

# MAINE STATE LEGISLATURE

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# DOCUMENTS

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## THE LEGISLATURE,

OF THE

## STATE OF MAINE,

DURING ITS SESSION

A. D. 1837.

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1837.

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# SEVENTEENTH LEGISLATURE.

No. 44.

HOUSE.

## STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }  
MARCH 24, 1837. }

The Special Committee, appointed "to take into consideration 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 assume, and believe that the fact will not be denied by any one conversant with the subject, that the paper money system is, in one form or another, inevitably fixed upon this country. It is not, therefore, necessary to go into the comparative merits of a paper and a metallic currency; it is only necessary to consider the fact, that the currency must be a mixed one, and the grounds on which that fact is affirmed.

If it were even possible to bring the twenty-six States, of which the Union is composed, to the same course of policy, and that policy was, to obtain an entire metallic currency, sufficient specie to perform the exchanges of the country *could not be obtained*. Able political economists differ as to the amount per head required to perform the

exchanges of different countries. But the estimates founded upon the most extensive and accurate statistics agree, that in trading countries, not less than ten dollars per head is necessary. This is, eminently a trading country. It may therefore be safely assumed, that ten dollars per head is a sum as small as its exchanges could be performed with. More than one hundred and sixty millions of specie would be absolutely requisite.

The Secretary of the Treasury of the United States, estimated in his last Annual Report, the entire amount of specie in the country to be about seventy-three millions of dollars. Probably this is a greater sum than has ever been in the country before, at one time, and this result has been mainly effected by restrictive measures, which have made specie worth more here, than elsewhere.

This draft of specie from abroad, has already alarmed England, and measures to countervail the policy of the United States, were on the point of being taken, during the last fall. Now were measures adopted, to obtain ninety millions of dollars, in addition to the sum already in the country, they would immediately excite similar, countervailing restrictions in other countries. Under such circumstances, the object could never be accomplished, while the attempt could only impede, and destroy trade and commerce.

Another method of arriving at the same result is, to compare the sum actually in use, with the amount of specie which might be steadily retained in the country without resort to extraordinary restrictive measures. The entire amount of specie and paper in circulation is equivalent to not less than two hundred millions of dollars. No restraints, however arbitrary, could bring in, and retain for any useful purposes, one hundred and twenty millions

of dollars, in addition to the sum now in the country. The conclusion cannot be avoided. Any other than a *mixed currency*, at this day, must be looked upon as a matter of visionary speculation, unsuited to the spirit of the age, and unwarranted by a common sense view of the subject.

Whatever policy is to be pursued, should be adopted with an especial reference to this view of the subject. Whatever may be the evils of a paper currency, the remedy should especially be directed to their cure, without attempting to exterminate the paper system; since such attempts can only prove futile, and may end in aggravating those very evils. Whatever remedy is adopted, should also be directed to the *principles*, on which paper currency is furnished. In our apprehension, little advantage can be hoped for, by external applications, when the disease is fixed upon the interior and vital parts of the system. To illustrate our meaning, it may not be amiss to allude to one of the main points of objection to the United States Bank—its power of controlling the value of property through the medium of a paper currency. *That evil* of the paper system, which the destruction of that institution, was thought to remedy, was immediately lodged in a vast number of local institutions, of *the same irresponsible construction*, and it is worse, if possible, than it was before. The evils of the paper systems exist in the constitution of the institutions which furnish it—and although they may be more obvious in an institution like the U. S. Bank, they may exist in an equal, or even greater degree, in the local Banks.

By the destruction of the U. S. Bank, the evils of the paper money system are by no means cured—the snake has only been scotch'd, not killed. The prominent head

of the evils has, indeed, been severed, but from the decapitated trunk, a horde of vipers have sprung, more foul and poisonous than the original monster. It remains for the people to apply *the cautery*, and effect a permanent cure.

The remedy must reach the *cause* of the evil—it is *the principles*, on which the paper money system is founded, which are *wrong*, and to them must the corrective be applied. Palliatives have been tried in vain. Ever since we became a separate nation, attempts have been made, from time to time, to patch up the irresponsible system of chartered Banking—with what success, the universal murmuring at the present time speaks in terms not to be mistaken.

A great and radical change is demanded, and sooner or later it must come.

Under these impressions, your Committee have felt it their duty carefully to examine the condition in which Maine is placed, and to weigh maturely the means, in our possession as a people, wherewith to meet the exigencies of the times.

And in the first place, let us inquire what choice of remedies is left us.

But three distinct courses appear to be left for us to pursue.

I. We may continue the present Banking system and patch it up from time to time as necessity urges.

II. We may entirely abolish the system of incorporated Banking, and establish in lieu thereof a general Banking law, with such restrictions and limitations as the security of the public might require.

III. To establish an institution by a general and equal law, which should have the sole right to issue paper as a currency.

Let us examine the characteristics of these three systems, and in their examination, we shall be able to arrive at the evils and defects of the paper money system, which will of themselves, suggest the proper remedy.

I. The incorporated Banks of Maine, are, in principle, imitations of the Bank of England on a reduced scale. The exclusive nature of that institution, and the East India Company is a fixed beacon in the history of corporations, which seems rather to have lured the people of Maine to the grant of chartered privileges, than to have warned them to guard their own rights. These charters confer exclusive privileges and powers—they enable a limited number of persons, obtaining them, to do acts, innocent in themselves, from which the community generally is prohibited. Essentially a monopoly, it is not a little singular, that such a system should be encouraged, or even permitted in this country.

But this is not the only objectionable feature, which meets us in the outset. Issuing a currency has always been deemed a sovereign prerogative—it is a part and an important part, too, of the sovereignty of a State. With us, it resides in the people, and is exercised by them through their Legislature. And what has their Legislature done? It has at various times, granted to a *few individuals* the right to issue a currency, and control, according to their own pleasure, a *portion of their sovereignty*. They have *farmed out* the sovereign rights of the people. History is full of examples, where the rights of nations have been thus delegated—their revenues farmed out, and their history is but a record of abuses and oppression. How a different result could have been apprehended from reposing such trusts in the hands of incorporated Banks, it is difficult to conceive, unless it



were supposed that the propensities of mankind had undergone some miraculous change.

