

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.

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1836.

SIXTEENTH LEGISLATURE.

No. 77.

HOUSE.

REPORT

RELATING TO THE CURRENCY.

THE Special Committee, to whom was referred an Order, directing them to inquire into the expediency of devising some more equal and safe circulating medium, than that furnished by the present banking system, have had the same under consideration and,

REPORT:

That, they have examined the subject of that order, with much anxiety and all the care, which the lateness of the session, and the press of business would allow; and although they have not been able to obtain all the evidence, which might be required to come to an exact conclusion of the efficiency of the present banking system, in supplying a proper circulating medium, yet they are of opinion that a comparison of some of the best authenticated facts, with the deductions of common sense, will obtain for it, to the full, as good a character, as a more intimate knowledge will justify.

Your Committee have endeavored to take a comprehensive and liberal view of the subject committed to them, and to apply such established principles of political economy to the particular condition of our State, as would lead us to an enlightened, and well grounded conclusion.

They are sensible, that there is a sentiment of discontent abroad in the community, with regard to the system of Banks of this State. They have therefore endeavored to ascertain if any *cause* of discontent existed, in order, if there were not, that this restlessness might be quieted,—if any does exist, that some remedy might be suggested. They are aware that they shall express opinions opposed, most likely, to the honest views, possibly to the private interests of many citizens of this State; but they hold, that when “the greatest good of the greatest number” is sought, neither honest opinion, or individual interest should prevent a rigid scrutiny.

It is the currency, and in that the welfare of the State of Maine, which calls the attention of your Committee; and they regard *that* as the only point towards which they think themselves bound to travel.

Your Committee cannot view the currency of a country as a matter of dollars and cents merely. All values are more or less the objects of your legislation and care. Money is that value, which, from being more generally desired by men than any other commodity, forms a common medium of interchange of wants and desires. Specie is the most perfect kind of currency, because it has this advantage over all other values—that of being an object of desire to all mankind. It has a value of itself, like other commodities, and becomes a circulating medium, because it is a key to all other values, and consequently to all the means of satisfying the wants of the needy and desires of the luxurious. Strictly speaking money is not a measure of value, but rather a common ratio to all values. It is also one item of capital, as much as iron, animals or land. The difference consists only in the quantity and desirability of the two kinds of capital. The amount of

currency required by any country will depend upon the amount of exchanges to be performed—the amount of exchanges will depend upon the multiplication of wants and desires, and the means of satisfying them. The demands for currency must differ widely in different countries. The exchanges will be fewest where the texture of society is most simple. In proportion as it grows complex, desires and means increase, and the demand for circulating medium must also increase. For example, the farmer raises products of the value of \$1000—converts them into money, with which he can procure any article, which he may happen to desire. The cotton manufacturer, who wants a similar amount of commodities, purchases his raw material, converts it into the manufactured fabric and sells it, before he can get the means of satisfying his wants—being obliged to perform two exchanges to the farmer's one.

The difference in the quantity of currency, required by different countries is not more striking, than the difference of quality. That which may be well adapted to one community, may be equally unsuited to another. The cowries, or shells of the African may answer a very good purpose to perform his simple exchanges—but they would ill do that service in a highly civilized and artificial state of society. It would seem, then, that the circulating medium should increase in facility of transfer, according to the number and complexity of exchanges to be made—and in no country are they more numerous, than in one, in which manufactures and commerce predominate over other branches of industry.

The quantity should be sufficient and allowed to flow freely, because the demand is the only guide as to the amount necessary in a healthy state of business—and this rule would be found invariable, were it not disturbed by the arbitrary rules of individual policy.

Hence the necessity that all governments should retain the entire control of that value, which exercises such a resistless influence over all other values. The currency is emphatically the property of the State, and your Committee cannot but suspect, that it has been only the silent and watchful artifices of individual craft, which has gradually withdrawn from many nations a portion of their government, which they did not rightly appreciate.

