

# MAINE STATE LEGISLATURE

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# DOCUMENTS

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# THE LEGISLATURE,

OF THE

# STATE OF MAINE,

DURING ITS SESSION

**A. D. 1835.**

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*AUGUSTA:*  
WILLIAM J. CONDON,.....PRINTER.

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1835.

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**FIFTEENTH LEGISLATURE.**

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**NO. 8.**

**SENATE.**

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**To the Senate and House of Representatives :**

I herewith transmit for the consideration of the Legislature, the Report of **WILLIAM D. WILLIAMSON, Esq.** one of the Commissioners appointed to examine the doings and transactions, of the several Incorporated Banks in this State.

**ROBERT P. DUNLAP.**

COUNCIL CHAMBER, }  
January 29, 1835. }



## **Bank Commissioner's Report.**

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The undersigned, one of the Commissioners, appointed "To inquire into, and examine the doings and transactions of the several incorporated Banks in this State, and generally to ascertain the state and condition of the same ; and whether there has been any departure by brokerage or otherwise, from the ordinary business of Banking associations; and to make report of his doings, to the Governor and Council, to be laid before the Legislature," has attended to that service alone ; his worthy colleague, Hon. ABIEL WOOD, having been taken away by death, December 26th, while at Belfast, soon after recommencing his official tour. The sudden departure of that estimable man, was more severely felt, inasmuch as his thorough knowledge of banking, bookkeeping, and other pecuniary transactions, would have essentially divided the labors and responsibilities of the Commission, with the undersigned, so recently appointed to the same trust. But though bereaved, yet believing a discharge of the duties ought not to be delayed, he proceeded singly and performed them, between October 20th, and December 15th, with all intentional fidelity, and the result of his examination, he now respectfully submits in the following

### **REPORT.**

The general course of procedure, he adopted, was to examine in the first place, the records of the Stockholders and of the Directors, for the purpose of ascertaining if the Banks were duly organized ; the Cashiers chosen, sworn, and bound by such obligations as the law requires, and the records themselves perfect. The next object of inquiry

and examination was into the several items, which, as they appeared by the Bank-books, constitute *Trial-balances*; namely, the Capital Stock, as divided into shares, and actually paid in: the registry of Bank notes, signed and issued—deducting those on hand, and calling the difference the actual circulation; the aggregate deposits and debts, due to other Banks, and to individual depositors; stockholders' dividends unpaid, and all other debts due; and the net amount of profits, including interest and discounts, after a deduction of taxes and other Bank disbursements and expenses:—On the other side, an inquiry was made into the kind and value of the Real Estate, a view and account were taken of the specie and bills of other Banks in the vaults; the amount of deposits in, and dues from other Banks carefully noticed; and the notes discounted, drafts purchased, and all other demands in connexion with the discount books, were examined. The Commissioner found no Cashier's bond, in which any of the Directors in the same Bank were sureties; but in two or three places, he observed, that the Directors' liabilities exceeded, by small sums, the limits prescribed by law. As the excess, however, was inconsiderable, in each instance, and assurances given, that the intent was by all means to keep within legal bounds, it is deemed inexpedient to present, by name, any particular case. The whole number of Banks examined, is *Thirty*; of which a synopsis of aggregate Debit and Credit is subjoined.

*Dr.*

To the Capital Stock, due the Stockholders,	2,931,000 00*
“ Bank notes in actual circulation, - -	1,370,660 00
“ Deposits of other banks, to be paid, - -	126,985 64
“ Dues to individual depositors, - -	688,577 18
“ Profits accumulated, to be divided and paid out,	67,927 05
“ All other debts owing by the Banks, - -	2,685 95
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	\$5,137,835 82

\*Including only \$50,000, of the Capital Stock, in the Bank of Bangor, paid in.

