stocks and notes of such corporation shall thereupon cease to be a legal investment for savings banks under this section, and shall not again become a legal investment until a report in all respects satisfactory to the bank commissioner

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is furnished. Any officer of a corporation who wilfully makes a false report hereunder, and any officer, trustee, director, clerk or employee of a savings bank, trust company or loan and building association who wilfully and knowingly undertakes in any manner to deceive or mislead the bank commissioner, or any officer or representative of the state banking department, as to the true condition or value of any of the investments of such savings bank, trust company or loan and building association, or wilfully conceals any material fact connected therewith shall be punished by a fine not exceeding five hundred dollars or imprisonment not exceeding two years, or by both such fine and imprisonment.

Sec. 30. Limitation of real estate holding. R. S. c. 48, § 24. 1905, c. 122. Any such bank or institution may hold real estate in the city or town in which such bank or institution is located, to an amount not exceeding five per cent of its deposits or to an amount not exceeding its reserve fund.

Sec. 31. Investments in capital stock of corporations restricted. R. S. c. 48, § 25. 1907, c. 69, § 9. 1913, c. 35. No such bank or institution shall hold by way of investment, or as security for loans, or both, more than one-fifth of the capital stock of any corporation, nor invest more than ten per cent of its deposits in the capital stock or notes of any corporation, nor have more than fifty per cent of its deposits in mortgages of real estate. This section and the two preceding do not apply to real estate, or other assets, acquired by the foreclosure of a mortgage thereon, or upon judgment for debts, or in settlements to secure debts, nor to bonds enumerated in the first five subdivisions of section twenty-seven of this chapter.

Sec. 32. Legality of former investments and transactions, not affected; change of investments not required; investments in securities not herein named a misdemeanor. R. S. c. 48, § 53. Nothing in this chapter affects the legality of investments made, of transactions had, or the payment of interest at a rate not exceeding six per cent on deposits made, prior to the dividend next following March eleven, eighteen hundred and seventy-seven. And all investments authorized by any law in force when such investments were made, or transactions had, are valid, and this chapter does not require the change of investments for those herein before named, except as the same can be done gradually by the sale or redemption of the securities so invested in, in such manner as to prevent loss or embarrassment in the business of such corporation, or unnecessary loss or injury to the borrowers on such securities. Any investment in securities not named in section twenty-seven is a misdemeanor, on the part of the trustees authorizing, or officers making, the same; and such trustees or officers are subject to the prosecutions and punishments prescribed by law for that offense.

Sec. 33. May deposit on call in banks and may deposit collateral for time loans, made without the state. R. S. c. 48, § 26. 1915, c. 24. Savings banks and institutions for savings may deposit on call in banks or banking associations incorporated under the authority of this state, or the laws of the United States, and receive interest for the same; and may deposit, subject to the approval of the bank commissioner, with such banks or banking associations any securities received as collateral for time loans made to any person or corporation without the state.

Sec. 34. Authority to borrow money and pledge securities. 1915, c. 17. Savings banks and institutions for savings may, by vote of the trustees of such corporation, when in the judgment of said trustees such action is necessary to pay depositors and to prevent loss by sales of assets, borrow money within or without the state and may pledge bonds, notes or other securities as collateral therefor. The trustees of such corporation shall cause a copy of said vote to be sent forthwith to the bank commissioner, and shall also notify him of any action taken thereunder.

Sec. 35. Trustees to invest; no loan shall be made to any officer. R. S. c. 48, § 27. The trustees shall see to the proper investment of deposits and funds of the corporation, in the manner hereinbefore prescribed. No loan shall be made directly or indirectly to any officer of the corporation, or to any firm of which such officer is a member.

68 Me. 404; 71 Me. 52.

Sec. 36. Dividends from earnings; maintenance of reserve fund; excess, when to be divided. Dividends, declared only by vote of trustees; not to exceed earnings of bank. R. S. c. 48, § 28. 1907, c. 69, § 10. The trustees, after passing to the reserve fund one-quarter of one per cent of the average amount of deposits for the six months previous to declaring a dividend, not subject to be divided, shall declare dividends, not exceeding two and a half per cent semi-annually, except as hereinafter provided, at such times as are required by their by-laws, among depositors of three months standing at least before dividend day. The corporation may by its by-laws include deposits of less standing. The reserve fund shall be kept constantly on hand, to secure against losses and contingencies, until it amounts to five per cent of the deposits. All losses shall be passed to the debit of said account. And when said reserve fund amounts to ten per cent of the average amount of deposits for the six months previous to declaring a dividend, all net profits not otherwise divided, thereafter made by said banks, shall be divided every three years ratably among the depositors of one, two and three full years' standing, as extra dividends. No dividends or interest shall be declared, credited or paid, except by a vote of the board of trustees, entered upon their records, whereon shall be recorded the yeas and nays upon such vote. Trustees of savings banks and savings institutions are forbidden to make any semi-annual dividend of a rate per cent which will make the aggregate amount of said dividend greater than the actual earnings of the bank or institution, actually collected.

Sec. 37. Dividends shall be credited within sixty days. R. S. c. 48, § 29. The treasurer of every savings bank or institution for savings shall within sixty days after a dividend is declared, credit the same to the deposit account. Any treasurer neglecting or refusing so to do shall be punished by a fine of not less than one hundred, nor more than two hundred dollars.

Sec. 38. Interest on deposits, prohibited. R. S. c. 48, § 30. No deposit shall be received under an agreement to pay any specified sum of interest for its use, other than regular semi-annual and extra dividends.

Sec. 39. Notice of withdrawal of deposits. R. S. c. 48, § 31. No savings bank shall be required to pay any depositor more than fifty dollars at any one time or in any one month until after ninety days' notice.

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Sec. 40. Treasurer may assign, discharge and foreclose mortgages. R. S. c. 48, § 32. The treasurer may, under the direction of the trustees, assign, discharge and foreclose mortgages, and convey real estate held as security for loans, or the title of which accrued from foreclosure of mortgages, or judgments of courts.

Sec. 41. Trustees shall effect insurance. R. S. c. 48, § 33. The trustees shall cause all real estate of an insurable character held by them absolutely, or in mortgage, to be fully insured, and the expense of such insurance in case of mortgage, shall be added to the amount of the mortgage debt to be refunded in case of redemption.

Sec. 42. Assets of bank, connected with other bank, to be kept separate. R. S. c. 48, § 34. All coin, bills, notes, bonds, securities and evidences of debt, comprising the assets of any savings bank connected with a national or stock bank, shall be kept separate and apart from the assets or property of such national or stock bank, and also separate and apart from the assets or property of any other bank, banker, corporation, partnership, individual or firm.

Sec. 43. Securities to be kept within the state. R. S. c. 48, § 35. All securities owned or held by savings banks shall be kept within the state, except as provided in sections thirty-three and thirty-four of this chapter, and the place of their deposit shall be selected with reference to insuring the greatest possible security for their safe-keeping, and shall be subject to the approval of the bank commissioner.

Sec. 44. Treasurer shall make trial balance weekly; annually to record net sum of each deposit. R. S. c. 48, § 36. The treasurer of every savings bank, shall, every Saturday, make and declare a trial balance, which shall be recorded in a book kept for that purpose; and shall also, at least once in each year, cause to be entered on a suitable book, the net sum of each individual deposit at a fixed date, and ascertain the aggregate of all such deposits, and whether it agrees with the other books of said bank; and said books shall be open at all times for the inspection of the trustees, corporators and bank commissioner.

Sec. 45. Treasurer shall make annual return to bank commissioner. R. S. c. 48, § 37. The treasurer of every savings bank and institution for savings shall annually make return of the condition and standing thereof at such time as the bank commissioner designates, which return shall be made to said commissioner within fifteen days after the day designated in the blank form of such return furnished to every such bank or institution by the commissioner.

Sec. 46. Treasurers shall annually publish statement of inactive accounts. R. S. c. 48, § 38. 1913, c. 13. The treasurer of every savings bank and institution for savings shall on or before the first day of November annually cause to be published in a newspaper in the place where the bank or institution is located, if any, otherwise in a newspaper published in the nearest place thereto, a statement containing the name, the amount standing to his credit, the last known place of residence or post-office address and the fact of death, if known, of every depositor in said bank who shall not have made a deposit therein or withdrawn therefrom any part of his deposit or any part of the dividends thereon, for a period of more than twenty years next preceding; provided, however, that this section

shall not apply to the deposits of persons known to the treasurer to be living, to a deposit the deposit book of which has during such period been brought into the bank to be verified or to have the dividends added, or to a deposit which, with the accumulations thereon, shall be less than ten dollars. Said treasurer shall also transmit a copy of such statement to the bank commissioner to be placed on file in his office for public inspection. Any treasurer neglecting to comply with the provisions of this section shall be liable to a penalty of fifty dollars.