Again, Bank charters confer a credit upon corporators, which they did not before possess. They incur no responsibilities, which they did not lay under, as individuals, but they obtain a credit, or reputation for wealth, which did not belong to them individually. The stamp, or certificate of wealth is given them by the Legislative act. The inquiry at once presents itself, upon what grounds can any association of men demand of government, such advantages? Has nature set any mark upon them, significant of their title to such privileges? Was government instituted to be the organ of conveyance of exclusive rights to exclusive beneficiaries? Was it designed, that one man should be branded, *number one*—wealthy, while his neighbor sinks into insignificance, because he does not possess the Legislative brand?

“There is no more reason” says Raymond “why a man, or a body of men should be permitted to demand of the public, interest for their reputation of being rich, than there would be in permitting a man to demand interest for the reputation of being wise, learned, or brave. If a man is actually rich, it is enough for him to receive interest for his money, or rent for his land, without receiving interest for his credit also.” And this, we apprehend, would be the sentiment of every man, were the abstract question of right put to him. Here is a palpable departure from the principle, which ought to govern every act of legislation—that of doing equal justice to all.

The power given to Banks is rather apt to be underrated than estimated too highly. The immense control, which the flux and reflux of a currency exercise over the business and welfare of mankind of itself, furnishes a

strong argument against the delegation of the right to furnish it, to a few individuals. It is not to be supposed that men, occupying the station of Bank Directors will be governed by different motives, from those which govern other men. Their love of power and gain is rather heightened, than mitigated by the constant exercise of those qualities. In the rise and fall of the value of property is found ample incitement to the exercise of whatever power of disturbing the monetary system Banks may possess. Having the power, and it being the interest of the Banks to create expansions, and contractions, low prices to buy at, and high prices to sell at, it might be concluded, even without appealing to experience that a fluctuating currency, collecting the wages of straightforward industry, and crowding them into the coffers of the managers, would be the sure result. But theory has been fully verified by experience. *The interest of the Banks is distinct from and antagonist to the interests of the community*—and as such the former lives, and has its being by preying upon the latter.

The far-seeing sagacity of that part of the President's last annual Message, which relates to this subject, is so pointedly expressed, that we cannot forbear quoting it:—

“Variableness must ever be the characteristic of a currency of which the precious metals are not the chief ingredient, or which can be expanded or contracted without regard to the principles, that regulate the value of those metals as a standard in the general trade of the world. With us, Bank issues constitute such a currency, and must ever do so until they are made dependent on those just proportions of gold and silver, as a circulating medium, which experience has proved to be necessary, not only in this, but in all other commercial countries. Where those proportions are not infused into the circulation, and do not control it, it is manifest that prices

“must vary according to the tide of bank issues, and the value and stability of property must stand exposed to all the uncertainty, which attends the administration of institutions, that are constantly *liable to the temptation of an interest, distinct from that of the community*, in which they are established.”

This interest, distinct from the interests of the community, is an evil in principle which cannot be eradicated, without the destruction of the whole system. Can it be wondered, that the principal feature of our currency is “variableness,” when the interest of the power which ought to regulate it, is to render it irregular? Observe the inducement to cause fluctuations, in the single item of exchange. The law gives the Banks the right to charge a reasonable sum for exchange. They determine the rate of exchange themselves. It is therefore for their interest to raise the rate as high as possible. Disturbances in the money market, and the high price of money constitute their excuse for exacting a high rate of exchange. Their interest prompts them to *create the necessity*, and their avarice, to take advantage of the wants of the business portion of the community to exact exorbitant prices. The truth is, however, that the price of money, so far as the Banks are concerned, has nothing to do with the rate of exchange. The price of exchange is the cost of transmission. It is high or low, according to the greater or less difficulty and risk of transmission. The Banks can do what they are able to do in exchange, with as little risk and difficulty, when money is high as when it is low. Any other price than the cost of transmission is mere nominal exchange, or a term used to obtain a higher rate of interest and avoid the penalties of the law. *Nominal exchange is actual usury* is a phrase in common use.

and one of which the people of this country are in a fair way to gain a practical knowledge. While exchanges are constantly fluctuating, without a variation in the difficulty of transmitting funds, we are at once led to inquire the reasons therefor. At last, the whole secret is explained—it is more profitable for the Banks to deal in money under the name of exchange, than to confine themselves to legitimate money-lending at the legal rates.

The interest of incorporated Banks to create fluctuations, is not a matter of vague theory—it has been proved by abundant and bitter experience in this, and every other State in the Union. The mania for speculation has, at various times, had its origin in Bank expansions. Out of that have sprung bankruptcy and commercial distress, high prices of articles of subsistence, depression of labor, and ruin to the poorer classes. The impulse given to high prices, drives them onward, or at least keeps them stationary, even when the contraction and money pressure takes place. The employer ceases to hire, while he holds on to the high price of his commodities, from a conviction that to retrograde is to court inevitable ruin. By the same operation the laborer is thrown out of employ, while the means of living are increased in a vast proportion. The industry, both of the laborer and the employer, is thrown upon the mercy of the calculating capitalist. Labor is thus deprived of its just reward, and becomes the mere handmaid of rapacious wealth. These effects are, we apprehend, fairly chargeable to the incorporated Banks, and these are the effects, which always must result from the control of the currency, by an interest distinct from that of the community.

The system of incorporated Banking, also, tends to produce the aggregation of wealth in large masses—a

tendency, which, in a republican country, cannot be too much deplored, and one which ought to be checked, whenever Legislative action can be brought to bear without interfering with the rights of individuals. Those, who exercise a controlling influence in a Bank, have means of acquiring wealth, superior to their fellows, and which they were not entitled to, either by their own enterprise or property. In the race of acquisition, the Bank owner has all the vantage ground.

The Banks are, in some respects, doing for this country, what the laws of primogeniture have done for Europe. The operation of both is to fetter and tie up estates to an indefinite extent. The principle is cumulative, steadily operating, at all times, while it is checked and circumscribed by variable circumstances of an irregular and uncertain action. The rich *may* become very rich, and transmit their wealth through a long series of years, while the poor *must grow* still poorer. In such extremes, lies no safety for a republic.