How then does Maine stand with regard to the principles here laid down? What kind, and amount of currency does her situation demand?

In point of tonnage Maine already ranks third in the Union. Her long line of sea coast, fine harbors and the enterprising population there nourished, indicate that she will, at no distant day, be a powerful maritime and commercial people. Some idea of the amount of exchanges already performed in this branch of industry may be formed from the fact that about 250,000 tons of shipping are employed. Money is the agent by which these transfers are made.

The immense water power possessed, by this State proclaims that she must eventually become a manufacturing State of the first importance. The circulating medium required to develop these two sources of wealth alone, must be great, and constantly increasing. But without looking forward to see what the native resources of Maine will require, let us notice what she demands in one very extensive branch of manufactures and commerce, the lumbering business.

The lumber annually exported cannot be less than \$5,000,000 in value. A currency required by that alone must be considerably greater, because a great quantity of variable capital is employed in the process of manufacture and exportation.

And this is but one department of the rapidly increasing demand for a sound, and sufficient medium of exchange. The fisheries, important in many points of view, and the agricultural interest might be mentioned, but enough has been noticed to show that the prosperity of Maine calls for a large and increasing circulating medium. The State should also have the control of it—for there must be a defect somewhere, when a government permits a power beyond itself to disturb the whole industry of a community. What, then, is the most suitable kind of currency for Maine? Whatever may be the advantage of a metallic currency in an early stage of society, we have long since passed the period when an entire specie currency is best fitted for our State. It is altogether too unweildy to effect the rapid and complicated exchanges, which the various wants of an advanced state of society naturally beget. If we had at this day such a currency, private credit paper, and bills of other States would drive all out, which was not employed in the every day exchanges of life. Our object should, therefore, be to obtain such a circulating medium as will most facilitate the exchanges of the trading, and consuming classes of the community—and in doing this, we shall establish the safest system. For a proportion of paper, sufficient to supply the wants of the former class, rested on a specie basis, sufficient to supply the latter will form a currency, which will combine security, and ample accommodation to the whole people. And if the people whose interests are all involved in keeping it steady, exercise their legitimate control, it will be as little fluctuating as a circulating medium in a commercial country can be.

Does the present banking system supply such a currency? Is it secure? Is it steady? Is the power, attached to it, reconcilable with the spirit of our institutions?

The answers to these questions involve much which your Committee would gladly avoid could they do it with justice to the subject. They feel constrained to believe that the idea entertained by many, that the Banks of Maine are perfectly safe, is erroneous—first, because they do not actually own the specie which the law contemplates, as forming the basis of paper issues—and secondly, according to the existing law, there are only two contingencies in which the property of individuals is holden, viz. “for official mismanagement of Directors,” and the redemption of the bills of the corporation at the expiration of the charter. Now the course of trade may, not unfrequently, so situate a Bank as to render it bankrupt, though there be no “official mismanagement of Directors.” For example, a Bank of a capital of \$50,000 may have debts due to the amount of \$100,000, one half of which is owed by a firm which fails, dragging along with it the sureties. The whole capital stock is exhausted, and there remains a loss of \$50,000 to the public. But if the law extended to the private property of stockholders, safety would not be attained. Suppose three fourths of the stock of the same Bank, owned without the State, and the Directors loan the capital stock without the *legal* security. The property of the stockholders is then *legally liable*, but actually beyond the reach of the creditors of the Bank.