Sec. 47. Annual examinations by trustees. R. S. c. 48, § 39. 1911, c. 158, § 3. Two of the trustees, at least, shall once in each year, thoroughly examine the affairs of the corporation, and report under oath to the bank commissioner the standing of the corporation, the situation of its funds, and all other matters which the commissioner requires, in the manner and according to the form that he prescribes. And the commissioner shall seasonably give notice of the time and furnish blanks for said examination and return.

Sec. 48. No officer to receive gift, fee, or commission; borrower to pay expenses. R. S. c. 48, § 40. No gift, fee, commission or brokerage shall be received by any officer of a savings bank, on account of any transaction to which the bank is a party, under a penalty for each offense, of one hundred dollars, to be recovered in an action of debt, in the name, and to the use of the state, provided, that nothing herein contained applies to any expenses of examining titles, and making conveyances upon loans made by savings banks. Parties making a loan from a savings bank shall pay all expenses incurred by reason thereof.

Sec. 49. Funds not to be used by officer. R. S. c. 48, § 41. No officer of the corporation shall use or appropriate any of its funds for his own private purposes, under the penalties for embezzlement.

Sec. 50. Verification of depositors' books; examiner shall have full access to institutions under examination. Punishment for imparting information obtained by audit or verification. 1911, c. 158, § 2. 1915, c. 342. The bank commissioner, at least once in every three years, shall cause the books of the savings depositors in savings banks or in institutions for savings, and in every trust and banking company to be verified by such methods and under such rules as he may prescribe. All necessary expenses for the purpose of such verification, publication, or printing of the results of such verification, as may be necessary for the purpose of this section, shall be appropriated and paid out of the fund received by the state from tax upon savings banks, institutions for savings and trust companies. The bank commissioner, or deputy bank commissioner making such verification shall have full access to every part of the bank, institution for savings or trust company under examination, and to all books, papers, vouchers, resources and all other records and property belonging to said bank, institution for savings or trust company, whether in its immediate possession or otherwise, for the purpose of facilitating such verification. If the deputy bank commissioner designated to make such audit or verification as herein specified shall communicate or impart to any person or persons, except to said bank commissioner or as witness in court, any information obtained by

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said audit or verification, he shall be punished by imprisonment not exceeding one year or by fine not exceeding one thousand dollars or both.

Sec. 51. Annual examinations by bank commissioner; proceedings, and statement of condition to be published; joint examinations. R. S. c. 48, § 42. 1909, c. 20. 1911, c. 158, § 4. Savings banks and institutions for savings are under the charge of the bank commissioner for the purposes of examination. He shall visit every savings bank and institution for savings, incorporated by authority of the state, once in every year and as much oftener as he deems expedient. At such visits he shall have free access to the vaults, books and papers, and thoroughly inspect and examine all the affairs of each of said corporations, and make such inquiries as are necessary to ascertain its condition and ability to fulfil all its engagements, and whether it has complied with the law, and its officers shall, whenever required to do so by the bank commissioner, furnish him with statements and full information relating to the condition and standing of their institution, and of all matters pertaining to its business affairs and management. He may prescribe the manner and form of keeping the books and accounts of said corporations, which, however, need not be uniform. He shall preserve in a permanent form, a full record of his proceedings, including a statement of the condition of each of said corporations, a copy of which statement shall be published by such corporation immediately after the examination of the same, in a newspaper in the place where it is established, if any, otherwise in a newspaper published in the nearest place thereto. Joint examinations of state and national banking institutions occupying the same rooms shall be made at least once in each year at such times and under such conditions as the two departments may, from time to time, agree upon.

113 Me. 533.

Sec. 52. Voluntary liquidation. 1907, c. 128. Whenever in the opinion of the commissioner and a majority of the trustees of any savings bank, or institution for savings, it is inexpedient, for any reason, for said bank to continue the further prosecution of its business, said trustees may join with the bank commissioner in an application to any justice of the supreme judicial court for the liquidation of the affairs of such corporation. Upon presentation of such application, such justice may issue an injunction wholly or partially restraining further payment of deposits until further order of court. If, after notice and hearing on such application, such justice is of the opinion that it is inexpedient for said bank to continue the further prosecution of its business, he may make such orders and decrees in the premises as seem proper for liquidating the affairs of said bank, the distribution of its assets and the protection of its depositors. Further proceedings on such application may be in the manner provided for the liquidation of an insolvent savings bank; or such justice may authorize the president and trustees of such bank then in office to liquidate its affairs under the direction of the court. The provisions of section fifty-nine are hereby made applicable to such applications.

Sec. 53. Commissioner may summon officers and witnesses; penalty for refusal to testify. R. S. c. 48, § 43. The commissioner may summon all trustees, officers or agents of any such corporation, and such other witnesses as he thinks proper, in relation to the affairs, transactions and con-

dition thereof, and for that purpose may administer oaths; and whoever, without justifiable cause refuses to appear and testify when thereto required, or obstructs said commissioner in the discharge of his duty, shall be fined not exceeding one thousand dollars, or imprisoned not exceeding two years.

Sec. 54. Commissioner may apply for injunction to restrain insolvent corporation; powers and duties of the justice in such cases; may appoint receivers, who shall report annually. R. S. c. 48, § 44. If, upon examination of any such corporation, the commissioner is of the opinion that it is insolvent, or that its condition is such as to render its further proceedings hazardous to the public or to those having funds in its custody, he shall apply, or if, upon such examination, he is of opinion that it has exceeded its powers or failed to comply with any of the rules, restrictions or conditions provided by law, he may apply to one of the justices of the supreme judicial court to issue an injunction to restrain such corporation in whole or in part from proceeding further with its business until a hearing can be had. Such justice may forthwith issue process for such purpose, and after a full hearing of the corporation, may dissolve or modify the injunction or make the same perpetual, and make such orders and decrees to suspend, restrain or prohibit the further prosecution of its business, as may be needful in the premises, according to the course of proceedings in equity; and he may appoint one or more receivers or trustees to take possession of its property and effects, subject to such rules and orders as are from time to time prescribed by the supreme judicial court, or by any justice thereof in vacation. Such receivers or trustees shall annually, in November, and at such other times as the commissioner requires, make a report to him of the progress made in the settlement of the affairs of said corporation; and the commissioner shall seasonably give notice of the time and furnish blanks for the report.

66 Me. 244; 68 Me. 400; 93 Me. 305; 109 Me. 126; 113 Me. 533.

Sec. 55. After decree of sequestration, commissioners appointed; their duties and powers; payment of claims. R. S. c. 48, § 45. After a decree of sequestration is passed as provided in the preceding section, the court or any justice thereof, in vacation, shall appoint commissioners who shall give such notice of the times and places of their sessions as the court or such justice orders; receive and decide upon all claims against the institution, and make report to the court at such time as the court orders of the claims allowed and disallowed and of the amount due each depositor, which shall be subject to exception and amendment, as reports of masters in chancery. On application of any person interested, the court may extend the time for hearing claims by the commissioners, as justice may require. When the amount due each person is established the court shall cause others than depositors to be paid in full, and after deducting expenses the balance to be ratably distributed among depositors. When it appears upon the settlement of the account of the receiver of such an institution that there is remaining in his hands funds due depositors who cannot be found and whose heirs or legal representatives are unknown, the court may order such unclaimed funds to be paid into the state treasury, together with a statement giving the names of such depositors and the amount due each, the same to be held subject for twenty years thereafter to be paid to the person

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or persons having established a lawful right thereto when made to appear upon proper proceedings instituted in the court ordering such disposition of such unclaimed funds.

109 Me. 126.

Sec. 56. Attachments dissolved, and suits discontinued; judgment recovered, to be added to claims. R. S. c. 48, § 46. All attachments of the property of the bank shall be dissolved by the decree of sequestration, and all pending suits discontinued and the claim in suit presented to the commissioners, unless the court, or some justice thereof in vacation, on application of the plaintiff within three months from said decree, passes an order allowing the receiver to be made a party to the suit, and that the same may be prosecuted to final judgment. After decree of sequestration, no action at law shall be maintained on any claim against the bank, unless the court, or a justice thereof in vacation, on application therefor within the time above named, authorizes it, and in such case the receiver shall be made a party; any judgment recovered as herein provided shall be added to the claims against the bank.

Sec. 57. Claims, when barred. R. S. c. 48, § 47. All claims not presented to the commissioners within the time fixed by the court, or litigated as aforesaid, are forever barred.

See § 86; 109 Me. 127.