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By Real Estate as estimated, - - -	101,597	29
“ Specie in the vaults, - - -	121,571	55
“ Bills or notes of other Banks on hand, - -	140,841	03
“ Deposites in, and dues from, other Banks, -	418,788	66
“ Notes discounted, drafts and bills, - -	4,235,486	35
“ Bonds, mortgages, and other dues and demands,	119,550	94
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	\$5,137,835	82

Two Banks only appear to be deficient in means to pay what they owe :—these are the Franklin and Thomaston Banks. The deficit of the former is \$723 <sup>62</sup>/<sub>100</sub>, occasioned by the embezzlement of an individual, in March, 1833, who was entrusted with money to be by him deposited in a Boston Bank; and that of the latter, is \$2,092 <sup>97</sup>/<sub>100</sub>, which is now not a fifth part of the loss sustained by a robbery of the vaults in July, 1830. Both manage providently:—for though they make dividends, they reserve a surplus of net profits to meet their losses. Nevertheless, the preceding synopsis exhibits a balance nowise untrue; as the aggregate resources of the other Banks are found to exceed by several hundred dollars, the amount of debit, beyond the deficit of these two Banks.

The Commissioner found one, and only one Bank, whose loan was greater, than it had a legal right to make. This was Central Bank in Hallowell, its Capital Stock being \$85,000—and the amount of its debts due \$170,364 60, on the day of examination. The excess, however, is small; yet it is believed it ought to be noticed, as also some other peculiar proceedings in that Bank. By the general law regulating Banks and Banking, *Section 20*, “No Bank in this State shall be permitted to take any greater rate of interest, or discount, on any note, draft, or security, than at the rate of six per centum per annum, whether such loan be made in specie, or otherwise, or agreement made to pay any such loan in specie, or at a place other than the Bank making such discount; but such interest or

discount may be calculated and taken according to the established rules of Banking ; *Provided, however*, that in discounting drafts, or inland bills of exchange, the Bank so discounting the same, may charge over and above the rate of interest aforesaid, the then existing rate of exchange between the place, where such draft may be discounted, and the place where the same is payable." In all parts of the State, so far as it could be ascertained, on particular examination and inquiry, there has been an uniform construction of this prohibition, excepting at that Bank. Here a course has been pursued, which a faithful discharge of duty requires to be exhibited, by presenting a few facts and cases, all occurring within a period of two months, as they appeared on the books, examined in the presence of the President and Cashier. A draft dated in Hallowell, Sept. 20, 1834, was made on a gentleman in New York, for \$1,300, payable in six months, and discounted, from which there were reserved as discount, \$59 15, which with an allowance of three days grace, exceeds the lawful interest by \$19 50. Two others, both dated Sept. 29, 1834, and drawn on a gentleman in Roxbury, Mass. each for \$3000, payable, one in three months, and the other in six months, were discounted, on which there were reserved and taken \$207, whereas, the legal discount, including three days grace, would be only \$136. A fourth, drawn Nov. 8, 1834, for \$393, payable at Bangor on the 15th July, 1835, was discounted, whereon there were reserved and taken, \$26 52, which sum, including grace, exceeds the lawful interest by \$10, or more. In each of these cases, the Cashier, Artemas Leonard, Esq. says, the excess is reserved and taken as the existing rate of exchange, between that Bank, and the respective places of payment. There was another draft of \$4000, dated and accepted in Bangor, Oct. 23, 1834, payable in Boston, at the end of 12 months, which was discounted, and apparently by the books, \$242,



and no more, were reserved; yet the Cashier conceded that only about \$3,600, were actually paid out for the paper ; though he said this was a private transaction of his own. He purchased the draft in the first instance with his own money, and afterwards, at his request, it was discounted. Of notes, it ought to be further stated, that one of \$300, dated at Gardiner, April 23d, 1830, payable in five years, with interest, was discounted, Sept. 25th, 1834, seven months before maturity, on which were reserved as discount \$20 43. Another, given December 14, 1832, by men, inhabitants of Minot, in this State, for \$3,919 80, payable, with interest, at Kenduskeag Bank, Bangor, in two years, was discounted, November 15, 1834, a month before maturity, on which there were reserved and taken, \$52 95, both the above notes being themselves on interest. A third, given November 26, 1834, for \$233 30, payable at the Central Bank, in eight months, was discounted on the day of date, whereon were reserved and taken \$14, more than \$4 50, beyond legal interest. The excess of interest taken on each of the preceding notes, the Cashier says, was considered an equivalent for the exchange, except the last, which he had supposed was payable at Bangor, where it was dated. In view of these transactions, and others of a similar character, as they appeared on the books of that Bank, it may be worthy of inquiry, whether they do not violate the spirit, if not the letter of the prohibitory clause in the Banking law previously cited. In fact, do they deserve a better appellation, than that of brokerage ? The course appeared the more unwarrantable, or at least, novel, when contrasted with the general usage and practice in other Banks, especially the Northern Bank, in the same village, wherein the books were kept with remarkable correctness, and every proceeding was in conformity to the rules of honorable Banking. Should the principles of procedure, adopted by the Central Bank, however, be

