

MAINE STATE LEGISLATURE

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DOCUMENTS

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THE LEGISLATURE

OF THE

STATE OF MAINE,

DURING ITS SESSION

A. D. 1836.

AUGUSTA:
SMITH & ROBINSON,.....PRINTERS.

1836.

SIXTEENTH LEGISLATURE.

No. 13.

SENATE.

To the Senate and House of Representatives:

I herewith communicate for the consideration of the Legislature, the Report of the Commissioners appointed to examine the doings and transactions of the several Incorporated Banks in this State.

ROBERT P. DUNLAP.

COUNCIL CHAMBER, }
January 21, 1836. }



To the Governor and Council of the State of Maine.

The undersigned appointed to examine the doings of the several Incorporated Banks in this State, and to ascertain the condition of the same, having attended to that service in the months of August, October and November of the current year, ask leave to

R E P O R T :

That in the examination of the Banks we have confined our attention mainly to three points, viz : their organization and system of book-keeping, the safety of the public, and whether there had been any infractions of the laws regulating Banks and Banking. The whole number, exclusive of the Washington County Bank, which had not gone into operation at the time of the examination of that at Calais, is thirty-five, having an aggregate Capital of Three Million, seven hundred thirty-five thousand Dollars, all of which has been paid in in conformity with their respective charters.

The result of our examination furnishes the following general exhibit of their liabilities and resources :

Dr.	To Capital Stock,	3,735,000
	Bills in circulation,	2,380,114
	Deposits,	1,250,124 79
	Profits,	91,712 18
		<hr/>
		7,456,950 97
Cr.	By Real Estate,	99,107 96
	Specie,	186,049 69
	Deposits in other Banks,	553,737 26
	Notes and Bills discounted,	6,357,091 10
	Bills of other Banks,	261,039
		<hr/>
		7,457,075 01
		<hr/>

From the foregoing exhibit, it will be seen that there is an excess of means beyond their liabilities; affording gratifying evidence of the care and prudence of the officers of these institutions, as well as the safety of the public.

The Thomaston and Franklin Banks have repaired the losses which they sustained and are well entitled from the character of their officers and condition of their resources to the confidence of the community. The names of the several Banks and of the Directors, accompanied with a statement of the amount of their Capital, and places of location, are herewith subjoined.

The suggestions of our predecessors have secured throughout the State an improved system of book-keeping, and in all the Banks the books as well as

the records of the Stockholders and Directors evince great care and attention on the part of the officers of these Institutions. It will be perceived that the amount of the debt due the Banks has augmented very considerably beyond that of former years; owing probably to the unprecedented amount of business transactions and consequent demand for money, the past season; the amount of bills in circulation has also increased in the same ratio, while the amount of specie in the vaults is comparatively small.

We believe, however, no danger is to be apprehended of an excessive issue of bills under the existing system of Banking in this State, as no Bank has, or can keep in circulation for any length of time, the amount which it is authorized to by law; for in the ordinary course of business, a very large proportion of the bills issued are sent to Boston, where they are almost instantly taken out of circulation, and a sum equal to the entire amount of bills outstanding is paid once in three or four months, by most if not all of the Banks. So long therefore as this system continues, a small amount of specie is required for the purposes of business at home, and this may and probably will account satisfactorily for the fact, that the proportion of specie to the circulation is so small.

The amount due the Banks, though large, appears to be well secured by at least two and in most in-

stances three responsible names, generally payable at different intervals within six months. In one instance, however, we found paper to a large amount discounted, having from one to four years to run before maturity. Now as the debts due a Bank constitute the principal fund for the payment of its liabilities, common prudence would seem to require that the amount falling due, should be equal to the daily demands upon it—aside from the risk of insolvency of the parties to such paper, a monied institution should never place itself in a situation where in a possible contingency, the creditors to it would be postponed to a distant day for the payment of the amount due them. We have alluded to this transaction, not because there is any doubt but the Bank discounting this paper has ample means for the immediate payment of its liabilities, but for the purpose of suggesting the expediency of some legislation upon this subject, before the practice alluded to, shall have become general.

The law restricting Banks from issuing or receiving bills of the denomination of one Dollar, we have reason to believe has been rigidly observed; nearly four-fifths of the entire amount of bills of that denomination have been taken out of circulation, and are now in their vaults. Still the design of this law has been in a great measure frustrated by the course pursued by the Banks of New Hampshire and Massachusetts—a large amount of their small

bills have been sent into this State, and as the Banks are prohibited from receiving them, they find here a permanent circulation, and are consequently entailing upon our citizens the evils which the law was intended to guard against. In this view of the subject, it is submitted for consideration whether further legislation may not be necessary to counteract the evils to which we are subject from the introduction of small bills into this State. The law limiting the amount of the liability of the Directors, has generally been observed; in two instances only an excess was discovered, but as the amount was small and occurred without their knowledge, we are satisfied there has been no intentional violation of this salutary provision—the excess in the instances alluded to, has since been reduced to an amount within the prescribed limits.