Sec. 58. Supreme judicial court or justice thereof may reduce deposit accounts. R. S. c. 48, § 48. Whenever a savings bank or institution for savings, is insolvent by reason of loss on, or depreciation in the value of any of its assets, without the fault of its trustees, the supreme judicial court, in term time, or any justice thereof, in vacation, shall, on petition in writing, of a majority of the trustees, and the bank commissioner, setting forth such facts, appoint a time for the examination of the affairs of such corporation, and cause notice thereof to be given to all parties interested, in such manner as may be prescribed; and, if upon examination of its assets and liabilities, and from other evidence, he is satisfied of the facts set forth in said petition, and that the corporation has not exceeded its powers, nor failed to comply with any of the rules, restrictions and conditions provided by law, he may, if he deems it for the interest of the depositors and the public, by proper decree, reduce the deposit account of each depositor, so as to divide such loss pro rata among the depositors, thereby rendering the corporation solvent, so that its further proceedings will not be hazardous to the public, or those having or placing funds in its custody; and the depositors shall not draw from such corporation, a larger sum than is thus fixed by the court, except as hereinafter authorized; provided, however, that its treasurer shall keep an accurate account of all sums received for such assets of the corporation held by it at the time of filing such petition; and if a larger sum is realized therefrom than the value estimated as aforesaid by the court, he shall, at such times as the court prescribes, render to the court a true account thereof, and thereupon the court, after due notice thereof to all parties interested, shall declare a pro rata dividend of such excess among the depositors at the time of filing the petition. Such dividend may be declared by the court, whenever the court deems it for the interest of the depositors and the public, whether all, or only a portion, of

such assets has been reduced to money; and any such dividend may at any time, in the discretion of the court, be declared to be a final one. No deposit shall be paid or received by such corporation after the filing of the petition until the decree of the court, reducing the deposits as herein provided. If the petition is denied, the bank commissioner shall proceed to wind up the affairs of the corporation as provided in section fifty-four.

68 Me. 399, 402.

Sec. 59. Court may restrain payment to preserve assets or to protect depositors; order may be revoked or modified. R. S. c. 48, § 49. Whenever it may become necessary to preserve the assets or protect depositors in a savings bank, the supreme judicial court in equity, on application of the bank commissioner or trustees of such bank, may, after due notice, make an order restraining the bank from paying out its funds or any portion thereof, or from declaring or paying any dividends or deposits for such time as the court shall deem advisable. The court may at any time revoke or modify the original order and authorize the bank to pay dividends upon its deposits, or pay any portion of its deposits to such as may desire to withdraw the same, or make any other or further order that may be necessary to protect the depositors in such institution. Nothing in this section shall be construed to take away the rights of the parties in interest to proceed under the provisions of sections fifty-four and fifty-eight of this chapter.

Sec. 60. Commissioner shall make annual report; distribution. R. S. c. 48, § 50. The commissioner shall, annually, by the first day of December, make a report to the governor and council, of the general conduct and condition of each of the banks visited by him, making such suggestions as he deems expedient. Such report shall be printed and laid before the legislature at its next session, and one copy sent to each savings bank in the state.

Sec. 61. Commissioner shall report violations of law. R. S. c. 48, § 51. If, in the opinion of the commissioner, any savings bank or its officers or trustees have persistently violated any provision of this chapter, he shall forthwith report the same, with such remarks as he deems expedient, to the attorney-general, who shall forthwith institute a prosecution therefor in behalf of the state. The penalty for such violation, unless otherwise prescribed, is not less than one hundred, nor more than five hundred dollars.

Sec. 62. Powers, privileges, duties and restrictions, conferred by charters, are modified so as to conform to this chapter. R. S. c. 48, § 53. The powers, privileges, duties and restrictions, conferred and imposed upon any savings corporation, by whatever name known, in its charter or act of incorporation, are so far abridged, enlarged or modified, that every such charter or act shall conform to this chapter; and every such corporation possesses the powers, rights and privileges, and is subject to the duties, restrictions and liabilities herein conferred and imposed, anything in their respective charters or acts of incorporation to the contrary notwithstanding.

Trust and Banking Companies.

Sec. 63. Organization of trust companies; their powers. 1907, c. 96, § 1. Five or more persons, a majority of whom shall be residents of the state, who associate themselves by an agreement in writing for the purposes of forming a trust company, may, upon compliance with the provisions of sections sixty-three to seventy-one, both inclusive, of this chapter, become a corporation, subject to all the duties, restrictions and liabilities set forth in all general laws now or hereafter in force relating to such corporations, with power; first, to receive on deposit, money, coin, bank-notes, evidences of debt, accounts of individuals, companies, corporations, municipalities and states, allowing interest thereon, if agreed, or as the by-laws of said corporation may provide; second, to borrow money, to loan money on credits, or real estate, or personal security, and to negotiate loans and sales for others; third, to own and maintain safe-deposit vaults, with boxes, safes and other facilities therein, to be rented to other parties for the safe-keeping of moneys, securities, stocks, jewelry, plate, valuable papers and documents, and other property susceptible of being deposited therein, and may receive on deposit for safe-keeping, property of any kind entrusted to it for that purpose; fourth, to hold and enjoy all such estate, real, personal and mixed as may be obtained by the investment of its capital stock or any other moneys and funds that may come into its possession in the course of its business and dealings, and the same sell, grant, and dispose of; fifth, to act as agent for issuing, registering and countersigning certificates, bonds, stocks, and all evidences of debt or ownership in property; sixth, to hold by grant, assignment, transfer, devise, or bequest, any real or personal property or trusts duly created, and to execute trusts of every description; seventh, to act as assignee, receiver, executor, and no surety shall be necessary upon the bond of the corporation, unless the court or officer approving such bond shall require it; eighth, to do in general all the business that may lawfully be done by trust and banking companies.

See c. 51, § 83; c. 68, § 11; c. 73, § 1; c. 75, § 30.

Sec. 64. Agreement of organization. 1907, c. 96, § 2. Said agreements shall set forth that the subscribers thereto associate themselves with the intention of forming a corporation, and shall specifically state:

First, the name by which the corporation shall be known.

Second, the purpose for which it is formed.

Third, the city or town, which shall be within this state, where its business is to be transacted.

Fourth, the amount of its capital stock, and the number of shares into which the same is to be divided.

Each associate shall subscribe to the articles his name, residence, post-office address and the number of shares of stock which he agrees to take.

Sec. 65. Notice of intention to organize. 1907, c. 96, § 3. A notice of the intention of the subscribers to form such a trust company shall be given to the bank commissioner. A notice in such form as said commissioner shall approve shall be published at least once a week, for three successive weeks, in one or more newspapers designated by said commissioner, and published in the county in which it is proposed to establish the company.

Such notice shall specify the names of the proposed incorporators, the name of the corporation and the location of the same, as set forth in the above-mentioned agreement of association. Within thirty days after the first publication of said notice the subscribers to said agreement shall apply to said commissioner for a certificate that public convenience and advantage will be promoted by the establishment of such trust company. If the commissioner refuses to issue such certificate, no further proceedings shall be had, but the application may be renewed after one year from the date of such refusal, without further notice or publication unless the commissioner shall order the same.

Sec. 66. First meeting of subscribers, how called; notice; election of officers and adoption of by-laws. 1907, c. 96, § 4. The first meeting of the subscribers to the agreement of association shall be called by a notice signed either by that subscriber to the agreement who is designated therein for the purpose, or by a majority of the subscribers; and such notice shall state the time, place and purposes of the meeting. A copy of the notice shall, seven days at least before the day appointed for the meeting, be given to each subscriber or left at his residence or usual place of business, or deposited in the post-office, postage prepaid, and addressed to him at his residence or usual place of business, and another copy thereof and an affidavit of one of the signers that the notice has been duly served shall be recorded with the records of the corporation. If all the incorporators shall in writing, indorsed upon the agreement of association, waive such notice and fix the time and place of the meeting, no notice shall be required. The subscribers to the agreement of association shall hold the franchise until the organization has been completed. At such first meeting, or at any adjournment thereof, the incorporators shall organize by the choice by ballot of a temporary clerk, by the adoption of by-laws and by the election in such manner as the by-laws may determine, of directors, a president, a clerk, and such other officers as the by-laws may prescribe. All the officers so elected shall be sworn to the faithful performance of their duties. The temporary clerk shall make and attest a record of the proceedings until the clerk has been chosen and sworn, including a record of such choice and qualification.

Sec. 67. Articles of agreement; shall be submitted to bank commissioner and attorney-general, and filed in office of secretary of state; certificate issued; has force and effect of special charter; evidence of existence of corporation. 1907, c. 96, § 5. The president, and a majority of the directors who are elected at such first meeting, shall make, sign and make oath to, in duplicate, articles setting forth:

a. A true copy of the agreement of association, the names of the subscribers thereto, and the name, residence and post-office address of each of the officers of the company;

b. The date of the first meeting and the successive adjournments thereof, if any.

One of such certificates shall be submitted to the bank commissioner and the other, together with the records of the proposed corporation, to the attorney-general, who shall examine the same, and who may require such amendment thereof or such additional information as he may consider

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necessary. If he finds that the articles conform to the provisions of the preceding sections relative to the organization of the corporation and that the provisions of section sixty-five have been complied with, he shall so certify and endorse his approval thereon. Thereupon the articles shall be filed in the office of the secretary of state, who shall cause the same, with the indorsement thereon, to be recorded, and shall thereupon issue a certificate of incorporation in the following form:

STATE OF MAINE.