A debt may be secure, although present payment be refused. But the moment the notes of a Bank lose the quality, which gives them circulation, namely, their convertibility into specie, that moment the Bank loses its ability to supply a currency. The moment, also, that specie is refused, the bills fall below par, a loss falls upon all holding them, and the medium of exchange is broken up. The public is thus obliged to act the part of an insurer,

suffer all losses, and *pay a heavy premium* for the privilege. The probabilities of the sudden return of bills upon a Bank depend upon the extent of their circulation, and the confidence reposed in the ability of the corporation to redeem them at sight. The circulation of the bills of the Banks of Maine does not generally extend beyond Boston. Four or five days will suffice to recall the most distant. And what can be the confidence of a commercial community, where the proportion of paper to specie is as eleven to one? where any considerable pressure would send in two hundred and seven thousand dollars, and cause every Bank in Maine to suspend payment? The suspension of payments would produce a general rush of all holding bills of the Banks—the loss of confidence would become general—ruin and bankruptcy would close the scene. The insecurity, constantly felt, begets fluctuations. The exchanges which a community relies upon Bank facilities to effect, are suddenly checked by a panic, which if not got up by the Banks, is promoted by their hurry to avoid the storm.

Trade always will fluctuate more or less, and a sound currency operates in some degree as a regulator. But the Banks react upon the disturbances of the commercial world, adding evil to evil.

The system is not only unsafe, but also totally inadequate to effect the proper objects of a circulating medium. The currency of a commercial State should be good, wherever its citizens carry on any considerable trade. The bills of a few of the present Banks circulate in New England at par, beyond which they answer no purpose—and they are obliged to pay a premium for the boon of existence in that narrow precinct. Though impotent abroad, at home they are powerful. Coming in contact with a

large class of active money borrowers, the influence of money and money lenders is propagated through the whole frame of society.

Thirst for gain, fear, hope and uncertainty, all combine to produce the same effect—a perpetuity and extension of the power of Banks. They are all interested to obtain as many privileges and exemptions as they can. They will, though at variance in all else, league together to increase their power, and fortify themselves with immunities. Their approaches will not be made from abroad, but within and among us, stealthily and gradually, but surely. In strong language, and with his usual sagacity, Mr. Jefferson long since predicted the evil consequences, which every day appear more and more inevitable.

“In copying England,” says he, “we do not seem to consider that like premises induce like consequences. The *Bank mania* is one of the most threatening of these imitations: it is raising up a moneyed aristocracy in our country, which has already set the government at defiance, and although forced to yield a little on the first essay of their strength, their principles are unyielded and unyielding. They have taken deep root in the hearts of that class, from which our legislators are drawn, and the sop to Cerberus, from fable has become history. Their principles take hold of the good, their pelf of the bad, and thus, those whom the Constitution has placed as guards to its portals, are sophisticated, or suborned from their duties. That paper money has some advantages must be admitted: but its abuses are also inveterate; and that it, by breaking up the measure of value, makes a lottery of all private property, cannot be denied. Shall we ever be able to put a constitutional veto upon it?”

In the opinion of your Committee, the only “constitutional veto” is in the possession of the people, and if they

will not use it, they must endure an unsafe, fluctuating, inefficient, and dangerous currency, which has not even the single merit of cheapness. The returns of the Banks in this State show an annual income of \$254,700 exclusive of reserved funds, \$46,036—and all the expenses of managing thirty six Banks, which cannot be less than \$60,000, making in all a yearly expense of about \$360,000. This sum comes from the consumers—the great body of the people. A large portion of it is paid to individuals without the State. There are no data whereby we can judge of the amount of Bank capital owned out of the State—indeed facts of this nature seem studiously kept back—but undoubtedly one half the above tax is paid abroad—presenting the not very flattering spectacle of an independent State paying an annual tribute for a supply of *credit*, not *money*—and hugging the system, which compels her to do it, more closely, every year. But observe its effects for a series of years. The loss to the community—though a portion may remain in the State—is \$360,000 each succeeding year, and the interest on the aggregate of preceding years.

For the first year the loss is		\$360,000
For the second year the interest		
on the preceding year,	21,600	
And the annual loss,	360,000	
		381,600
		<hr/>
	Total,	\$741,600

Pursuing this calculation, at the end of ten years the whole sum thus lost is \$4,745,074, on an average of nearly half a million of dollars a year—a continually increasing draft upon the wealth of the State, which nothing but a young and vigorous country, abounding in natural resources, can sustain.