On the whole, we found the Banks in a prospering condition, doing a profitable business, and with a single exception which will be adverted to hereafter, governing themselves in the transaction of their business in conformity with the law and the provisions of their respective Charters.

In seasons of active and prosperous business the press upon the Banks for accommodation will be very great; and strong inducements are presented to extend their loan, directly or indirectly beyond the amount authorized by law.

The paramount object of the restriction upon

Banks, as to the amount of their loan, while it is highly liberal as regards them, was a just and proper regard to the public safety, and every one should be held to a rigid compliance with it.

Instances may and sometimes do occur of a very small excess of debts arising from causes which ordinary care and prudence could not guard against; in such cases however, if the excess should continue it would afford strong ground to believe, that there was a fixed and deliberate intention on the part of the institution to violate the law.

In reference to this particular provision of the law, we have had occasion to visit the Bangor Commercial Bank, at two different periods,--its resources exclusive of real estate, specie and deposits, consist in bills discounted and "Checks, Drafts," &c. A distinction is made at all times between "Bills discounted" and "Checks, Drafts," &c., so that the amount of each item clearly appears; upon any ground which may be assumed, there are four instances at least, occurring in the months of June, July and August, when the amount due exceeded their Charter—an amount in one instance at least, which can hardly be considered as happening inadvertently. If to this should be added the amount of "Checks, Drafts," &c., as they are denominated in their books, we know not how we can escape the conclusion that there has been on the part of this

Bank a departure from the plain and wholesome provisions of their Charter.

The following statement will shew the amount due under distinct heads, for the periods stated; as contained in the weekly exhibit of the Cashier :—

1835.	Bills discounted.	“Checks, Drafts,” &c.
May 30th,	197,568 17	—————
June 9th,	201,205 04	40,338 78
16th,	198,925 33	71,462 61
23d,	204,328 04	42,679 38
30th,	196,050 31	52,768 64
July 7th,	202,840 63	63,016 57
14th,	197,816 59	78,004 16
21st,	193,660 33	71,864 84
28th,	199,448 07	95,069 64
Aug. 4th,	199,215 30	93,598 42
11th,	201,535 19	90,553 78
18th,	195,069 54	90,616 98
26th,	196,067 54	81,108 52
Sept. 1st,	190,145 —	79,978 71
8th,	188,687 47	78,912 53
15th,	175,884 68	86,774 62
Oct. 27th,	196,963 42	17,090 73



The amount of Checks, Drafts, &c. diminished gradually from the fifteenth of September to the 27th day of October, the day of our first examination. The sum now held is very small. During the summer and fall, embracing the period from June 9th, to October 6th, 1835, their cash resources consisting of money on hand, specie and deposits in other Banks, were as follows :

June 9th,	53,972	09
16th,	48,207	77
23d,	49,709	93
30th,	57,051	05
July 7th,	63,059	87
14th,	61,685	92
21st,	57,677	35
Aug. 11th,	31,520	45
17th,	39,889	14
26th,	31,322	17
Sept. 8th,	19,337	48
15th,	25,498	00
22d,	39,866	28
Oct. 6th,	36,292	05

The usage of Bangor is to present Checks daily to the Banks on which they are drawn for payment. It is therefore probable, that "Checks" formed a very inconsiderable portion of the large amount of "Checks, Drafts," &c. held during the months of June, July and August. In explanation of the transactions alluded to, the President stated that the Board of Directors were of opinion that Drafts payable at sight, or at two, three or four days from date, did not form any part of the debt due, but were to be considered as cash funds, available, at all times in Boston for the redemption of their bills—that no interest was taken upon such paper, nor was it entered upon the Discount Book. We apprehend however, that Drafts at sight or upon short time, can be viewed in no other light than as debts due, for which a valuable consideration has been paid, and upon the payment of which at maturity the solvency of the Bank may depend.

Aside from this, there is some reason to doubt whether there was in fact a very large amount of this description of paper on hand during the period stated. In the usual course of business, Drafts are immediately forwarded for collection, especially those at sight or short date, and when paid the amount is credited. On examining the account of the Suffolk Bank, the place where collections are made for the Bangor Commercial Bank out of the State, we find the total amount credited for the month of August is less than Ninety Thousand Dollars, while the amount of Checks, Drafts, &c. was that amount weekly.