Be it known that whereas (the names of the subscribers to the agreement of association) have associated themselves with the intention of forming a corporation under the name of (the name of the corporation), for the purpose (the purpose declared in the agreement of association), with a capital stock of (the amount fixed in the agreement of association), and have complied with the provisions of the statutes of this state in such case made and provided, as appears from the articles of organization of said corporation, duly approved by the attorney-general, and recorded in this office; now, therefore, I, (the name of the secretary,) secretary of the State of Maine, do hereby certify that said, (the names of the subscribers to the agreement of association,) their associates and successors, are legally organized and established as, and are hereby made, an existing corporation under the name of, (name of the corporation,) with the powers, rights and privileges, and subject to the limitations, duties and restrictions, which by law appertain thereto.

Witness my official signature hereunto subscribed, and the great seal of the State of Maine hereunto affixed, this day of in the year (the date of the filing of the articles of organization.)

The secretary shall sign the certificate of incorporation and cause the great seal of the state to be thereto affixed, and such certificate shall have the force and effect of a special charter. The existence of every corporation which is not created by special law shall begin upon the filing of the articles of organization in the office of the secretary of state. The secretary of state shall also cause a record of the certificate of incorporation to be made, and such certificate, or such record, or a certified copy thereof, shall be conclusive evidence of the existence of such corporation.

Sec. 68. Issue of shares; list of stockholders, examination by bank commissioner. 1907, c. 96, § 6. Such corporation shall not issue any shares of stock until the par value of such shares shall have been actually paid in in cash. When the whole capital stock has been issued, a complete list of the stockholders, with the name, residence and post-office address of each, and the number of shares held by each, shall be filed with the bank commissioner, which list shall be verified by the president and treasurer of the corporation. Upon receipt of such statement said commissioner shall cause an examination to be made, and if, after such examination, it appears that the whole capital stock has been paid in in cash, and that all requirements of law have been complied with, said commissioner shall issue a certificate authorizing such corporation to begin the transaction of business. It shall be unlawful for any such corporation to begin the transaction of business until such a certificate has been granted.

Sec. 69. One-third of proposed capital stock shall be subscribed for. 1907, c. 96, § 7. The written articles of association mentioned in section sixty-three shall not be regarded as sufficient unless they show that at least one-third of the proposed amount of capital stock has been subscribed for. And when filed with the bank commissioner they shall be accompanied by satisfactory evidence that the sum of fifty dollars has been paid to the treasurer of state to be credited to an account for expense of organizing trust companies, so much thereof to be paid out for expenses of the several departments as the governor and executive council shall find to have been actually incurred.

Sec. 70. Minimum amount of capital stock authorized to begin business; par value of shares. 1907, c. 96, § 8. The minimum amount of paid-in capital stock on which a trust company may be authorized to begin business shall be twenty-five thousand dollars for a town or city of not more than five thousand inhabitants, fifty thousand dollars for a town or city having from five thousand to ten thousand inhabitants, seventy-five thousand dollars for a town or city having from ten thousand to twenty thousand inhabitants, one hundred thousand dollars for a town or city having from twenty thousand to thirty thousand inhabitants, and one hundred and fifty thousand dollars for a town or city of more than thirty thousand inhabitants. The bank commissioner in ascertaining the number of inhabitants of such town or city for the purpose of determining the sufficiency of the capital stock, may require such proof in addition to the last preceding United States census as he may deem necessary; but no charter once granted shall ever be deemed void for any error in computing the population. The par value of the shares of stock shall be one hundred dollars each.

Sec. 71. Forfeiture of charter. 1907, c. 96, § 9. Every such company shall forfeit its charter unless it shall actually commence to do business as a trust company within one year from the date thereof.

Sec. 72. May increase capital stock. 1907, c. 96, § 10. Any company organized under sections sixty-three to seventy-one, both inclusive, may increase its capital stock from time to time to an amount not exceeding in the aggregate, one million dollars, at any stockholders' meeting at which a majority of shares issued and outstanding is represented, notice of the intention so to do having been given in the call therefor. A certified copy of every such vote shall be filed with the bank commissioner within ten days after its passage.

Sec. 73. Board of directors; executive board; vacancies among directors; election of president, clerk and treasurer. 1907, c. 96, § 11. All the corporate powers of any such company shall be exercised by a board of not less than five directors, two-thirds of whom shall be residents of this state, whose number and term of office shall be determined, and who shall be elected by a vote of the stockholders at the first meeting held by the incorporators and at each annual meeting thereafter. The affairs and powers of the company may, at the option of the stockholders, be entrusted to an executive board of not less than five members, two-thirds of whom shall be residents of this state, to be, by vote of the stockholders, elected from the full board of directors. The directors of such company shall be sworn to the proper discharge of their duties, and they shall hold office until

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others are elected and qualified in their stead. If a director dies, resigns, or becomes disqualified for any cause, the remaining directors may elect a person to fill the vacancy until the next annual meeting of the corporation. The oath of office of any director shall be taken within thirty days of his election, or his office shall become vacant. The clerk of such company shall, within ten days, notify such directors of their election and within thirty days shall publish the list of all persons who have taken the oath of office as directors. The removal of any director from this state shall immediately vacate his office, if such removal leaves less than two-thirds of the membership resident in the state. The board of directors or executive board shall elect a president from its number, a clerk who shall be sworn to the faithful performance of his duties, a treasurer and such other officers, servants and employees as they may deem necessary.

Sec. 74. Board of investment; shall keep a record of loans. 1907, c. 96, § 12. The board of directors or the executive board of such company shall constitute the board of investment of the company. Said directors or executive board shall keep in a separate book, specially provided for the purpose, a record of all loans, and investments of every description, made by said company substantially in the order of time when such loans or investments are made, which shall show that such loans or investments have been made with the approval of the investment board of said company, which shall indicate such particulars respecting such loans or investments as the bank commissioner shall direct. This book shall be submitted to the directors and stockholders, and to the bank commissioner whenever requested. Such loans or investments shall be classified in the book as the bank commissioner shall direct.

Sec. 75. Qualification of director. 1907, c. 96, § 13. No person shall be eligible to the position of a director of any such company who is not the actual owner of ten shares of the stock.

Sec. 76. Special deposits. 1907, c. 96, § 14. All the property or money held in trust by any such company, shall constitute a special deposit and the accounts thereof, of said trust department shall be kept separate, and such funds and the investment or loans of them shall be specially appropriated to the security and payment of such deposits, and not be subject to any other liabilities of the company, and for the purpose of securing the observance of this provision, such company shall have a trust department in which all business pertaining to such trust property shall be kept separate and distinct from its general business.

Sec. 77. Administrators, etc., may deposit. 1907, c. 96, § 15. An administrator, executor, assignee, guardian or trustee, any court of law or equity, including courts of probate and insolvency, officers and treasurers of towns, cities, counties, and savings banks of the state, may deposit any moneys, bonds, stocks, evidences of debt or of ownership in property, or any personal property, with said corporation, and any of said courts may direct any person deriving authority therefrom to so deposit the same.

Sec. 78. Regulation of loans. 1907, c. 96, § 16. No trust company shall loan to any person, firm, business syndicate, or corporation, an amount or amounts, at any time outstanding in excess of ten per cent of its total capital, unimpaired surplus and net undivided profits, except on approval of

a majority of its entire investment board, unless secured by collateral, nor in excess of twenty-five per cent thereof, except on such approval and secured by collateral, which in the judgment of said majority of said investment board shall be of a value equal to the excess of said loan above said twenty-five per cent; provided, that in determining said amount every person, firm, syndicate or corporation appearing on any loan as indorser, guarantor or surety, shall be regarded as an original promisor. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed. Provided, however, that any such company having on the twenty-eighth day of April, in the year nineteen hundred and seven, loans outstanding in excess of any of the aforesaid restrictions may permit the same to be renewed from time to time as they mature, for periods not exceeding six months each, if an amount equal to not less than ten per cent of every loan so maturing shall have first been paid in in cash, and if an equivalent amount shall be paid in at the end of every six months on all demand loans in such aggregate. In all cases where loans in excess of said ten per cent are granted, the records of the company shall show who voted in favor thereof, and said records and those required by section seventy-nine of this chapter shall constitute prima facie evidence of the truth of all facts stated therein in prosecutions and suits to enforce the several provisions and penalties enumerated in section eighty of this chapter.