A double system of credit is justly attributable to the present banking system—credit to the lenders of money capital—the Banks; and to lenders of capital in other forms. The Banks seldom discount for more than 60 or 90 days. The trader cannot turn his commodities in that time—he therefore obtains them on six or twelve months' credit, paying for that credit from six to twelve per cent. more, than would be demanded, if he made cash payments down—he then makes his sale and negotiates his payments through the Banks, giving them a profit of from 8 to 12 per cent. It is impossible to estimate the amount of interest thus paid by the consumer. It must be very large, when we reflect, that so great a proportion of the commodities consumed in this State are obtained on credit, and for want of a sufficient circulating medium within the State. Did the hundredth part of the sum thus paid indirectly come in the form of a direct tax upon the consumers, the indignation, that a two penny tax on tea aroused, would flame forth and consume the engines, used to exact it. All the advantages of these institutions are confined to a few, while the many are taxed to support them. Banking, as now conducted, cannot benefit the farmer, the mechanic or the seaman, even if there was a disposition to accommodate them. Loans for two or three months are worse than nothing to them, because in that time, they can get no return for their labor and capital. Still they are obliged to pay for this currency—as much too, in proportion to their consumption, as the mercantile man, who receives Bank accommodations by thousands.

These conclusions, then, appear inevitable to your Committee—that the present banking system furnishes a circulating medium, unsafe, fluctuating, inefficient for the proper objects of a circulating medium, dangerous to our

institutions, and a constantly increasing drain upon the wealth of the State.

Convinced that these are serious evils, is there any remedy for them? Your Committee believe, that when a whole people are injured, they can never want means to restore to themselves a right, which has been covertly wrested from them.

The object to be accomplished is, to obtain a safe, steady, efficient currency, which shall be least dangerous to our institutions, and least expensive.

It becomes us to take advantage of our situation with regard to other countries, in the same manner as individuals take advantage of favoring circumstances to obtain a commodity at the least possible expense.

Money capital, like all other capital, is cheapest, where most abundant and least demanded. In Europe, it is more abundant than the fixed capital, which the wants of those countries call into active exercise. The price of money is proportionably low. The price for money here, ranges from 8 to 12 per cent.—in Europe it varies from three to five per cent.

Your Committee believe that a loan on the faith and credit of the State might be obtained at four per cent. Having effected such a loan for the term of thirty years—apply the difference between the interest received and the interest paid as a permanent sinking fund. A loan of \$8,000,000 paid in instalments would probably supply an ample currency. On this basis, in specie, bills might be issued to the amount of \$16,000,000. The annual interest on this sum, at six per cent. will be \$960,000—deduct four per cent. on eight millions borrowed, \$320,000, and there will remain a clear gain to the State of \$640,000 per year—thus:

The interest on \$16,000,000 at 6 per cent is	\$960,000
“ “ \$8,000,000 at 4 “	\$320,000
	<hr/>
Leaving for the first year a net gain of	\$640,000
Annual excess of interest,	\$640,000
Interest on net gain of 1st year,	\$38,400
	\$678,400
	<hr/>
Sinking fund of 2d year,	\$1,318,400

At the end of the 10th year the sinking fund is more than sufficient to pay off the original loan. At the end of thirty years it would amount to more than forty five millions of dollars, which would be a net gain of that sum to the State. Some idea of the comparative security of such a system, even if the credit of the State were not pledged for the redemption of its bills, may be formed, by reflecting that the Banks now issue on an average, eleven dollars in bills to one dollar in specie; while to acquire the sum just mentioned, a State Bank would be obliged to emit only two dollars of bills to one of specie.

A Bank, based upon such principles, would be able to loan at all times, as the wants of the community might require, or in fixed sums, at stated intervals. The supply will always be constant, and commercial disturbances will have little or no effect on the currency of the country. It will check a tendency to overtrade, and supply all the wants, which may grow out of the derangement of business by unforeseen calamities. It will be the readiest, and most effectual means of driving bills of small denomination out of circulation. It being understood that such a Bank is established on the faith and credit of the State, its bills will justly enjoy all that reputation abroad, which the impression that the United States were liable for the bills of the U. S. Bank, gave that institution. They

would in time perform the exchanges of Maine all over the world, thus giving her a character abroad, which few States can hope to enjoy under a different system.