Such is a brief outline of a paper system, which has gradually stolen upon us, with a power and influence extending through all classes and occupations, encircling in its wide-grasping arms almost every branch of trade and commerce, and even coloring the legislation of almost every portion of this extensive country. And, unless some substitute be provided, it must go on, gaining new strength by its daily conquests. Its continuation, therefore, cannot, in the opinion of your Committee, be contemplated with any thing like complacency, except by those who are connected with it.

II. We now come to the examination of the second system which is open to us. We may strike at the root of the system of chartered Banks by abolishing the restraining

Acts, and creating a general Banking law, providing for the security of the public against fraud and mismanagement. Whatever restrictions operate to make the existing system safe, might be retained, and such other guards thrown around it as would remedy many deficiencies now felt.

Let us note the advantages of this system. It would not be a monopoly, since all would have the same right to perform the same acts, under the same general law. It would leave the trade in money open to unrestricted competition, giving no advantages to one coterie of individuals, which might not, in like manner, be enjoyed by others.

Tariffs upon importations, corn-laws, and monopolies of trade, which grew out of aristocratic prejudices, and a hot-bed system of political economy have, after ages of experience, proved themselves worse than useless. Even the trade in money, which was the last to feel the influence of liberal principles, is, singular as it may seem less restricted in Europe than in this country. The abolition of arbitrary restrictions upon the trade in money as well as in every thing else has been attended with the most salutary effects. With such an example before our eyes, why may we not look for similar effects from the abrogation of similar restrictions?

Under such a system some might apprehend that the public would be liable to suffer from spurious paper and insolvency. But it may be safely affirmed, that the public can be rendered equally secure by guarded restraints on such a system, as it is with the present system. Nay, even more secure—for the limited responsibility of the incorporated Banks renders them far more insecure than the joint-stock Banks of Scotland. And there is no reason,

why the provisions of a general Banking law may not render the public as secure as it is under the Scotch system. There is, however, one serious objection to this plan. The scarcity of money capital, compared with the enterprise and natural wealth of Maine, would not admit of that extensive competition, which constitutes one of the chief benefits of the system. This objection is not confined to this alone—it applies equally to the existing system—and more, perhaps, since much capital now lying dormant, would be brought into active use. The system would undoubtedly be liable to fluctuations, but of a less serious character than now occur. The circulation could not be so extended, and the range of expansion would, of course, be much less. It is true, that so far as this State is concerned, it would, for a long time, be nearly as incompetent as the system of incorporated Banking—but in the course of time, foreign capital would be introduced sufficient to perform the exchanges of Maine with facility, at a reasonable rate of interest. When it is remembered, that the present Banks have the sole distribution of money in this State, and can by that power fix almost any rate of interest for themselves and capitalists, it cannot be doubted, that when a system is proposed securing the public against fraud, and opening wide the gates, so that free competition will effect what it always does effect, a diminution of the rates of interest, and a healthy, energetic impulse to trade—it cannot be doubted, we say, but the measure will be received with approbation by all who are not enjoying the fruits of the present monopoly of money. We are prepared to meet the objection, that such a measure would give foreign money-lenders equal advantages with those of our own State—we are willing to admit that the effect would be

to lesson their gains. But in the same ratio, in which it injured or took from the gains of the money-lenders, it would increase the gains of the money-users. And as this last is by far the most numerous, and withal the productive class, we consider it proved to a demonstration, that if any laws are to exist, restricting either class, they should favor the money-borrowers. Besides, we are bound to regard it as a natural right, guaranteed by the Constitution, and the most obvious principles of justice, that every citizen should be allowed to get money, where he can get it cheapest, and that all laws, compelling him to get it of certain chartered persons, or not get it at all, are a palpable infringement of that right, which cannot be too soon annulled. In every point of view, in which we have been able to look at the subject, the policy of establishing a general Banking law, with a proper degree of responsibility, is too clearly connected with the best interests of the people of Maine, to admit a doubt of its vast superiority over the present system of chartered Banking.

III. The third course, which remains for the State to pursue, is founded upon the same general principles differently applied, which mark the system of Banking under a general law.

While in the second system proposed, public opinion is left to regulate the currency, under a general law, free from the disturbing influences of special privileges, and arbitrary exemptions, in the third system suggested, public opinion would regulate the currency, through the instrumentality of an institution, created by a general and equal law, leaving it free from all disturbing influences, which do not originate in public sentiment. The difference is only in permitting every man to do under the second system, that, which all assume to do in the capacity of a State



under the third system. Let us consider it somewhat in form.

The objects to be attained, are a safe unfluctating currency, competent to perform the exchanges and afford a convenient and cheap medium of exchange within and without the State, and to give to the people—the sovereign power of the State—all the advantages, arising from the issue of paper as money, or seignorage, as it is technically termed, which is a prerogative of sovereignty, and to accomplish these objects the institution ought:

1st. To be secured by the property and credit of the State, as the best guaranty of safety. Individuals may become insolvent, or remove from the State, far from the grasp of law, or they may die, and their credit descend to the grave with them. But a State is enduring, substantial in its nature, and its credit partakes of that character. A pledge of its property and credit, therefore, carries with it the highest confidence which human belief is capable of reposing. A currency proceeding directly from such a source, would not only be safe in fact, but, what is of scarce less importance, it would be safe in the opinions of mankind. Losses from broken Banks, and the insolvency of private Bankers, which always fall heaviest upon those least able to bear them, rendering it painful to read the history of Banking, could never occur under such a system of currency.

2d. Steadiness in a currency, consists much in the same cause as its safety. But it principally consists in the construction of the institution furnishing it. We think we have succeeded in showing in a former part of this Report, that, if it was *the interest* of the power issuing a currency to make it fluctuating, fluctuation would surely be the result. The converse of the proposition is equally

true. It is for this reason, that public opinion ought to control the currency—it has no interest but to keep it steady—it would find its true interest would be, to base its issues on those safe principles, which experience has shown to insure a steady currency.

The ratio between specie and paper which will preserve steadiness, is not, in the opinion of your Committee, altogether indeterminate. The rule established by the Bank of England, deduced from the experience of many years, is to keep a sum of specie in its vaults, equal to one third of its deposits and circulation. It has been found that any considerable departure from this ratio added a stimulus to trade, which soon ended in a general prostration. A safe ratio in England would be still more so in this country, where the extent of territory, various wants, and scarcity of money, all combine to sustain the circulation. Adopting this as the standard, very little departure ever need occur, and the presumption is very strong, that the currency, so limited, would be steady. As the management would be open to inspection of all, and tried by the touchstone of public opinion, all that financial juggling, with which the management of the currency has been too long associated, would soon vanish. The interest of the industrious classes, the vast majority of the community, the welfare of the State would be involved to preserve an unfluctuating circulating medium. It cannot be presumed, that such would not be the case, without an inversion of all the usual methods of reasoning, and a change of the motives upon which men act in every other case.