Sec. 79. Loans to officers; approval of loan shall be recorded; records shall show vote of directors; credit expires in six months. R. S. c. 48, § 82. 1907, c. 96, § 17. No trust company shall make any loan to its directors, officers, agents or other persons in its employ, or on which any such director, officer, agent or employee is an indorser, guarantor or surety, or to any firm or business syndicate of which such director, officer, agent or employee is a member, or to any person or on the indorsement or guaranty of any person who is a partner of, or member of a business syndicate with, such director, officer, agent or employee, or to any corporation of which any such director, officer, agent or employee is a director, officer, superintendent or manager, until the proposition to make such loan shall have been submitted by the person desiring the same to the board of directors of such company, or to the executive committee thereof, if any, and accepted and approved by a majority of the entire membership of such board or committee; provided, however, that no director of such company who is interested in said loan in any of the above capacities, or who is connected or associated with the borrower in any of the above ways, shall be regarded as voting in the affirmative on such loan. Such approval, if the loan is made, shall be spread upon the records of the company; and this record shall, in every instance, give the names of the directors authorizing the loans. Nothing in this section or in section seventy-eight shall make it unlawful for a trust company to give any person, firm, syndicate or corporation a line of credit to an amount not exceeding twenty-five per cent of its total capital, unimpaired surplus and net undivided profits, subject to the several restrictions as to percentage of entire board and right of interested persons to vote on same contained in said sections. The rec-

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ords of the company shall show how every director voted on the same, and when such line of credit is given the treasurer may pay out loans in accordance therewith without further approval. A line of credit so given shall expire in six months unless renewed in the same manner in which it is originally given.

Sec. 80. Directors and officers personally responsible and guilty of misdemeanor, for violation of §§ 78-79. 1907, c. 96, § 22. Every director, officer, agent and employee of such company, who authorizes, or assists in procuring, granting or causing the granting of, a loan in violation of section seventy-eight of this chapter, or pays, or wilfully permits the payment of, any funds of the company on such loan, and every director of a company who votes on a loan in violation of any of the provisions of section seventy-nine of this chapter, and every director, officer, agent or employee who wilfully and knowingly pays out any of said funds on a loan granted in violation of said section seventy-nine, or who wilfully and knowingly permits or causes the same to be done, shall be personally responsible for the payment thereof, and shall be guilty of a misdemeanor. All loans granted in violation of either of said sections shall be due and payable immediately and without demand, whether they appear on their face to be time-loans or otherwise. When the bank commissioner shall find any loans outstanding in violation of either of said sections, he shall notify the president or treasurer of the company to cause the same to be paid forthwith. And if they are not paid within thirty days or such further time as said bank commissioner shall determine, he shall report the facts to the attorney-general, who shall commence suit in the name and for the benefit of such company for the collection of the same. The attorney-general may employ special counsel to prosecute said suit, and said company shall pay all expenses thereof, to be recovered in an action of debt in the name of the state.

Sec. 81. Cash reserve. R. S. c. 48, § 80. 1905, c. 15. 1915, c. 262. Every trust and banking company having authority to receive money on deposit shall at all times have on hand in the lawful money or national bank-notes of the United States, as a cash reserve, an amount equal to at least fifteen per cent of the aggregate amount of its deposits which are subject to withdrawal upon demand or within ten days; provided, that in lieu of such cash reserve, two-thirds of said fifteen per cent may consist of balances payable on demand, due from any national bank or trust company created under the laws of this state, or from any trust company located in any of the other New England states or New York and approved by the bank commissioner in writing; and one-third of said fifteen per cent may consist of the bonds of the United States, the District of Columbia, and any of the New England states and the states of New York, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas and Nebraska, the absolute property of such corporation. Whenever said reserve shall be below said percentage of such deposits, such corporation shall not further diminish the amount of its legal reserve by making any new loans until the required proportion between the aggregate amount of such deposits and its cash reserve shall be restored. Provided, further, that any trust company may become a stockholder in a federal reserve bank within the federal

reserve district where said trust company is situated, and while such trust company continues as a member bank under the provisions of the United States "Federal Reserve Act," approved December twenty-third, nineteen hundred thirteen, or any acts in amendment thereof, shall be subject to the provisions of said "Federal Reserve Act" and any amendments thereof relative to bank reserves in substitution for the requirements of this section. Every such trust company may have and exercise any and all of the corporate powers and privileges which may be exercised by member banks under provisions of the "Federal Reserve Act" or any acts in amendment thereof or in addition thereto. All provisions of charters in conflict with this section are void.

Sec. 82. Guaranty fund which shall be kept secure against loss. R. S. c. 48, § 81. Every trust and banking company shall set apart as a guaranty fund not less than ten per cent of its net earnings in each and every year until such fund, with the accumulated interest thereon, shall amount to one-fourth of the capital stock of the company. The said surplus shall be kept to secure against losses and contingencies, and whenever the same becomes impaired it shall be reimbursed in the manner provided for its accumulation.

Sec. 83. Shall not make loans on shares of its capital stock. R. S. c. 48, § 83. Such corporations shall not make loans or discounts on the security of the shares of their own capital stock, nor be the purchasers or holders of any such shares unless necessary to prevent loss upon a debt previously contracted in good faith; and all stock so acquired shall, within a reasonable time after its acquisition, be disposed of at public or private sale.

Sec. 84. Shall not act as administrator or guardian. R. S. c. 48, § 85. No trust or banking company, association or institution, incorporated under the laws of this state, or of any other state and doing business in this state, shall act or do business as administrator or guardian, anything in their charter to the contrary notwithstanding.

Sec. 85. Report to bank commissioner. 1907, c. 96, § 18. Every trust company shall make such report of its condition from time to time as the bank commissioner shall require, and shall cause the same to be published as he may direct.

Sec. 86. Authority of bank commissioner over trust and banking companies; shall make annual report. R. S. c. 48, § 79. 1905, c. 12. The bank commissioner shall at all times have the same authority over all trust and banking companies incorporated under the laws of this state that he now has over savings banks or savings institutions, and shall perform, in reference to such companies, the same duties as are required of him in reference to savings banks. He shall, annually, by the first day of December, make a report to the governor and council of the general conduct and condition of each of said companies, making such suggestions as he deems expedient or the public interest requires. Such report shall be printed and laid before the legislature at its next session, and one copy sent to each trust and banking company in the state. The provisions of sections fifty-one, fifty-three, fifty-four, fifty-five, fifty-six and fifty-seven of this chapter shall apply to trust and banking companies excepting so much as relates to the distribution of assets after a decree of sequestration, as provided in section fifty-

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five. Such distribution of assets of trust and banking companies shall be made under order of the court.

Sec. 87. Affairs of the company shall be examined annually. 1907, c. 96, § 19. Two of the directors, at least, shall once in each year thoroughly examine the affairs of the company, settle the treasurer's account, and report under oath to the bank commissioner the standing of the company, the situation of its funds, and all other matters which the commissioner requires, in the manner and according to the form that he prescribes, and publish an abstract thereof, if required. The commissioner shall seasonably give notice of the time and furnish blanks for said examination and report.

Sec. 88. May adopt by-laws. 1907, c. 96, § 20. Any trust company organized under this chapter may adopt all necessary by-laws, not inconsistent with the general laws of the state, for the management of its affairs.

See § 66.

Sec. 89. Establishment of branches; bank commissioner shall issue his warrant in duplicate; right to open branch shall lapse in one year. R. S. c. 48, § 84. 1907, c. 96, § 21. No trust company now or hereafter organized, shall establish a branch or agency in any city or town other than that in which the parent institution has its location until it shall have received a warrant so to do from the bank commissioner, who shall issue such warrant only when satisfied that public convenience and advantage will be promoted by the establishment of such branch or agency and that the unimpaired capital stock of the parent institution is sufficient to comply with the conditions of section seventy, reckoning the aggregate population of its home city or town and of all cities or towns in which it is authorized by its charter to establish branches or agencies, including the one under consideration. The commissioner may require such notice on an application for a branch or agency as he deems proper. No trust company shall be permitted to establish a branch or agency except in its own or an adjoining county. If granted, the bank commissioner shall issue his warrant in duplicate, one copy to be delivered to the trust company, and the other to the secretary of state for record. The company shall within ten days after opening said branch or agency, file a certificate thereof, signed by its president and treasurer, with the bank commissioner. The right to open a branch or agency shall lapse in one year from the date of filing the commissioner's warrant with the secretary of state unless the same shall have been opened and business actually begun in good faith. No application for permission to open such branch or agency shall be acted upon until the petitioning company shall have paid to the treasurer of state the sum of fifty dollars for the benefit of the state, to be credited and used as provided in section sixty-nine.

Sec. 90. Security for savings deposits; assets shall be set apart equal to amount of deposits. 1911, c. 32, § 1. Every trust company soliciting or receiving savings deposits which may be withdrawn only on presentation of the pass-book or other similar form of receipt which permits successive deposits or withdrawals to be entered thereon; or which at the option of the trust company may be withdrawn only at the expiration of a stated period after notice of intention to withdraw has been given; or in any other

way which might lead the public to believe that such deposits are received or invested in the same manner as deposits in savings banks; or which advertises or holds itself out as maintaining a savings department, or uses the term "savings" in connection with any part of its business, shall segregate and set apart and at all times keep on hand so segregated and set apart, assets at least equal to the aggregate amount of such deposits, and the bank commissioner shall require all such assets as appear to him to be carried in excess of their true value to be charged down to such value.