The wide circulation of its bills will prevent their sudden return, in case any political convulsion should ever endanger the credit of the Bank, so that a suspension of payments for a moment, cannot with reason be anticipated. It will be able to furnish money capital sufficient to put in active operation all other capital. Ship building and the fisheries will no longer lie dormant, for the want of proper capital to give the enterprise of the State its rightful claims. The merchant of small capital will trade securely, confident that promises are not held out which will not be fulfilled. The lumbering interest will cease to be the prey of speculators, and overgrown capitalists. That neglected, yet most important department of all, agriculture, will receive that aid which it will hope for in vain under any other system. The numerous agents of wealth with which Maine abounds, will be gradually but rapidly rendered conducive to the general prosperity.

Nor is it, in the opinion of your Committee, a matter of great difficulty to manage such an institution. By making the laws regulating it clear, full and precise, giving the least possible discretionary power to its officers, making them, or a part of them annually dependent on public opinion for their existence as such, and subjecting their doings to the monthly inspection of the executive and the annual scrutiny of the Legislature—very little danger can be apprehended, unless we suppose the people to be corrupted by their own property—a supposition hardly respectful, we confess, but which might arise in the minds of those who are not thoroughly imbued with the spirit of our institutions. The income of such an institution would

render all direct taxes unnecessary—it would amply endow an extended system of common schools, and furnish a fund for the proper improvement of the interior of the State.

Influenced by these and many other like reasons, your Committee have come to the conclusion that a State Bank will furnish a safe, steady, efficient and profitable circulating medium, bearing equally upon all classes, doing away a noxious and unjust monopoly, and bestowing equal benefits upon all.

They are not sanguine, that they have proposed a system altogether unobjectionable in detail, yet they feel confident, that the principles which they have laid down are immutable, and the objects proposed to be accomplished of daily increasing magnitude.

The project of a law establishing a State Bank, herewith submitted, contains a general outline of the law, which would seem best adapted to the subject.

Your Committee are aware that the haste with which it was prepared, must render it in many points defective; yet they believe it will serve as a basis on which a future Legislature may erect a fabric that will secure the permanent interests and elevate the character of Maine.

All which is respectfully submitted.

JOS. WHITNEY, Chairman.

STATE OF MAINE.

IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT
HUNDRED AND THIRTY-SIX.

AN ACT to establish a State Bank.

SECT. 1. *Be it enacted by the Senate and
2 House of Representatives, in Legislature
3 assembled,* That the Governor, by and with
4 the advice and consent of the Council, be and
5 he hereby is authorized, and directed to ap-
6 point three Commissioners, whose duty it shall
7 be to effect a loan, on the faith and credit of the
8 State, of Eight Millions of Dollars, redeemable
9 in thirty years, and bearing interest at the rate
10 of four per centum per annum. Said Commis-
11 sioners before entering upon such duty shall be
12 required to give bonds to the Treasurer of State,
13 with sufficient sureties for the faithful perform-
14 ance of all matters and things, pertaining to their
15 appointment.

SECT. 2. *Be it further enacted,* That to
 2 enable said Commissioners to obtain said loan,
 3 the Treasurer of State is hereby authorized and
 4 empowered to issue a scrip or note in such form
 5 and convenient sums, as they may judge expedi-
 6 ent, pledging the faith and property of the State
 7 for the redemption thereof, in thirty years from
 8 its date and for the payment of the interest
 9 thereon, annually, at the rate of four per centum
 10 per annum, which said scrip or note, and each
 11 of them shall be signed by said Commissioners,
 12 and the Treasurer of State, and countersigned
 13 by the Governor under the seal of the State, and
 14 be recorded in the office of the Secretary of
 15 State. And it shall be the duty of said Com-
 16 missioners, whenever they have obtained said
 17 loan, or any part thereof, forthwith to pay the
 18 same to the Treasurer of State in Gold and
 19 Silver, to be apportioned as hereinafter provided.