3d. The third requisite is a currency, competent to perform the transfers of the State with facility. In the apprehension of your Committee, this part of the subject cannot be too carefully weighed, in a financial

point of view. From such facts as are within our knowledge, we are persuaded that the amount paid away each year for credit on merchandise, together with the premium exacted on mercantile credits, cannot be estimated at less than one million of dollars over and above the interest on the same at cash prices. We have not the money capital, and therefore credit, at an enormous advance on the cost, is substituted. Besides, the circulation of the local Banks is so confined that scarcely a choice of markets is left the merchant. He is compelled to buy in Boston, because his means are at one or two per cent. discount in New York—so that nearly all commodities come to the consumer in the dearest possible form. A man is compelled to give a dollar for what he might purchase with eighty cents, provided the merchant purchased with cash. The vast sum thus, we might say unnecessarily, paid away, is not the less a draft upon our wealth, because it is levied in small sums. It operates as a steady system of depletion, impoverishing, most of all, the poorer classes, whose means, compared with those of the wealthy, are not proportioned to their consumption.

Public policy—the policy of other States—demands of this State an increase of her monied capital, in self defence. Capital from abroad has been introduced into most of the States by pledges of stocks, and pledges of the credit of the States, during a few years past, which has given them a start hitherto unexampled. It is a well established principle, that the wages of labor increase in proportion to the amount of active capital. Higher wages, therefore are drawing away, and necessarily must draw away a large number of the active young laborers of this State—a class which can least be spared—who are thus daily making accessions to the wealth and population of the West.

While other States are growing rich and populous, Maine is supplying them with the elements of wealth, and growing comparatively poor. If Maine can obtain the means of countervailing the policy of other States, so far as it is adverse to her interests, justice to ourselves demands that the work should be accomplished. In connection with this part of the subject, we beg leave to call your attention to a part of the Governor's Message, which we do not remember to have seen particularly noticed in the reference of that document to the several Committees. It is as follows:—

“ The State, as well as our citizens individually is rich  
 “ in lands, in timber, in granite and lime quarries, in water  
 “ power for manufacturing purposes, and to an equal  
 “ extent at least with any other State in the Union, in all  
 “ the essentials of profitable industry, except monied capital. These advantages are profusely scattered through  
 “ the State, but the greater part of them lie dormant, for  
 “ the want of a money capital adequate to their improvement. Under these circumstances the policy of lending public aid to individual enterprise, in such works of  
 “ improvement as shall be of generally admitted importance, is presented to every mind, by the examples furnished by other States and the spirit of the age.

“ Should it be deemed expedient for the Government to  
 “ aid in the introduction of capital from abroad, even if  
 “ done upon the credit of the State, to be applied to the  
 “ construction of rail roads, canals, or other works of  
 “ internal improvement, as would give a useful impetus to  
 “ the industry of our citizens, together with satisfactory  
 “ assurance that the advancement would be fully repaid  
 “ either in money or in benefits to the whole people ; such  
 “ a course would doubtless be within the constitutional  
 “ power of the Legislature.”

The recommendation to introduce monied capital is accompanied, with a recommendation to appropriate it to

a specific purpose. The principle would certainly stand full as well, if it left the appropriation to the sagacity of individuals, in which case, the State, by taking the proper security could incur no risk. Let the capital be obtained and made the substantial basis, of an institution, secured by the credit of the State, and who can doubt, but we shall be able to save the large sums annually paid away as interest and insurance on credit, to choose, our own markets, practically as well as theoretically, to retain the industrious classes, and increase the general prosperity of our citizens? The bills of such an institution would be at par in the chief commercial cities, the merchant would obtain comparatively a little credit, and be able to furnish his commodities at the cheapest prices to the consuming classes. Are not these objects well worth the serious attention of every individual, anxious for the public good?

4th. To obtain a convenient and safe system of exchange. A system, which is separate, and disjointed in its action, composed of small capitals, can never perform exchanges with facility. To conduct exchange properly, the character and solvency of the institution must be known abroad.

Now, if the State institution was composed of several parts, distinct for all purposes except exchange, the general supervising power could make arrangements with competent institutions without the State, so that whenever balances occurred against one part of the institution, they might be liquidated by balances in favor of another part. Exchange within the State would at the same time so facilitate this process, that very small sums in cash would suffice to settle the balances in very extensive exchange operations. They would consequently be performed at

very cheap rates, without risk and with great certainty. We ought to encourage trade and intercourse *within* the State, by all legitimate means. Our citizens should never go abroad for any thing, which they can as well obtain at home. Such a system of exchange would enable men to transmit funds to almost any point they wished, with the utmost ease and despatch. This would prove the very life-blood of inland trade.

5th. Whatever advantage may accrue from the use of paper as money, belongs exclusively to the people—it is a part of their sovereignty. The profit of paper used as a circulating medium, is its whole exchangeable value over the amount of specie on which it is based. Under the present system, the circulation is given to the Banks, by the Legislative Act, and *a few* enjoy the benefits of that, which belongs to the whole.

But in the proposed system, the people would regain their lost rights. Whatever sum was derived from the use of paper as money, with the exception of the expense of managing it, and the interest on the loan, on which it was founded, would go to the people. If the expense of management and losses was one per cent., and the interest four per cent., and by the use of paper, the receipts, on the solid capital were ten per cent., the nett gain to the State would be five per cent. Setting aside two per cent. to accumulate for the extinguishment of the original loan, three per cent. per annum would remain for the permanent use of the State—a sum more than sufficient to pay the expenses of the State government and render taxation and borrowing for public uses unnecessary. Money of itself confers advantages enough, without superadding a triple power by the aid of Legislative enactments. Let this be borne in mind, when the sums, which an artificial

system pours into the coffers of the rich, are computed, and we apprehend, that no individual, actuated by a sense of justice, will hesitate to sanction the system, which transfers such advantages to the people.