Sec. 91. Segregated assets held as security of deposits. 1911, c. 32, § 2. Such assets so segregated and set apart shall be held for the security and payment of such deposits, and shall not be mingled with the other assets of the company, or be liable for the debts or other obligations thereof until after such deposits shall have been paid in full. All other assets of the company including the liability of the stockholders shall be held equally and ratably for the payment of all claims including any balance due such savings depositors after applying to their payment the assets so segregated and set apart.

Sec. 92. Assets, how held and recorded. 1911, c. 32, § 3. Such segregated assets shall be so held and recorded as to identify them as the assets held for the security of such deposits. All notes, certificates of stocks, bonds and other securities representing such assets shall be plainly stamped "Savings Department"; provided, however, that in lieu thereof it shall be lawful to record in the investment book a description of assets so held sufficient to identify them.

Sec. 93. Notice of withdrawal of deposits. 1911, c. 32, § 4. Such trust company may at any time require such savings depositors to give a notice not exceeding ninety days of their intention to withdraw the whole or any part of such deposits.

Sec. 94. Individual responsibility of shareholders. R. S. c. 48, § 86. 1905, c. 19. The shareholders in a trust and banking company shall be individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such corporation, to a sum equal to the amount of the par value of the shares owned by each in addition to the amount invested in said shares. Whenever in liquidating the affairs of such a corporation it appears that its assets are not sufficient to pay its indebtedness the receiver thereof, under proper orders of the court, shall proceed to enforce such individual liability of shareholders in any appropriate action at law or in equity, in his own name or in the name of the corporation for the benefit of the creditors.

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Sec. 95. Proceedings when capital stock becomes impaired. R. S. c. 48, § 87. When the capital stock of such a company shall become impaired by losses or otherwise, the bank commissioner or the directors of such institution, may file a complaint in the supreme judicial court in equity, setting forth the fact that such capital stock is impaired, and asking said court to order an assessment upon the capital stock aforesaid sufficient to meet the impairment and again make the corporation solvent. After giving due notice and hearing all parties interested, the court shall, if it finds the capital stock to be impaired as aforesaid, order such an assessment to be

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made upon such stock. Such assessment, when made, shall be due and payable by each shareholder to the treasurer of said company on order of said court within sixty days from the time such order is made. If any shareholder or shareholders of such company shall neglect or refuse, after due notice, to pay the assessment ordered as aforesaid within the time specified, a sufficient amount of the capital stock of such shareholder or shareholders may, after due notice given, be sold under the directions of the court to pay such assessment and the costs of sale. After paying the assessment and costs aforesaid from the proceeds of such sale, the balance, if any, shall be returned to the delinquent shareholder or shareholders. If no bidder can be found who will pay for such stock, the amount of the assessment due thereon and the costs of the advertisement and sale, the amount previously paid by such stockholder or stockholders, and said stock, shall be forfeited to the company, and shall be sold by said company as the directors shall order, within six months from the time of said forfeiture.

Sec. 96. General rights of creditors not impaired. R. S. c. 48, § 88. Nothing in the two preceding sections shall be construed to take away the general rights of creditors to enforce the liability of shareholders in such corporation in any manner provided by statute, or the right to proceed against the corporation under the provisions of section eighty-six.

Sec. 97. Certain rights and powers possessed by charter, not revoked. 1907, c. 96, § 23. Neither the enumeration of powers in section sixty-three, nor the provisions, governing the number and election of directors and members of the executive board, in section seventy-three, nor the requirements as to eligibility of directors in section seventy-five, shall be construed as revoking any rights possessed by a trust company by virtue of the express provisions of its charter, or of its by-laws lawfully adopted prior to the twenty-eighth day of April, nineteen hundred and seven; and any charter granted by special act of the legislature prior to or during the session of nineteen hundred and seven shall be construed to conform to all regulations and restrictions herein established, and the right so granted to any trust company to establish a branch or agency shall continue in force for a period of two years from the passage of the act granting the same.

Loan and Building Associations.

Sec. 98. Organization; powers. R. S. c. 48, § 54. Loan and building associations may be organized in the manner provided herein, for the organization of savings banks; and upon the filing of any certificate of authorization of a loan and building association with the secretary of state, as so provided, the persons therein named, their associates, successors and assigns, shall, thereupon and thereby, be constituted a body corporate and politic, and such body may adopt and use a common seal, hold, manage and convey real and personal property, sue and be sued, prosecute and defend suits in law or in equity, have perpetual succession each by its corporate name, and make and ordain by-laws for its government, not repugnant to the constitution and laws.

Sec. 99. First meeting. R. S. c. 48, § 55. The certificate of authorization issued by the bank commissioner, shall provide the method of calling the first meeting of the association.

Sec. 100. Capital stock; shares may be issued in series. R. S. c. 48, § 56. The capital to be accumulated shall not exceed one million dollars, and shall be divided into shares of the ultimate value of two hundred dollars each. The shares may be issued in quarterly, half-yearly or yearly series, in such amounts and at such times as the members may determine. No person shall hold more than twenty-five shares in the capital of any such association. No shares of a prior series shall be issued after the issue of a new series.

Sec. 101. Minors may hold shares. R. S. c. 48, § 57. Minors may hold shares by trustees, and the shares of each shareholder, not exceeding two, shall be exempt from attachment and execution.

Sec. 102. Officers, elections and meetings, determined by by-laws; tenure; secretary and treasurer may be same person. R. S. c. 48, § 58. The number, title, duties and compensation of the officers of the association, their terms of office, the time of their election, as well as the qualifications of electors, and time of each periodical meeting of the officers and members shall be determined by the by-laws, but no member shall be entitled to more than one vote. All officers shall continue in office until their successors are duly elected, and no association shall expire from neglect on its part to elect officers at the time prescribed by the by-laws. The office of secretary and treasurer may be held by one and the same person, if any association so provides by its by-laws.

Sec. 103. Secretary and treasurer shall give bonds; bonds shall be examined annually. R. S. c. 48, § 59. The secretary, treasurer and other persons holding positions of trust in loan and building associations shall give bonds to the corporation for the faithful discharge of the duties of their offices in such sums as the directors decide to be necessary for the safety of the funds, and such bonds shall continue to be valid from year to year so long as they are elected and hold said offices, subject to renewal whenever ordered by the bank commissioner or directors. The directors may, in lieu of said bond, insure at the expense of the association with some fidelity or guaranty company which shall be satisfactory to the commissioner for the faithful discharge of the duties of the secretary and treasurer and such other clerks as may be employed, in such sums as they may decide to be necessary for the safety of the funds in the custody of the corporation. The commissioner shall annually examine the bonds given, as aforesaid, and inquire into and certify to the sufficiency thereof, and when he deems any such bond insufficient he shall order a new bond to be given, within a time by him specified.

Sec. 104. Meetings shall be held monthly; payments on shares. R. S. c. 48, § 60. The officers shall hold stated monthly meetings. At or before each of these meetings, every member shall pay to the association, as a contribution to its capital, one dollar, as dues upon each share held by him, until the share reaches the ultimate value of two hundred dollars, or is

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withdrawn, canceled or forfeited. Payment of dues on each series shall commence from its issue.

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Sec. 105. Shares may be withdrawn; shareholders' accounts, how settled; unpledged shares of any series, may be retired. R. S. c. 48, § 61. Shares may be withdrawn after one month's notice of such intention, written in a book held and provided by the association for the purpose. Upon such withdrawal, the shareholder's account shall be settled as follows: from the amount then standing to the credit of the shares to be withdrawn, there shall be deducted all fines, a proportionate part of any unadjusted loss, together with such proportion of the profits previously credited to the shares as the by-laws may provide, and such shareholder shall be paid the balance; provided, that at no time shall more than one-half of the funds in the treasury be applicable to the demands of withdrawing members, without the consent of the directors. The directors may, under rules made by them, retire the unpledged shares of any series at any time after four years from the date of their issue, by enforcing the withdrawal of the same; provided, that the shareholders whose shares are to be retired shall be determined by lot, and that they shall be paid the full value of their shares, less all fines and a proportionate part of any unadjusted loss.

Sec. 106. When shares reach maturity, holders shall be paid value; shares subject to lien for unpaid dues. R. S. c. 48, § 62. When each unpledged share of a given series reaches the value of two hundred dollars, all payments of dues thereon shall cease, and the holder thereof shall be paid out of the funds of the association, two hundred dollars therefor, with interest at the rate of five per cent a year from the time of such maturity to the time of payment; provided, that at no time shall more than one-half of the funds in the treasury be applicable to the payment of such matured shares, without the consent of the directors; and that before paying matured shares, all arrears and fines shall be deducted. Every share shall be subject to a lien for the payment of any unpaid dues, fines, interest, premiums and other charges received thereon, which may be enforced in the manner hereinafter provided.