SECT. 3. *Be it further enacted,* That there
 2 shall be, and hereby is established a Bank, by
 3 the name of the *Bank of the State of Maine,*
 4 with a Capital of Eight Millions of Dollars, to
 5 be paid for, and owned by this State: which
 6 said Bank, by the name and style of the Bank

7 of the State of Maine, shall be competent to
 8 contract, and be contracted with, to sue and be
 9 sued, plead and be impleaded, defend and be
 10 defended, in all Courts and places, and in all
 11 matters whatsoever as natural persons; with
 12 full power to acquire, hold and possess, use and
 13 enjoy property, and the same to sell, convey and
 14 dispose of, as shall be convenient for the transac-
 15 tion of its business, according to law. And said
 16 Bank may have and use a common seal, and the
 17 same may be changed at the pleasure of the
 18 Legislature; and said Bank shall so continue to
 19 possess such powers until the first day of Janu-
 20 ary, in the year of our Lord one thousand eight
 21 hundred and sixty-seven, unless sooner modified,
 22 or annulled by the Legislature.

SECT. 4. *Be it further enacted,* That the
 2 principal office of said Bank shall be where the
 3 seat of Government is, or may be established—
 4 *Provided,* said principal Bank shall have no
 5 power to loan money, discount notes, deal in
 6 bills of exchange, issue bank bills or notes, or
 7 have any Banking powers whatever, except so
 8 far as it may be necessary to oversee, check and

9 direct the doings of the several offices of discount
10 and deposite hereinafter established, in such man-
11 ner as the Legislature shall prescribe and direct.

SECT. 5. *Be it further enacted,* That the
2 sum of Eight Millions of Dollars be, and the
3 same is hereby appropriated out of the Treasury
4 of the State to carry into effect the objects of
5 this Act, whenever the same is obtained in ac-
6 cordance with the provisions of the second Sec-
7 tion of this Act.

SECT. 6. *Be it further enacted,* That the
2 Legislature shall, with the assent of the respec-
3 tive Counties, establish one office of discount
4 and deposite, in each of the ten Counties of this
5 State, to be located under the direction of the
6 Legislature, which said offices of discount and
7 deposite shall have the power and whose business
8 it shall be to loan money, discount promissory
9 notes, deal in exchange, issue bills and bank
10 notes, payable to bearer, but not of a less de-
11 nomination than ten dollars. *Provided,* all such
12 bills and bank notes shall be signed by the Pres-
13 ident of the principal Bank, and countersigned
14 by the Cashier of the office of discount and de-
15 posite issuing the same, and made payable on de-

16 mand. *And further provided,* That said office
17 of discount and deposite shall be restrained from
18 issuing checks or orders payable to any person
19 or order, or to any person or bearer with inter-
20 est, that said checks or orders shall circulate as
21 bank notes.

SECT. 7. *Be it further enacted,* That the
2 Capital of said State Bank shall be distributed
3 among the several offices of discount and deposite
4 in the several Counties with the assent of such
5 Counties according to the population thereof,
6 amount of business and demand for Banking
7 Capital to be determined by the Legislature, and
8 carried into effect by the Directors of the prin-
9 cipal Bank. *Provided,* Each County shall be
10 responsible to the State for the amount so re-
11 ceived, and for the faithful and proper manage-
12 ment of the same by the Directors and Cashier
13 of such County, to be elected in the manner
14 hereinafter provided.