In the present condition of our State, the operations of such an institution, in a general point of view, cannot, in the opinion of your Committee be overrated. Our monetary system lacks character—it is wanting in the main requisites of an efficient currency—it is not respected as a safe and competent medium of exchange, and as a consequence, it can never perform with facility, any of those useful operations which a circulating medium should effect.

With the capital and credit of such an institution, our currency would gain respect and confidence, readily performing the transfers of our citizens at home and abroad. One regulation alone would give it an immense superiority as a beneficial institution over any other system—that of allowing interest on deposits for given periods. It would invite the small sums, the earnings of the laborer and mechanic, which are often squandered away for the want of a safe place of deposit, where the fund can be accumulating. Savings Banks as now conducted, do this partially—but they can never inspire a suitable degree of confidence to effect the full object of such institutions. If there is any class in the community deserving of encouragement, and requiring an inducement to accumulate, it is the laboring class. Providing him with a safe place of deposit, where his earnings may continue to increase, the laborer is impelled on by a strong stimulus, to increase his exertions and practice economy, which conduct him rapidly to wealth. And where, without this incentive, many a young man would go down to the abodes of misery and vice, he will be seen to attain an honorable and respectable

station in life, a blessing to himself and a security to the stability of society. The Banks of Scotland have pursued the practice of paying interest for a long time, and with the happiest effects upon the community. In 1833, there were about £24,000,000 deposited in the Banks of Scotland, in small sums, more than one half of which did not exceed £200. The evidence of a person greatly experienced in this subject, shows "*a great part of the most thriving of our farmers and manufacturers have arisen from such beginnings.*" And this has been the effect in a country for which nature has done far less, than it has done for the State of Maine. Can such an object be regarded with too partial eyes? In a republican government, which theoretically distributes its benefits with an impartial hand, ought inducements to elevate the character and increase the comforts of the laborer to be withheld, when they can be given without injuring the rights of others?

If we can secure a steady currency and open a safe depository to the earnings of labor, these advantages alone would seem well worth the establishment of such an institution.

Your Committee have thus, briefly as the nature of the subject would admit, adverted to the only distinct courses of policy which, in their opinion, remain open for the State to pursue, together with some of the prominent advantages and disadvantages, attendant upon each course. The choice lays between the continuation of the present system of chartered Banking, establishing a general Banking law, with suitable restrictions securing the public against fraud and mismanagement, and creating a State Bank, owned and controlled by the State, and founded on its property



and credit. All other courses will be but a mixture of these three. If the present system is pursued, then it is as proper to secure the public as well as the nature of the system will permit, and cease to wage war against it. Nothing can be gained, indeed much will be lost by the continual agitation of the subject unless a substitute be proposed—unless a remedy is to be adopted it is but the part of folly to complain of the evil. But we are satisfied that a change of system is required, a radical change which shall, if it effects nothing more, at least eradicate the monopoly of Banking.

Which of the two courses remaining, then, will the State adopt? Will it repeal the several restraining acts, which give the present Banks the exclusive right of issuing a paper currency, and give every one the right to issue paper as money, upon giving the proper security, or will it assume the entire right of issuing a currency, and conferring the benefits arising from it upon the whole people?

The latter course, securing as it does, an equality of benefits to all, strikes us with peculiar favor. For while, by throwing it open to all, only those who have money will be able to reap the benefits of a paper currency; if the State assumes the whole value of paper, every man will obtain the same portion of its benefits. There will, also, from its magnitude, and the security of its foundation, be greater stability, in every respect, in this than there can be in private institutions.

It will not, we presume, be objected, that there is danger in intrusting an institution of this kind in the hands of the people. The same principle which actuates the owners of the present Banks to preserve and defend their rights and privileges to their utmost extent, would urge the

people to watch and guard *their* rights and privileges as embodied in *their* institution, with a becoming care and jealousy.

Nor does this proposition, after all, involve any thing very new or extraordinary. That the State should own and control the instrument, by which its currency is furnished, would seem to be only a reasonable and expedient exercise of its rights. Example is not wanting, of other States establishing Banks, in which they maintained a majority control, which preserves the principle. The State of Georgia created a Bank in 1828, called the Central Bank of Georgia, composed of various Government stocks and funds. There are no branches, hence it fails in a very important particular, not being able to give that general accommodation, either by discounts or exchanges, which a well organized system might afford. The Bank makes an annual return of its entire condition to the Legislature, which is referred to a Committee of that body, whose duty it is to investigate thoroughly its affairs, and report the actual condition thereof. We make some extracts from these Reports to show the flourishing condition of the institution, and the thorough manner in which the investigation is carried on. In the Report made in 1829, the Committee state that "they have examined the bills of exchange and notes discounted; counted the bills of the Central Bank and other Banks, on hand; examined the bonds, notes and other securities, transferred by the State to the Bank, and remaining unpaid, and counted the specie in the vaults, and have found that the several amounts all correspond precisely with the state of the Bank rendered by its officers;" and the Report concludes with recommending the management and condition of the Bank, "to the full confidence of the Legislature." In

1831 the Committee report, that "They have thoroughly investigated the affairs of the Bank, the result of which is entirely satisfactory." They then go on to specify the particulars of the examination. In 1835, the Committee say, "They have cautiously and fully investigated the transactions of the Bank, counted the cash on hand, examined the notes, drafts, &c., the result of which is, they are convinced that the affairs of said Bank have been managed with ability and fidelity, and they accord to the directors and officers of said Bank, their approbation for the manner, in which they have discharged their difficult, and multifarious duties in the management." And the same is stated in substance, in the Reports from which we have omitted to extract. It is well enough to observe that the duties of the institution were rendered very complicate and difficult, from the fact that its stock was composed of various Bank stocks, and other securities, belonging to the State, and from a clause in its charter, by which its discounts were to be distributed among the several counties according to population, without placing sufficient data to form entirely correct opinions within the knowledge of the directors.