Sec. 107. Board of directors shall invest funds and fix rates of interest; members may make loans; rate of interest; investment of balances. R. S. c. 48, § 63. The board of directors shall see to the proper investment of the funds of the association, as provided in this section. After due allowance for all necessary and proper expenses, and for the withdrawal of shares, the moneys of the association shall be loaned to the members at a rate of monthly premium to be fixed by the directors, which shall in no case exceed forty cents a share. Any member may, upon giving security satisfactory to the directors, receive a loan of two hundred dollars for each share held by him, or such fractional part of two hundred dollars as the by-laws may allow. Any association may provide in its by-laws that instead of the interest and premium, a stated rate of annual interest of not less than five, nor more than eight per cent, may be charged upon the sum desired, payable in monthly instalments. Such rate shall include the whole interest and premium to be paid upon the loan. Any balance remaining unloaned to members may be invested in such securities as are

legal for the investment of deposits in savings banks. No loan shall be made on the gross premium plan.

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Sec. 108. Premiums to be received as profits, and distributed to shareholders. R. S. c. 48, § 64. Premiums for loans shall consist of a percentage charged on the amount lent in addition to interest, and shall be deemed to be a consideration paid by the borrower for the present use and possession of the future or ultimate value of his shares, and shall, together with interest and fines, be received by the association as a profit on the capital invested in the loan, and shall be distributed to the various shares and series of said capital as hereinafter provided.

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Sec. 109. Rate of interest to be charged; cancelation of shares. R. S. c. 48, § 65. A borrowing member, for each share borrowed upon, shall, in addition to his dues and monthly premium, if such monthly premium be charged, pay monthly interest on his loan at the rate of not less than five, nor more than six per cent a year until his shares reach the ultimate value of two hundred dollars each, or the loan has been repaid; and when said ultimate value is reached, said shares and loan shall be declared canceled and satisfied, and the balance, if any, due upon the shares shall be paid to the member.

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Sec. 110. Security for loans; condition of note and mortgage; shares alone may be pledged as security; if borrower fails to offer security, loan shall be forfeited. R. S. c. 48, § 66. For every loan made, a note secured by first mortgage of real estate shall be given, accompanied by a transfer and pledge of the shares of the borrower. The shares so pledged shall be held by the association as collateral security for the performance of the conditions of the note and mortgage. Said note and mortgage shall recite the number of shares pledged, and the amount of money advanced thereon, and shall be conditioned for the payment, at the stated meetings of the corporation, of the monthly dues on said shares, and the interest and premium upon the loan, together with all fines on payments in arrears, until said shares reach the ultimate value of two hundred dollars each, or said loan is otherwise canceled or discharged; provided, that the shares, without other security, may, in the discretion of the directors, be pledged as security for loans, to an amount not exceeding their value as adjusted at the last adjustment and valuation of shares before the time of the loan. If the borrower neglects to offer security, satisfactory to the directors, within the time prescribed by the by-laws, his right to the loan shall be forfeited, and he shall be charged with one month's interest and one month's premium at the rate bid by him, together with all expenses, if any, incurred, and the money appropriated for such loan may be re-loaned at the next or any subsequent meeting.

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Sec. 111. Borrower may repay loan at any time; settlement of accounts, how made. R. S. c. 48, § 67. A borrower may repay a loan at any time, upon application to the association, whereupon, on settlement of his account, he shall be charged with the full amount of the original loan, to-

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gether with all monthly instalments of interest, premium and fines in arrears, and shall be given credit for the withdrawing value of his shares pledged and transferred as security, and the balance shall be received by the association in full satisfaction and discharge of said loan; provided, that all settlements made at periods intervening between stated meetings of the directors, shall be made as of the date of the stated meeting next succeeding such settlement; and provided, that a borrower desiring to retain his shares and membership may, at his option, repay his loan without claiming credit for his shares, whereupon said shares shall be retransferred to him and shall be free from any claim by reason of said canceled loan.

Sec. 112. Members failing to pay dues, etc., shall be fined; shares in arrears more than six months, shall be forfeited. R. S. c. 48, § 68. Members who make default in the payment of their monthly dues, interest and premiums, shall be charged a fine not exceeding two per cent a month on each dollar in arrears. No fines shall be charged after the expiration of six months from the first lapse in any such payment, nor upon a fine in arrears. The shares of a member who continues in arrears more than six months shall, at the option of the directors, if the member fails to pay the arrears within thirty days after notice, be declared forfeited, and the withdrawing value of the shares at the time of the first default shall be ascertained, and after deducting all fines and other legal charges, the balance remaining shall be transferred to an account to be designated the forfeited share account, to the credit of the defaulting member. Said member, if not a borrower, shall be entitled, upon thirty days' notice, to receive the balance so transferred, without interest from the time of the transfer, in the order of his turn, out of the funds appropriated to the payment of withdrawals. All shares so forfeited or transferred shall cease to participate in any profits of the association accruing after the last adjustment and valuation of shares before said default.

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Sec. 113. Forfeiture of shares of borrowing members; balance of account enforced against security. R. S. c. 48, § 69. If a borrowing member is in arrears for dues, interest, premiums or fines for more than six months, the directors may declare the shares forfeited after one month's notice, if the arrears continue unpaid. The account of such borrowing member shall then be debited, with the arrears of interest, premiums and fines to date of forfeiture, and the shares shall be credited upon the loan at their withdrawing value. The balance of the account may, and after six months shall be enforced against the security by any legal method, or by proceedings in equity, for sale and foreclosure, jurisdiction therefor being hereby specially given to the supreme judicial and superior courts, to be exercised upon bill or petition in a summary manner. The shares, the value whereof has been so applied in payment shall revert to the corporation, and be held by it free from all interest, claim or demand on the part of the borrower, or any person claiming from or under him.

Sec. 114. Unpledged shares of deceased shareholder; distribution. R. S. c. 48, § 70. Upon the death of a shareholder, his legal representatives shall be entitled to receive the amount of his unpledged shares, to be ascertained

as provided in section one hundred and five for withdrawal of shares. No fines shall be charged, or profits credited to a deceased member's account from and after his decease, unless his legal representatives assume the future payments on such shares, which they may assume under the same rights and liabilities of the deceased. Moneys received for the shares of a deceased shareholder, or the shares themselves, as the case may be, shall descend to the same persons and be distributed in the same manner as money received from a policy of life insurance on the life of a deceased person.

See c. 80, § 21.

Sec. 115. Accounts, how kept, and business, how transacted. R. S. c. 48, § 71. The general accounts of every such association shall be kept by double entry. The secretary shall at least once each month make and declare a trial balance, which shall be recorded in a book provided for that purpose, and it shall at all times be open to the inspection of the directors and shareholders of the association. All moneys received from the members shall be receipted for by persons designated by the directors in a pass-book provided by the association for the use of and to be held by the member, and said pass-book shall be plainly marked with the name and residence of the holder thereof, the number of shares held by him and the number or designation of the series or issue to which said shares respectively belong and the date of the issue of such series. All moneys so received shall be originally entered by the proper officer in a book to be called the cash-book, and the entries therein shall be so made as to show the name of the payer, the number of the shares, the number or designation of the series, or issues of the particular share, or shares so entered, together with the amount of dues, interest, premiums and fines paid thereon, as the case may be. Each payment shall be classified and entered in a column devoted to its kind. Said cash-book shall be closed on the last day of the month in which each stated meeting is held, and shall be an exhibit of the receipt of all moneys paid by shareholders during said month. All payments made by the association for any purpose whatsoever, shall be by order, check or draft, signed by the president and secretary, and indorsed by the persons in whose favor the same are drawn. The name of the payee, the amount paid, and the purpose, object or thing for which the payment is made, together with its date, shall be entered on the margin of said order, check or draft. The treasurer shall dispose of and secure the safe-keeping of all moneys, securities and property of the corporation, in the manner designated by its by-laws.

Sec. 116. Profits and losses, when and how distributed; guaranty fund. R. S. c. 48, § 72. The profits and losses may be distributed annually, semi-annually or quarterly, to the shares then existing, but shall be distributed at least once in each year, and whenever a new series of shares is to be issued. Profits and losses shall be distributed to the various shares existing at the time of such distribution, in proportion to their value at that time, and shall be computed upon the basis of a single share, fully paid to the date of distribution. Losses shall be apportioned immediately after their occurrence. No dividend shall be made at a rate per cent which will make the aggregate amount of said dividend greater than the actual earn-

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ings of the association, actually collected. At each periodical distribution of profits, the directors shall reserve as a guaranty fund a sum not less than three, nor more than ten per cent of the net profits accruing since the last adjustment, until such fund amounts to five per cent of the dues capital, which fund shall thereafter be maintained and held, and said fund shall be at all times available to meet losses in the business of the association from depreciation in its securities or otherwise.