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deemed consistent with law, and accredited usage, the fact ought to be more extensively known, that the hitherto important distinction between discounting, and shaving paper securities, need be no longer observed or regarded. The Cashier is reputed to be a man of wealth, owning 100 shares or more in the Bank; and disposed as he said he had been, in time of the last scarcity, to extend accommodations, as far as was consistent with perfect safety; and it is due to the President and Cashier, to state, that they were free to exhibit their books, ready to explain all their business transactions, and to communicate every information requested; giving repeated assurances of their intentions to violate no rule of law, nor established usage. Nay, so far as the community at large is concerned, it may be added, that the funds of the Bank are in good condition, and the public, without doubt, is safe.

By another provision in the same law, *Sec. 4*, "the amount of bills issued by any Bank shall not at any time exceed 50 per centum, beyond the amount of the Capital Stock actually paid in, including all bills issued by such Bank, whether in the hands of Agents or otherwise." To construe this clause literally, it would seem, that no bank is allowed to have in existence, entered on the books and prepared for use, bills amounting in all, to a sum beyond fifty per centum of its Capital; yet the Directors of several banks, though the books exhibit a greater amount, in existence, consider it no transgression, so long as the actual circulation is within the limits prescribed; believing such to be the meaning and fair interpretation of the law. A similar construction is put on the clause, *Sec. 20*, which permits a bank never to "issue" bills under five dollars, which shall in amount exceed 25 per centum of its capital stock: supposing the expression "to issue" and "to have in actual circulation," are synonymous. If these constructions be correct, it is manifest, that the statute-prohibitions

mentioned, may be easily evaded without detection, provided the amount of the bills of a bank be within the limits prescribed, only at the time of the semi-annual returns and yearly examination. As the ready money of the banks consists of their specie, bills of other banks on hand, and deposits therein, all of which scarcely equal half the actual circulation; it is readily seen, that their solidity and healthfulness must rest principally on the discounted paper, the amount of which being four fifths of all the resources, the banks exhibit. On a careful examination, it was found, that their paper consisted almost exclusively of notes and drafts, always secured by the names of two, very frequently three, and oftentimes four or more persons, believed to be abundantly able and sufficient,—generally payable at short periods of 60, 90, or 120 days—the pay-day of very few being beyond a year from date: and the security of a very small amount indeed, being predicated on a pledge of real estate. Still it must be manifest, that the Commissioner is entirely unable to determine, of his own knowledge, the pecuniary ability of the persons to pay, who are holden on and by such paper, having a personal acquaintance with but very few of them, and much less with their pecuniary circumstances. In this respect, the real goodness of the demands must depend primarily and principally on the Directors of each bank:—if therefore the Directors are men of character, circumspection, capacity and wealth, it may be presumed, they will make loans to none other than those who are entirely able to secure payment.

Viewing this to be of such high importance to all concerned, the Commissioner has appended to this Report, the names of the Directors, in the several boards throughout the State.

As to the books, it ought to be added, that they in general, appeared to be kept systematically, by Cashiers well

acquainted with their business ; the entries being carefully made and promptly posted, and trial balances exhibited at stated periods, shewing the true state of the banks from the Ledgers and manuscript memoranda.