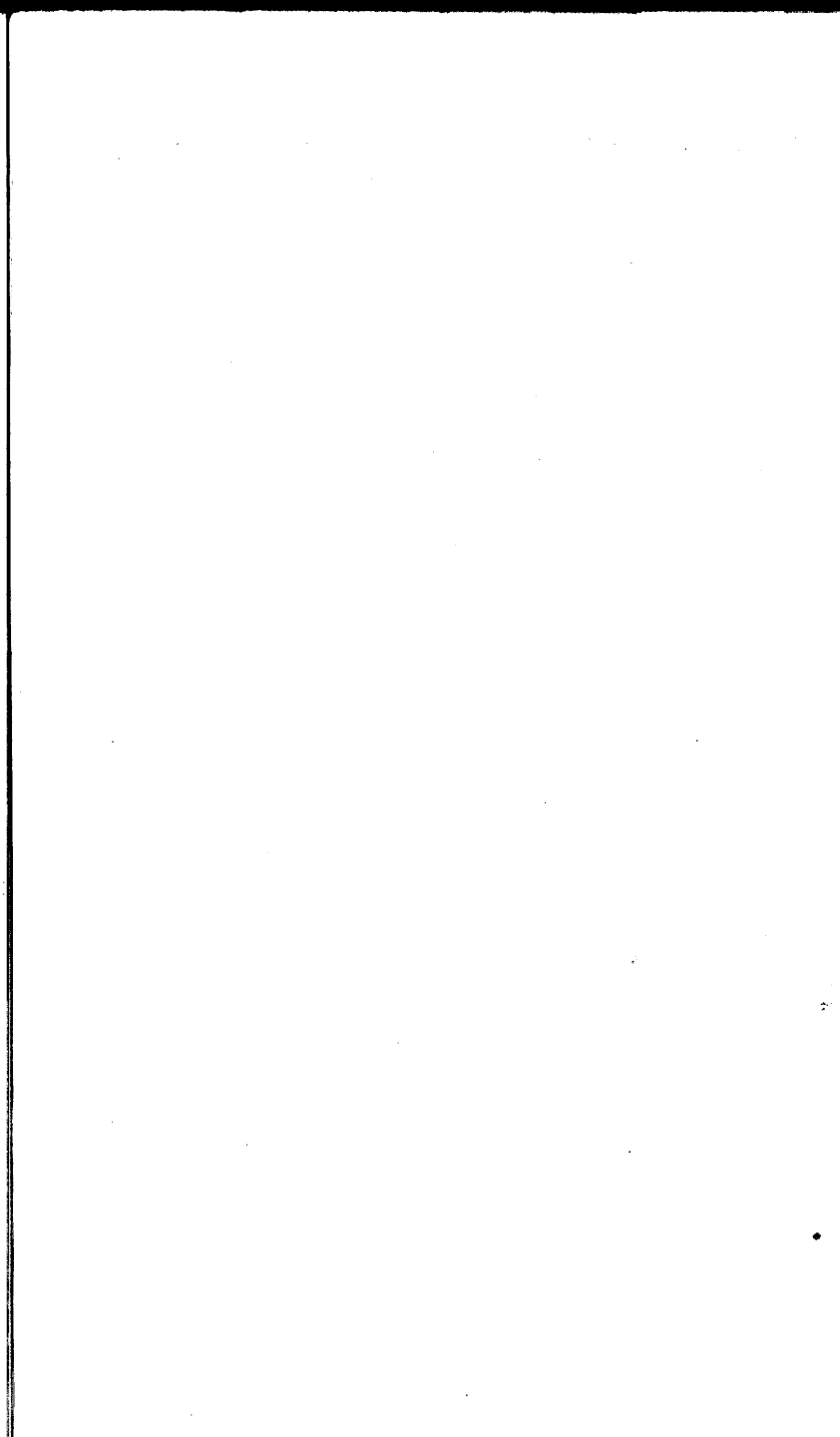
Here we have the example of an institution, exclusively owned and controlled by the State, performing many difficult public duties, and proving by an experience of eight years, to be worthy of the full confidence of the people, showing at the same time, a safer proportion of specie to paper in circulation, being as one and six tenths of the latter to one of the former, than any other Bank in the Union.

If such effects can be produced in one State, it is difficult to see, why they may not in another. So far as our own State is concerned, we see no moral or physical impos-

sibility. We should be extremely loth to cast so discreditable an imputation upon the honesty and capability of the people of this State, as for a moment to suppose them incompetent to manage an institution, designed to furnish a sound system of currency and credit. These are the objects to be obtained, and no idle fears, timorous suspicions, or adverse interests should prevent the people of Maine from selecting the proper means.

In accordance with the foregoing views, your Committee present the Bill herewith submitted.

JAMES P. VANCE, Chairman.



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# STATE OF MAINE.

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

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## AN ACT to establish the Bank of the State of Maine.

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SECTION 1. *Be it enacted by the Senate and House  
2 of Representatives, in Legislature assembled,* That the  
3 Governor, by and with the consent of the Council, be  
4 and he hereby is 'authorized, and directed to appoint  
5 three Commissioners, whose duty it shall be to effect  
6 a loan, on the faith and credit of the State, of  
7 millions of dollars, redeemable in thirty years, and  
8 bearing interest at the rate of four per centum per  
9 annum. Said Commissioners before entering upon such  
10 duty, shall be required to give bonds to the Treasurer  
11 of State in a sum not less than one hundred thousand  
12 dollars each, with sufficient sureties for the faithful  
13 performance of all matters and things pertaining to  
14 their appointment: And said bonds shall be subject to  
15 the approval of the Governor and Council, and filed  
16 in the office of the Treasurer of State.

SECT. 2. *Be it further enacted,* That to enable said  
2 Commissioners to obtain said loan, the Treasurer of  
3 State is hereby authorized and empowered to issue a  
4 scrip or note in such form and convenient sums, as

5 the Governor and Council may judge expedient, pledg-  
 6 ing the faith and property of the State for the redemp-  
 7 tion thereof, in thirty years from its date and for the  
 8 payment of the interest thereon, annually, at the rate  
 9 of four per centum per annum, which said scrip or  
 10 note, and each of them shall be signed by said Com-  
 11 missioners, and the Treasurer of State, and counter-  
 12 signed by the Governor under the seal of the State,  
 13 and be recorded in the office of the Secretary of State.  
 14 And it shall be the duty of the Secretary of State to  
 15 make out a certified copy of this Act and the doings  
 16 of the Governor and Council, under the great seal of  
 17 the State, and deliver the same to the Commissioners  
 18 aforesaid. And it shall be the duty of said Commis-  
 19 sioners, whenever they have obtained said loan, or any  
 20 part thereof, forthwith to pay the same to the Treasurer  
 21 of State in gold and silver, to be apportioned, as here-  
 22 inafter provided.