Whatever may have been the character of this paper, it is now paid, and we are advised that an order has recently been passed by the Directors, that the item of "Checks, Drafts," &c. shall be hereafter excluded from their Books. Of the perfect solvency of the Bank we do not entertain a doubt. Its resources are ample, and the debt now is below the limit fixed by law. In the discharge of the duty we owe the public, no alternative was left us, but to notice what we deemed to be an infraction of the law regulating our monied institutions, and having done this, we submit our Report for your consideration.

WM. D. WILLIAMSON, }
 DANIEL WILLIAMS, } Commissioners.

December 31, 1835.

Boards of Bank Directors through the State.

Augusta Bank—Augusta.

Capital, \$110,000.

Daniel Williams, *President.*
 Benjamin Brown,
 Henry W. Fuller,
 Thomas W. Smith,
 Charles Williams,
 James Bridge,
 Greenleaf White.
 Isacher Snell,

Androscoggin Bank—Topsham.

Capital, \$50,000.

Charles Thompson, *President.*
 Humphrey Purinton,
 John Barrow,
 Nahum Perkins.

Bank of Bangor—Bangor.

Capital, \$100,000.

Samuel Veazie, *President.*
 James Crosby,
 Samuel J. Foster,
 George B. Moody,
 Nathl. Lord.

Bangor Com'l Bank—Bangor.

Capital \$100,000.

John Fiske, *President.*
 Henry Warren,
 Samuel Smith,
 Amos Davis,
 Thomas Burten.

Bank of Portland—Portland.

Capital, \$300,000.

William Swan, *President.*
 George Bartol,
 William Willis,
 Enoch Paine,
 Charles E. Barrett,
 Thomas McLellan,
 Alfred Richardson.

Bank of Cumberland—Portland.

Capital, \$200,000.

Samuel E. Crocker, *President.*
 John Anderson,
 Nathan Nutter,
 Charles Q. Clapp,
 Nathl. G. Jewett,
 Thomas Todd,
 Levi Morrell.

Calais Bank—Calais.

Capital, \$100,000.

George Downs, *President.*
 William Deming,
 Samuel Kelley,
 William Pike,
 Luther C. White.

Citizen's Bank—Augusta.

Capital, \$60,000.

Reuel Williams, *President.*
 John Dole,
 Samuel E. Smith,
 John Means,
 James L. Child,
 Allen Lambard,
 Elias Craig, Jr.

Central Bank—Hallowell.

Capital, \$85,000.

Calvin Spaulding, *President.*
 John G. Fitch,
 Oliver Otis,
 John Smith,
 Ichabod Nutter.

Canal Bank—Portland.

Capital, \$400,000.

John Fox, *President.*
 Alpheus Shaw,
 Nathl. Warren,
 Thos. Hammond,

St. John Smith,
Wm. Kimball,
Sylvanus R. Lyman.

Casco Bank—Portland.

Capital, \$300,000.

Eliphalet Greely, *President.*
Nathl. Blanchard,
Nathan Cummings,
Mathias P. Sawyer,
Chas. Mussey,
Phineas Varnum,
William Evans.

Commercial Bank—Bath.

Capital, \$50,000.

Jacob Robinson, *President.*
Wm. D. Sewall,
Sam. G. Bowman,
Gilbert Trufant,
Thos. M. Read.

Eastern Bank—Bangor.

Capital, \$100,000.

Amos M. Roberts, *President.*
Jona. Burr,
Mark Trafton,
Cyrus Moore,
John Bradbury.

Exchange Bank—Portland.

Capital, \$100,000.

Ashur Ware, *President.*
Jas. C. Churchill,
Saml. Hanson,
Charles Jones,
Solo. H. Mudge,
Ezekiel Day,
Wm. P. Preble.

Freemans Bank, Augusta.

Capital, \$50,000.

Benjamin Davis, *President.*
Jno. Mulliken,

Wm. H. Kittredge,
Watson F. Hallet,
George W. Morton,
Silas Leonard,
Jas. A. Thompson,

Franklin Bank—Gardiner.

Capital, \$50,000.

Henry Bowman, *President.*
Eben F. Dean,
Joseph Eaton,
Stephen Young,
Artemas Leonard,

Gardiner Bank—Gardiner.

Capital, \$100,000.

