

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. 47.

HOUSE.

STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
MARCH 1, 1836. }

THE Joint Standing Committee on Banks and Banking to whom was referred the Report of the Commissioners appointed to examine the doings and transactions of the several incorporated Banks in this State, ask leave to report, That they have examined with much interest the Report of the Commissioners, and that it must be a matter of much satisfaction to the public, as it has been to the Committee, to find such ample evidence that the Banks are pursuing a course of business safe to themselves and the public.

The attention of your Committee has been more particularly drawn to that portion of the Report which relates to the Bangor Commercial Bank, by which it appears that the amount of bills discount-

ed exceeded the amount allowed by law in four instances in the months of **June, July and August.** The **President** of the bank has been before your **Committee**, by whose statement it appears that it is the practice of the bank to omit making the entry on their books of the payment of the discounted drafts on *the day* which they became due and payable in **Boston**, and delay it till notice is received by the bank of the payment of the same—and while on a given day their books might show an apparent excess, the amount of the credits in **Boston** would reduce the amount of bills discounted below the amount allowed by law—an excess may arise at times by discounts being made on the expectation that certain bills of exchange due the bank and payable abroad will be met at maturity, when on some of the bills there may be protests unexpected to the bank. This may happen occasionally to all banks, but your **Committee** are not disposed to consider an occasional instance of this kind as an intentional violation of law. It will be perceived by examining the **Bank Commissioners' Report** that the amount of debt in each week succeeding the week in which are the instances of excess, varies from one thousand to five thousand dollars less than the amount allowed by law. The **Committee** are aware that the money transactions of the eastern section of the **State** were very heavy the last season, and that the banks generally kept nearly up to the limits, as

it was for their interest and that of the public that they should, when we consider the inadequate amount of banking capital for the business which was then doing, as well as the perfect safety with which the business could be done. Your Committee would caution all the banks on this point, and while they might overlook a single instance of this kind, when it was evidently accidental, yet they would recommend the severest measures when it appeared intentional either by the amount of the excess or the continuance—for we consider it a most salutary provision and one which ought to be enforced. It appears by the weekly exhibit of the bank that there was a large sum under the head of “checks, drafts, &c;” the President of the bank stated that this was composed of the following items, to wit:

1st. Checks on other banks in and out of the city of Bangor.

2d. Bills of other banks and checks on their passage to Boston.

3d. Drafts at sight and from two to five days, either sent to Boston and not charged, and those on hand.

4th Certificates of deposits in Boston Banks.

These items were considered as cash; as available resources to redeem their bills in Boston—that on this paper the President stated that there was not a single instance in which interest was taken. It may be well here to remark that it appeared to the

Committee that the usages of the Bangor banks was, until after the middle of September last to exchange checks *weekly* instead of *daily* as understood by the Commissioners. It is therefore believed by your Committee that checks on other banks in Bangor formed a much larger portion of the amount than was thought probable by the Bank Commissioners.

Bills and checks forwarded to Boston are not charged until advised by the bank in Boston of their receipt.

Drafts at sight or those on 2, 3 or 4 days date, which would be at maturity on their arrival in Boston, furnish the safest kind of remittance, for the purpose of furnishing funds in Boston, to redeem the bills of the bank—hence the reason of receiving them without discount.

Certificates of deposit form another item, under the head of checks, drafts, &c. This is an acknowledgment by a bank that money has been deposited by an individual, with a promise that the amount shall be paid to him or his order on the surrender of the certificate. This species of paper is as safe and available as the bills of the bank issuing it.

John Fisk, Esq. the President of the bank, stated that discount was not retained on any of the checks or drafts. He further states, that the “checks

were in all instances such as were drawn in the usual course of business, and were invariably presented to, and paid by the banks on which they were drawn, and were of course always received by the bank as *cash*. The drafts were either payable at sight, or from two to four or five days date and were also received as *cash*, and were in all instances forwarded to their proper destination for payment, and either paid at maturity, or duly protested for nonpayment, as all other drafts which are received by the bank." Mr. Fisk further adds, "that the bank has never in any instance loaned money either for a short or long period on a memorandum check." It is believed by your Committee that no bank, whose deposits were so large as those of the Bangor Commercial Bank, varying as they did during the period referred to by the Commissioners, from \$22,395 61 to \$98,266 62, and whose money transactions were so heavy as theirs was during that period, could have made up a daily or weekly statement of its affairs without having some at least, if not all of the items under the head of "checks, drafts, &c." or something similar.

It is not surprising that the above items were of very large amount, when we consider that Bangor was during the last season a place of very extensive money operations.

Your Committee are of opinion that the bank has kept within legitimate banking rules, and would respectfully ask leave to be discharged from any further consideration of the subject.

ALFORD RICHARDSON,

Per order.



STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
March 2, 1836. }

Read and accepted, and 500 copies of the same ordered to be
printed for the use of the Members.

[Extract from the Journal.]

Attest, JAMES L. CHILD, CLERK.