SECT. 8. *Be it further enacted,* That the
2 amount of bills issued by any one of such offices
3 of discount and deposite, shall not, at any one
4 time, exceed one hundred per centum beyond
5 the capital actually distributed and paid over by

6 the principal Bank to such office of discount and
7 deposite, including all bills issued by such Bank,
8 whether in the hands of agents or otherwise;
9 and no loan or discount shall be made, nor shall
10 any bill be issued by such offices, or by any per-
11 son on their account, in any other place than at
12 the offices of discount and deposite aforesaid.

SECT. 9. *Be it further enacted,* That said
2 offices of discount and deposite shall not at any
3 time suspend or refuse payment in Gold or Silver
4 of any of their bills, notes or other obligations,
5 due and payable, or any monies in deposite; and
6 in case the officers thereof, in the usual banking
7 hours, at the office of discount and deposite,
8 where the same shall be payable, shall refuse or
9 unreasonably delay payment in Gold and Silver,
10 of the amount of any note there demandable
11 and presented for payment, such office of discount
12 and deposite, after ten days from such demand,
13 shall be liable to pay as additional damages, at
14 the rate of twenty-four per centum, per annum
15 for the time during which, such payment shall
16 be delayed or refused, from and after said ten
17 days. *Provided, however,* That such penalty
18 shall cease upon a legal tender being made to the

19 owner or owners of any bills demanded as afore-
 20 said, at his or their place of residence, or to his
 21 or their Attorney of the amount of such bills,
 22 and all costs, interest and damages which may
 23 have accrued at the time of such tender.

SECT. 10. *Be it further enacted,* That the
 2 officers of the principal Bank shall consist of a
 3 President who shall also be a Director, and two
 4 Directors and a Clerk, to be chosen annually on
 5 the second Monday of September, by the elec-
 6 tors qualified to vote for Governor. The meet-
 7 ings for the elections of said officers shall be noti-
 8 fied, held and regulated in the same manner as
 9 those for Governor, and the same returns shall
 10 be made and the same examination thereof had,
 11 and in case of a failure to elect one or more of
 12 said officers by a majority of the votes returned,
 13 then the same proceedings shall be had to con-
 14 stitute an election to fill such vacancies, as in
 15 case of a non-election of Governor by the peo-
 16 ple.

SECT. 11. *Be it further enacted,* That the
 2 officers of the Banks of discount and deposite in
 3 the several Counties, shall consist of three Di-

4 rectors and a Cashier to be chosen annually by
 5 the electors of such Counties, qualified to vote
 6 for County Treasurer; and the same duties shall
 7 be required of Town, Plantation or City officers
 8 in conducting such elections, and in the return
 9 of votes, in case of non-election by the people of
 10 any County, the same proceedings shall be had
 11 to supply any such vacancy.

SECT. 12. *Be it further enacted,* That the
 2 President, Directors and Clerk of the principal
 3 Bank, shall before entering upon their respective
 4 duties, give bonds to the Treasurer of the State,
 5 with sufficient sureties to the acceptance of the
 6 Governor and Council for the faithful discharge
 7 of their respective trusts according to law, and in
 8 case of any wilful mismanagement, they shall be
 9 responsible upon such bond to the State, for all
 10 direct and consequential losses of said Bank,
 11 and in case any President, Director, Cashier,
 12 Clerk or other officer or servant of the principal
 13 Bank, or of any one of said offices of discount
 14 and deposite shall embezzle or fraudently convert
 15 to his own use, or fraudently take or secrete
 16 with intent to convert to his own use any mon-
 17 ey, note, bill, obligation, security, bullion or oth-

18 er property of, and belonging to said Bank, or any
19 one of said offices of discount and deposite, every
20 such offender, and every person aiding and abet-
21 ting therein, being thereof duly convicted in the
22 Supreme Judicial Court shall be deemed in so
23 doing to have committed the crime of Larceny,
24 and shall be punished by confinement to hard
25 labor for a term not less than three years, nor
26 more than twenty years, according to the nature
27 and aggravation of the offence.