SECT. 3. *Be it further enacted,* That there shall be,  
 2 and hereby is established a Bank, by the name of the  
 3 Bank of the State of Maine, with a capital of  
 4 millions of dollars, to be paid for, and owned by this  
 5 State; which said Bank by the name and style of the  
 6 Bank of the State of Maine, shall be competent to  
 7 contract, and be contracted with, to sue and be sued,  
 8 plead and be impleaded, defend and be defended, in  
 9 all courts and places, and in all matters whatsoever, as  
 10 natural persons; with full power to acquire, hold and

11 possess, use and enjoy property, and the same to sell,  
 12 convey and dispose of, as shall be convenient for the  
 13 transaction of its business, according to law. And  
 14 said Bank may have and use a common seal, and the  
 15 same may be changed at the pleasure of the Legisla-  
 16 ture; and said Bank shall so continue to possess such  
 17 powers until the first day of January, in the year of our  
 18 Lord one thousand eight hundred and unless  
 19 sooner modified, or annulled by the Legislature.

SECT. 4. *Be it further enacted,* That the sum of  
 2 millions of dollars be, and the same is hereby  
 3 appropriated out of the Treasury of the State to carry  
 4 into effect the objects of this Act, whenever the same  
 5 is obtained in accordance with the provisions of the  
 6 second section of this Act.

SECT. 5. *Be it further enacted,* That the office of  
 2 the principal Bank be and the same is hereby estab-  
 3 lished at

SECT. 6. *Be it further enacted,* That the principal  
 2 Bank shall have no power to loan money, discount  
 3 notes, deal in bills of exchange, issue Bank bills or  
 4 notes, or have any Banking powers whatever, except  
 5 so far as it may be necessary to oversee, check and  
 6 direct the doings of the several offices of discount and  
 7 deposite hereinafter established, in such manner as the  
 8 Legislature shall prescribe and direct.

SECT. 7. *Be it further enacted,* That the Legislature  
 2 shall, with the assent of the respective Counties first



3 had and obtained, establish one office of discount and  
 4 deposite, in each of the ten Counties of this State, to  
 5 be located under the direction of the Legislature,  
 6 which said offices of discount and deposite shall have  
 7 the power, and whose business it shall be to loan money,  
 8 discount promissory notes, deal in exchange, issue such  
 9 bills and bank notes, payable to bearer, as may be  
 10 deposited with it by the principal Bank, but not of a  
 11 less denomination than ten dollars. *Provided*, all such  
 12 bills and bank notes shall be signed by the President  
 13 of the principal Bank, and countersigned by the Cashier  
 14 of the office of discount and deposite issuing the same,  
 15 and made payable on demand. *And further provided*,  
 16 That said offices of discount and deposite shall be  
 17 restrained from issuing checks or orders payable to  
 18 any person or order, or to any person or bearer with  
 19 interest, that said checks or orders may circulate as  
 20 bank notes.

SECT. 8. *Be it further enacted*, That the principal  
 2 Bank shall never issue and pay over to any office of  
 3 discount and deposite any greater sum in bills or bank  
 4 notes, payable to bearer, than fifty per centum over  
 5 and above the sum actually apportioned and paid over  
 6 to such office of discount and deposite, in specie or  
 7 bullion.

SECT. 9. *Be it further enacted*, That the capital of  
 2 said State Bank shall be distributed among the several

3 offices of discount and deposite in the several Counties,  
 4 with the assent of such Counties, according to the  
 5 population thereof, amount of business and demand  
 6 for Banking capital, to be determined by the Legisla-  
 7 ture, and carried into effect by the directors of the  
 8 principal Bank. *Provided*, each County shall be re-  
 9 sponsible to the State for the amount so received, and  
 10 for the faithful and proper management of the same  
 11 by the directors and cashier of such County, to be  
 12 elected in the manner hereinafter provided : *Provided*  
 13 *further*, That whenever any County shall refuse the  
 14 portion, allotted to it by the Legislature, then, such  
 15 portion shall be distributed among the remaining Coun-  
 16 ties on the basis aforesaid.

SECT. 10. *Be it further enacted*, That the amount of  
 2 debts due from any one office of discount and deposite,  
 3 including bills or bank notes, deposites, checks, or any  
 4 other promisory instruments of such office of discount  
 5 and deposite shall not, at any one time exceed double  
 6 the amount of specie capital actually distributed and  
 7 paid over by the principal Bank, to such office of dis-  
 8 count and deposite ; and no loan or discount shall be  
 9 made, nor shall any bill be issued by such offices, or  
 10 by any person on their account, in any other place  
 11 than at the offices of discount and deposite aforesaid.

SECT. 11. *Be it further enacted*, That said offices  
 2 of discount and deposite shall not at any time suspend  
 3 or refuse payment in gold or silver of any of their bills,

4 notes or other obligations, due and payable, or any  
 5 moneys in deposite ; and in case the officers thereof,  
 6 in the usual banking hours, at the office of discount  
 7 and deposite, where the same shall be payable, shall  
 8 refuse or unreasonably delay payment in gold or silver,  
 9 of the amount of any note there demandable and pre-  
 10 sented for payment, such office of discount and depo-  
 11 site, after ten days from such demand, shall be liable  
 12 to pay as additional damages, at the rate of twenty-  
 13 four per centum per annum for the time during which  
 14 such payment shall be delayed or refused, from and  
 15 after said ten days. *Provided, however,* That such  
 16 penalty shall cease upon a legal tender being made to  
 17 the owner or owners of any bills demanded as afore-  
 18 said, at his or their place of residence, or to his or  
 19 their attorney, of the amount of such bills, and all costs,  
 20 interest and damages which may have accrued at the  
 21 time of such tender.