On the whole, it gives the Commissioner pleasure, as it must the Government, to find, that our Banks, with the exception mentioned, are transacting their business with credit and profit to themselves, and with evident safety to the public. So long therefore, as they shall continue to manage their affairs upon the same true and honorable principles of banking, according to the spirit of the laws, they may expect to have as they deserve, the fostering patronage of the Legislature, and the confidence and respect of an intelligent community. For under such regulations, our Banks may be considered a public benefit ; since the State not only derives a revenue from them, the current year, of about \$23,650\* ; but the people may obtain loans, and often find relief, subject to an exaction of no greater premiums than the payment of bank interest.

WILLIAM D. WILLIAMSON, *Commissioner.*

December, 29, 1834.

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\*Though the Canal Bank has a Capital of \$396,000 paid in, yet by its charter of Feb. 19, 1825, when it has paid to the use of the Cumberland and Oxford Canal Corporation \$75,000 it is exonerated from any tax to the State. The above revenue is exclusive of the tax on this Bank.

## Boards of Bank Directors through the State.

- Androscoggin Bank--Topsham.*  
 Charles Thompson, *Presid't.*  
 H. Purrington,  
 John Barron,  
 David Scribner,  
 Nathan Perkins.
- Augusta Bank--Augusta.*  
 Daniel Williams, *President.*  
 Benja. Brown,  
 Thomas W. Smith,  
 Henry W. Fuller,  
 Charles Williams,  
 Issacher Snell,  
 James Bridge.
- Bangor Commercial Bank--Bangor.*  
 Henry Warren, *President,*  
 Amos Davis,  
 Samuel Smith,  
 John Fiske,  
 Thomas Burton.
- Bank of Bangor--Bangor.*  
 Samuel Veazie, *President,*  
 John Barker,  
 James Crosby,  
 George B. Moody,  
 Sam'l J. Foster.
- Bank of Portland--Portland.*  
 William Swan, *President.*  
 William Willis,  
 George Bartol,  
 Thos. McLellan,  
 Charles Fox,  
 Enoch Paine,  
 (One vacancy.)
- Calais Bank--Calais.*  
 George Downes, *President.*  
 Wm. Deming,  
 Sam'l Kelley,  
 William Pike,  
 Luther C. White.
- Canal Bank--Portland.*  
 John Fox, *President.*  
 Alpheus Shaw,  
 Nath'l Warren,  
 Thos. Hammond,  
 John D. Gardner,  
 Sam'l E. Crocker,  
 St. John Smith.
- Casco Bank--Portland.*  
 Eliphalet Greeley, *President.*  
 Nath'l Blanchard,  
 Nathan Cummings,  
 Charles Mussey,  
 M. P. Sawyer,  
 Phineas Varnum,  
 William Evans.
- Central Bank--Hallowell.*  
 Calvin Spaulding, *President.*  
 John Smith,  
 Ichabod Nutter,  
 John G. Fitch,  
 Elisha Cooledge.
- Citizens Bank--Augusta.*  
 Reuel Williams, *President.*  
 John Dole,  
 Sam'l E. Smith,  
 John Means,  
 Allen Lambard,  
 James L. Child,  
 Greenleaf White.

*Commercial Bank—Bath.*

Parker McCobb, *President.*  
 William D. Sewall,  
 Jacob Robinson,  
 Sam'l G. Bowman,  
 Gilbert Trufant.

*Exchange Bank—Portland.*

Ashur Ware, *President.*  
 Sam'l. Hanson,  
 J. C. Churchill,  
 S. H. Mudge,  
 Wm. P. Preble,  
 Ezekiel Day,  
 Charles Jones.

*Franklin Bank—Gardiner.*

Artemas Leonard, *President.*  
 Ebenr. F. Deane,  
 Haines Learned,  
 James N. Cooper,  
 Joseph Eaton.

*Freeman's Bank—Augusta.*

Benja. Davis, *President.*  
 Williams Emmons,  
 William Dewey,  
 John Milliken,  
 Wm. H. Kittredge,  
 Watson F. Hallet,  
 George W. Morton.