Sec. 117. May purchase real estate upon which it has lien; sale within five years. R. S. c. 48, § 73. Any association may purchase, at any sale, public or private, any real estate upon which it may have a mortgage, judgment, lien or other encumbrance, or in which it may have an interest, and may sell, convey, lease or mortgage at pleasure, the real estate so purchased, to any person or persons whatsoever. All real estate in whatever manner acquired shall be sold within five years from the acquisition of title thereto; but the bank commissioner, upon application of any association, may extend said time in which said real estate may be sold.

Sec. 118. Directors shall insure all real estate. R. S. c. 48, § 74. Directors shall cause all real estate of an insurable character held by them absolutely or in mortgage, to be fully insured against loss by fire or lightning and the expense of such insurance in case of mortgage shall be added to the amount of the mortgage debt, to be refunded in case of payment or redemption.

Sec. 119. Examinations by bank commissioner; report. R. S. c. 48, § 75. The bank commissioner shall perform, in reference to all loan and building associations, the same duties and shall have the same powers as are required of him or given to him in reference to savings banks; and shall, annually, by the first day of December, make a report to the governor and council of the general conduct and condition of each of the associations visited by him, making such suggestions as he deems expedient or the public interest requires. The officers of such associations shall answer truly all inquiries made, and shall make all returns required by the bank commissioner.

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Sec. 120. Business of loan and building associations restricted. R. S. c. 48, § 76. 1905, c. 42. Except as hereinafter provided, no person, association or corporation shall carry on the business of accumulating and loaning or investing the savings of its members or of other persons in the manner of loan and building associations or carry on any business similar thereto within this state, unless incorporated under the laws thereof for such purpose.

Sec. 121. Foreign associations authorized to do business in this state; deposit of securities in trust for benefit of creditors; duty of bank commissioner to make examinations. R. S. c. 48, § 77. The bank commissioner may authorize any such association or corporation duly established under the laws of another state to carry on such business in this state, but said association or corporation shall not transact such business in this state unless it shall first deposit with the treasurer of state, the sum of twenty-five thousand dollars and thereafter a sum equal to fifteen per cent of the deposits made in such association or corporation by citizens of the state;

the amount of percentage of deposits so required to be determined from time to time by the bank commissioner; or in lieu thereof the whole or any part of said sum may consist of any of the securities in which savings banks may invest, as regulated in section twenty-seven of this chapter, at their par value, and the said deposit shall be held in trust by said treasurer for the protection and indemnity of the residents of the state with whom such associations or corporations respectively have done or may transact business. Said moneys or property shall be paid out or disposed of only on the order of some court of competent jurisdiction, made on due notice to the attorney-general of the state, and upon such notice to the creditors and shareholders of such association or corporation as the court shall prescribe. For the purpose of ascertaining the business and financial condition of any such association or corporation doing or desiring to do such business, the bank commissioner may make examinations of such associations or corporations, at such times and at such places as he may desire, the expense of such examinations being paid by the association or corporation examined, and may also require returns to be made in such form and at such times as he may elect. Whenever, upon examination or otherwise, it is the opinion of the bank commissioner that any such association or corporation is transacting business in such manner as to be hazardous to the public, or its condition is such as to render further proceedings by it hazardous to the public, said bank commissioner shall revoke or suspend the authority given to said association or corporation; but this section shall not prevent such association, corporation or institution incorporated under laws of another state, from loaning money upon mortgages of real estate located within the state.

Sec. 122. Penalty for violation. R. S. c. 48, § 78. Whoever violates any provision of the two preceding sections, shall be punished by a fine not exceeding one thousand dollars; and any provision thereof may on petition, be enforced by injunction issued by a justice of the supreme judicial court or of either superior court.

Foreign Investment Corporations.

Sec. 123. Foreign corporations, engaged in selling bonds, etc., shall first obtain license of bank commissioner; license may be revoked. R. S. c. 48, § 89. 1915, c. 159. No foreign corporation, or any agent or representative thereof, shall offer to sell, sell or negotiate in this state, any bonds, mortgages, notes or other choses in action, issued, indorsed or guaranteed by it, unless it first obtains a license therefor from the bank commissioner. Before receiving such license it shall furnish the commissioner a detailed statement of its condition, which statement shall clearly describe the various classes of its assets and liabilities and shall be sworn to by either its president, treasurer or secretary, and certified to be correct by at least two of its directors. Said statement shall in all particulars be as full as the commissioner may require. Upon receiving such statement the bank commissioner may grant a license authorizing such corporation to conduct its business in this state subject to its laws until the first day of the next December, and such license may be renewed annually thereafter so long as

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the bank commissioner regards the corporation responsible and safe, but in all cases it shall terminate on the first day of the succeeding December. Provided, that in addition to said statement the bank commissioner may make or cause to be made all necessary investigations to satisfy himself of the condition of the corporation so making application, and the person or persons making such investigation and report may charge and collect in addition to any compensation now provided by law for their regular official duties, a reasonable compensation for such services and all expenses attendant thereon, and the same shall be paid by the corporation making application for license, whether such corporation be licensed or not. The commissioner may revoke such license at any time should he deem the condition of such corporation or its management unsafe, whereupon the right of such corporation to do business in this state shall terminate.

Sec. 124. Corporation shall publish statement; shall appoint bank commissioner to be its attorney, upon whom processes may be served; duties of bank commissioner. R. S. c. 48, § 90. Such corporation or its agents shall publish at their own expense in some newspaper published in any town or city designated by the bank commissioner, a copy of the statement furnished him. Every such corporation shall at the time of making application for license as hereinbefore provided, appoint in writing the bank commissioner or his successor in office to be its true and lawful attorney upon whom all lawful processes in any action or proceeding against it may be served, and in such writing shall agree that any lawful process against it which is served on said attorney shall be of the same legal force and validity as if served upon the corporation, and that the authority shall continue in force so long as any liability remains outstanding against the corporation in this state. Service made in such manner on said corporation in any such suit or proceeding shall be valid and binding thereon, and the judgment rendered therein shall bind the corporation as valid in every respect whether the defendants appear or not. If license is granted by the bank commissioner he shall place said writing on file in his office to take effect therefrom, but if license is not granted by him it shall be returned to the corporation. Copies of said writing, certified by the bank commissioner, shall be deemed sufficient evidence thereof. When legal process against any such corporation is served upon said bank commissioner, he shall within ten days thereafter mail a copy thereof, postage prepaid, directed to the address of said corporation, or to any person designated by said corporation in writing.

Sec. 125. Corporation and agents, are under supervision and shall furnish statements; penalty. R. S. c. 48, § 91. Such corporation and its agents for the purposes hereinbefore mentioned, are under the supervision of the bank commissioner and shall at all times at his request furnish him such statements and information as he may desire, together with full facilities to ascertain the true condition and standing of the corporation, and no person shall act as agent or representative of such corporation before the license herein provided is granted or after the same has been revoked. Whoever violates any provision of this section or the two preceding sections shall be punished by a fine not exceeding five hundred dollars, or imprisonment not exceeding sixty days.

Sec. 126. Sale of bonds, on instalment plan, must be authorized. 1905, c. 73, § 1. 1907, c. 127. Except as hereinafter provided, no person, association or corporation shall carry on the business of issuing, negotiating or selling any bonds, certificates or other obligations issued or based on the partial payment or instalment plan within this state, unless authorized under the laws thereof.

Sec. 127. Bank commissioner may authorize such business; requirements before authority shall be given. 1905, c. 73, § 2. The bank commissioner may authorize any foreign corporation, to carry on the business in this state of issuing, negotiating or selling any bonds, certificates or other obligations issued or based on the partial payment or instalment plan, but such authority shall not be granted until said corporation shall have deposited with the treasurer of state, for the protection and indemnity of residents of this state with whom the corporation making such deposit may transact business, not less than twenty-five thousand dollars, and annually thereafter a sum equal to fifteen per cent of the payments made to such corporation by citizens of this state, the amount of such percentage to be determined by the bank commissioner. Said deposit shall be held and disposed of as provided in section one hundred and twenty-one of this chapter, regulating such deposits made by foreign loan and building associations.

Sec. 128. Authority of bank commissioner over such business. 1905, c. 73, § 3. The bank commissioner shall have the same supervision over, and the same authority to make examinations, and revoke and renew licenses of such corporations to do business as aforesaid, as provided in sections one hundred and twenty-three to one hundred and twenty-five, both inclusive, of this chapter relating to foreign investment corporations, and all proceedings hereunder, other than those provided for in the preceding section shall be in conformity with said sections, so far as the same may be applicable.