Peter Grant, *President.*
Robert H. Gardiner,
Joshua Lord,
Arthur Berry,
Fred. Allen

Kenduskeag Bank—Bangor.

Capital, \$100,000.

John Wilkins, *President.*
Elisha H. Allen,
George M. Pickering,
Joseph B. Lambert,
Abner Taylor.

Lincoln Bank—Bath.

Capital, \$100,000.

George F. Patten,
Levi Haughton,
Joshua Page,
Samuel Gray,
Ammi R. Mitchell,
Henly Hyde,
Asa Palmer.

Mercantile Bank—Bangor.

Capital, \$100,000.

John Hodgdon, *President.*
Willis Patten,

Cyrus Goss,
Waldo T. Pierce,
Saml. Farrar,
Hezekiah Williams,
Timo. J. Carter.

Maine Bank—Portland.

Capital, \$155,000.

Albert Newhall, *President.*
Isaac Illsley,
Israel Richardson,
Samuel Chadwick,
Nicholas Emery,
Hez. Winslow,
Nathaniel Mitchell.

Merchant's Bank—Portland.

Capital, \$150,000.

Wm. Woodbury, *President.*
Philip Greely,
Jona. Tucker,
Rufus Emerson,
Josiah Dow,
George Warren,
Chas. Kimball.

*Manufacturers' and Traders'
Bank—Portland.*

Capital, \$150,000.

Joshua Richardson, *President.*
Mason Greenwood,
Martin Gore,
Nathl. F. Deering,
Stephen Waite, Jr.
Neal Dow,
Samuel B. Stevens.

Northern Bank—Hallowell.

Capital, \$50,000.

Samuel Kingsbery, *President.*
John Agry,
Sullivan Kendall,
Franklin Glazier,
Williams Emmons,
Jesse Aiken.

People's Bank—Bangor.

Capital, \$100,000.

William D. Williamson, *Pres.*
Isaac Hodsdon,
Joshua Carpenter,
J. B. McIntire,
A. G. Jewett,
Jabez True,
Chas. Stetson.

Stillwater Canal Bank—Orono.

Capital, \$50,000.

Albert G. Brown, *President.*
Nathl. Treat,
Samuel Moore,
Asa W. Babcock,
Edward Kimball.

Skowhegan Bank—Milburn.

Capital, \$50,000.

Samuel Weston, *President.*
Jno. G. Neal,
Calvin Selden,
Abner Coburn,
John Ware.
Stephen Weston,
Joseph Patten.

South Berwick Bank.

Capital, \$50,000.

Wm. A. Hayes, *President.*
Timothy Ferguson,
William Hight,
Theo. F. Jewett,
Benjamin Nason,
Samuel Parks,
Josiah W. Seaver.

Union Bank—Brunswick.

Capital, \$50,000.

David Dunlap, *President.*
William Frost,
Abner B. Thompson,
Isaac Lincoln,
Samuel Perkins.

Mariners' Bank—Wiscasset.

Capital, \$50,000.

Wm. M. Boyd, *President.*
 Jno. H. Sheppard,
 Wilmot Wood,
 Nathl. Coffin,
 Jno. Brooks,
 Henry Clark,
 Gardiner Gove,
 James McCarty,
 Samuel Alley.

Ticonic Bank—Waterville.

Capital, \$50,000.

Timothy Boutelle, *President.*
 Asa Redington,
 Jediah Morrill,
 Alpheus Lyon,
 Moses Appleton.

Thomaston Bank—Thomaston.

Capital, \$50,000.

Edwin Smith, *President.*
 Sullivan Dwight,
 Edward Robinson,
 S. Kimball,
 M. H. Smith,

Hez. Prince.
 W. R. Keith.

Waldo Bank—Belfast.

Capital, \$50,000.

Alfred Johnson, Jr. *President.*
 Hugh J. Anderson,
 Hiram O. Alden,
 Wm. G. Crosby,
 Rufus B. Allyn.

York Bank—Saco.

Capital, \$75,000.

Jona. King, *President.*
 Joseph M. Hayes,
 John P. Mellen,
 Daniel Cleaves,
 John Shepley.

Manufacturers' Bank—Saco.

Capital, \$100,000.

Josiah Calef, *President.*
 John Fairfield,
 Abel Hersey,
 Nathl. Burbank,
 Amos Chase,
 Tristram Jordan, Jr.
 Saml. White.

STATE OF MAINE.

IN SENATE, Jan. 21, 1836.

**Read, and ordered that five hundred copies be printed for the
use of the Legislature.**

[Extract from the Journal.]

Attest,

WILLIAM TRAFTON, *Secretary.*