*Gardiner Bank—Gardiner.*

Peter Grant, *President.*  
 Robert H. Gardiner,  
 Joshua Lord,  
 Frederic Allen,  
 Arthur Berrey.

*Kenduskeag Bank—Bangor.*

John Wilkins, *President.*  
 Geo. W. Pickering,  
 Jos. R. Lumbert,

Elisha H. Allen,  
 Abner Taylor.

*Lincoln Bank—Bath.*

Jona. Hyde, *President.*  
 Levi Houghton,  
 George F. Patten,  
 Joshua Page,  
 Ammi R. Mitchell,  
 Sam'l Gray,  
 (One vacancy.)

*Maine Bank—Portland.*

Albert Newhall, *President.*  
 Isaac Ilsley,  
 Hez'h. Winslow,  
 Nicholas Emery,  
 Nath'l. Mitchell,  
 Sam'l Chadwick,  
 Israel Richardson.

*Manufacturers Bank—Saco.*

John Fairfield, *President.*  
 Abel Hersey,  
 Nath'l Burbank,  
 Amos Chase,  
 Tristram Jordan, Jr.  
 George Scamman,  
 Samuel White.

*Manufacturers and Traders Bank—Portland.*

Joshua Richardson, *President.*  
 Christopher Wright,  
 Stephen Waite, Jr.  
 Nath'l. F. Deering,  
 Martin Gore,  
 Neal Dow.

*Mercantile Bank—Bangor.*

John Hodgdon, *President.*  
 Amos M. Roberts,  
 Cyrus Goss,

Waldo T. Pierce,  
Willis Patten,  
Samuel Veazie,  
Samuel Farrar.

*Merchants Bank—Portland.*  
Wm. Woodbury, *President.*  
Philip Greeley,  
Josiah Dow,  
Rufus Emerson,  
Jona. Tucker,  
Chas. Kimball,  
Geo. Warren.

*Northern Bank—Hallowell.*  
Sandford Kingsbury, *Presid't.*  
John Agry,  
Oliver Otis,  
Franklin Glazier,  
Thomas B. Brooks,  
Joseph C. Dwight,  
Sullivan Kendall,

*Skowhegan Bank—Bloomfield.*  
Samuel Weston, *President.*  
Jno. G. Neil,  
Calvin Selden,  
Isaac Farrar,  
Abner Coburn,  
John Ware,  
Edmund Pearson.

*South Berwick Bank—South  
Berwick.*  
Wm. A. Hayes, *President.*  
Timothy Ferguson,  
William Hight,  
Thomas F. Jewett,  
Benjamin Mason,

Josiah W. Seaver,  
Samuel Parks.

*Thomaston Bank—Thomaston.*  
Edwin Smith, *President.*  
E. Robinson,  
William McLellan,  
Richard Robinson,  
Iddo Kimball,  
Manasseh H. Smith,  
Hezekiah Prince.

*Ticonic Bank—Waterville.*  
Timothy Boutelle, *President.*  
Asa Redington,  
Daniel Cook,  
Jedediah Morrell,  
Alpheus Lyon,

*Union Bank—Brunswick.*  
David Dunlap, *President.*  
Isaac Lincoln,  
William Frost,  
Samuel Perkins,  
Abner B. Thompson,

*Waldo Bank—Belfast.*  
Ralph C. Johnson, *President.*  
Rufus B. Allyn,  
Hugh P. Anderson,  
Hiram O. Alden,  
William G. Crosby.

*York Bank—Saco.*  
Jonathan King, *President.*  
Joseph M. Hayes,  
John P. Mellen,  
Lewis Wakefield,  
Daniel Cleaves.

N. B. The "Frontier Bank," and "Great Falls Bank," have not yet been organized; and the "Bank of Bangor," commenced operations on the 18th of December, when its first instalment was paid in of its Capital Stock.

**STATE OF MAINE.**

**IN SENATE, January 29th, 1835.**

**ORDERED, That three hundred copies of the foregoing Report,  
be printed for the use of the Legislature.**

**[Extract from Journal.]**

**Attest,            WILLIAM TRAFTON, Secretary.**