SECT. 13. *Be it further enacted,* That the
2 respective Directors and Cashier of said offices
3 of discount and deposite, before entering upon the
4 duties of their respective offices, shall give bonds
5 to the Treasurers of the respective Counties,
6 where the same shall be established, with sure-
7 ties to the acceptance of the County Commis-
8 sioners of such County, in such sum as the Gov-
9 ernor and Council shall direct, for the faithful
10 discharge of their respective trusts, according to
11 law, and in case of any wilful mismanagement
12 on their part, they shall be responsible to such
13 County for all losses, direct and consequential,
14 which may be sustained by such office of discount
15 and deposite, in a suit upon said bond.

SECT. 14. *Be it further enacted,* That
2 said offices of discount and deposite shall never
3 be permitted to take any greater rate of interest
4 or discount on any note, draft, bill of exchange,
5 or security than at the rate of six per centum,
6 per annum, and all loans shall be made paya-
7 ble in one year with interest, when made on
8 personal security.

SECT. 15. *Be it further enacted,* That the
2 County Treasurer of every County, in which
3 an office of discount and deposite shall be locat-
4 ed and established, shall give bond in behalf of
5 the inhabitants of such County, to the Treasur-
6 er of State for the faithful and proper manage-
7 ment of such County's distributed proportion of
8 the capital of said Bank; which said bond shall
9 be binding upon the inhabitants of such County,
10 and shall hold such County to indemnify said
11 principle Bank against all losses sustained by
12 said office of discount and deposite, *Provided,*
13 no such office of discount and deposite shall be
14 established in any County without the assent
15 of a majority of the electors of such County,
16 qualified to vote in the election of Governor of
17 the State.

SECT. 19. *Be it further enacted,* That the State
2 shall be deemed and held accountable for the
3 redemption of all bills, issued, by any office of
4 discount and deposite, in accordance with the
5 provisions of this Act, and for all money loaned
6 to or deposited in the principal Bank or any
7 office of discount and deposite, also for the inter-
8 est of such loan or deposite, at the rate of four
9 per centum, per annum, when the loan or de-
10 posite shall be made for the term of one year,
11 or longer, and at the rate of three per centum
12 per annum, on all deposites upon an agreed term
13 over three and less than twelve months.

SECT. 20. *Be it further enacted,* That the
2 Directors of each office of discount and deposite
3 shall make a full and correct return and exhibit
4 of the standing of each such office of discount
5 and deposite to the principal Bank once every
6 month, and it shall be the duty of the officers of
7 the principal Bank to examine said returns,
8 make abstracts thereof, and report the standing
9 and condition of each such office of discount and
10 deposite to the Governor and Council, quarter-
11 ly; and the books and records of the principal
12 Bank and of each office of discount and deposite

13 shall be open to the examination of a Committee
14 chosen by the Legislature, or appointed by the
15 Governor and Council for that purpose, and any
16 such Committee shall have power to examine all
17 officers of the Bank or offices aforesaid, under
18 oath, and to examine their books, papers, bank-
19 ing houses and vaults, and report the result
20 thereof; and the principal Bank and each office
21 of discount and deposite shall make return of
22 their actual condition to the Legislature on the
23 first week of the session thereof in each year;
24 and all such returns shall be certified under oath
25 by the officers making them.

SECT. 21. *Be it further enacted,* That if any
2 officer of any office of discount and deposite shall
3 violate any of the provisions of this Act, the
4 Governor with the advice and consent of the
5 Council shall remove such officer and appoint
6 some suitable person, who shall be a citizen of
7 the County where such removal shall be made,
8 to perform the duties devolving upon the officer
9 so removed, who shall also be subject to the
10 same liabilities, and hold his office until the next
11 annual election, or until said office shall be filled
12 by an election by the people.

STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
March 30, 1836. }

This Report, with the accompanying Bill, was read and referred to the next Legislature, and ordered that the same be published in the newspapers which publish the laws of the State, and that 2000 copies be printed for the use of the Legislature.

[Extract from the Journal.]

ATTEST: JAMES L. CHILD, Clerk.