SECT. 12. *Be it further enacted,* That the officers of  
 2 the principal Bank shall consist of a President who  
 3 shall be a Director, and                      Directors and a Clerk,  
 4 and said Directors shall be chosen annually by the  
 5 electors qualified to vote for Governor, at their March  
 6 and April meetings ; and to this end it shall be the  
 7 duty of the Aldermen of each city, the Selectmen of  
 8 each town, and Assessors of each plantation to insert  
 9 in the warrant calling such town, city or plantation  
 10 meeting the following article : "To vote for suitable

11 persons for Directors of the Bank of the State of  
 12 Maine," and the election of said officers shall be reg-  
 13 ulated in the same manner as those for Governor, and  
 14 the same returns shall be made, and the same examin-  
 15 ation thereof had, and in case of a failure to elect one  
 16 or more of said officers by a majority of the votes  
 17 returned, then the same proceedings shall be had to  
 18 constitute an election to fill such vacancies, as in case  
 19 of a non-election of Governor by the people. And  
 20 the Clerk aforesaid shall be appointed by the Gov-  
 21 ernor, with advice and consent of Council, annually.

SECT. 13. *Be it further enacted*, That the officers of  
 2 the Banks of discount and deposit in the several Coun-  
 3 ties, shall consist of Directors and a Cashier ;  
 4 the Directors to be chosen annually by the electors of  
 5 such Counties, qualified to vote for County Treasurer,  
 6 at the same time and in the same manner as the  
 7 Directors of the principal Bank are chosen ; and the  
 8 same duties shall be required of town, plantation, or  
 9 city officers in conducting such elections, and in the  
 10 return of votes, and in case of non-election by the  
 11 people of any County, the Governor and Council shall  
 12 order new elections to be had in said County until a  
 13 choice shall have been effected.

SECT. 14. *Be it further enacted*, That the President,  
 2 Directors and Clerk of the principal Bank, shall, before  
 3 entering upon their respective duties, give bonds to

4 the Treasurer of the State, with sufficient sureties to  
 5 the acceptance of the Governor and Council for the  
 6 faithful discharge of their respective trusts according  
 7 to law, and in case of any wilful mismanagement, they  
 8 shall be responsible upon such bond to the State, for  
 9 all direct and consequential losses of said Bank, and  
 10 in case any President, Director, Cashier, Clerk or other  
 11 officer or servant of the principal Bank, or of any one  
 12 of said offices of discount and deposit, shall embezzle  
 13 or fraudulently convert to his own use, or fraudulently  
 14 take or secrete with intent to convert to his own use  
 15 any money, note, bill, obligation, security, bullion or  
 16 other property of, and belonging to said Bank, or any  
 17 one of said offices of discount and deposit, every such  
 18 offender, and every person aiding and abetting therein,  
 19 being thereof duly convicted in the Supreme Judicial  
 20 Court shall be deemed in so doing to have committed  
 21 the crime of larceny, and shall be punished by con-  
 22 finement to hard labor for a term not less than three  
 23 years, nor more than twenty years, according to the  
 24 nature and aggravation of the offence.

SECT. 15. *Be it further enacted,* That said offices  
 2 of discount and deposite shall never be permitted to  
 3 take any greater rate of interest or discount on any  
 4 note, draft, bill of exchange, or security, than at the  
 5 rate of six per centum per annum, and no loan made  
 6 on personal security shall be made for a longer term  
 7 than one year.

SECT. 16. *Be it further enacted,* That said offices  
 2 of discount and deposit shall charge a sum as exchange  
 3 not exceeding one quarter of one per centum, on all  
 4 bills drawn within this State on any place where an  
 5 office of discount and deposit shall be established.  
 6 And on all bills drawn without the State and within  
 7 the New England States, where the principal Bank  
 8 may have made the necessary arrangements, the said  
 9 offices of discount and deposit may charge a rate as  
 10 exchange not exceeding one per centum. And on all  
 11 bills drawn on places without the New England States,  
 12 where the principal Bank may have made the necessa-  
 13 ry arrangements, the said offices of discount and  
 14 deposite, shall charge a rate of exchange to be deter-  
 15 mined by the Directors of the principal Bank aforesaid.

SECT. 17. *Be it further enacted,* That the respective  
 2 Directors and Cashiers of said offices of discount and  
 3 deposit, before entering upon the duties of their re-  
 4 spective offices, shall give bonds to the Treasurers of  
 5 the respective Counties where the same shall be estab-  
 6 lished, with sureties to the acceptance of the County  
 7 Commissioners of such County, in such sum as the  
 8 Governor and Council shall direct, for the faithful dis-  
 9 charge of their respective trusts according to law, and  
 10 in case of any wilful mismanagement on their part,  
 11 they shall be responsible to such County for all losses,  
 12 direct and consequential, which may be sustained by  
 13 such office of discount and deposit, in a suit upon said  
 14 bond.

SECT. 18. *Be it further enacted*, That the County  
 2 Treasurer of every County in which an office of dis-  
 3 count and deposit shall be located and established,  
 4 shall give bond in behalf of the inhabitants [of such  
 5 County, to the Treasurer of State, for the faithful and  
 6 proper management of such County's distributed pro-  
 7 portion of the capital of said Bank ; which said bond  
 8 shall be binding upon the inhabitants of such County,  
 9 and shall hold such County to indemnify said principal  
 10 Bank against all losses sustained by said office of dis-  
 11 count and deposit. *Provided*, no such office of dis-  
 12 count and deposit shall be established in any County  
 13 without the assent of a majority of the electors of such  
 14 County, qualified to vote in the election of Governor  
 15 of the State.

SECT. 19. *Be it further enacted*, That the Directors  
 2 of the principal Bank, the Clerk thereof ; and the Di-  
 3 rectors of the respective offices of discount and deposit,  
 4 shall each of them, before entering upon the duties of  
 5 the offices to which they are respectively elected or  
 6 appointed, take and subscribe the following oath  
 7 before some person appointed to qualify civil officers,  
 8 to wit :—I A. B. do 'solemnly' swear, that I will dis-  
 9 charge the duties incumbent on me as — in the prin-  
 10 cipal Bank (or in the office of discount and deposit in  
 11 the County of — ) according to law ; that I will not  
 12 through fear, affection or favor, in any wise dispose of  
 13 any loans, or any funds belonging to said Bank (or

14 office of discount and deposite as the case may be)  
 15 that I will not take or cause to be taken, or in any way  
 16 or manner aid in taking any funds or any property  
 17 belonging to said Bank (or office of deposite and dis-  
 18 count) for any other uses than those specified by law ;  
 19 that I will not take, or aid or abet in taking directly  
 20 or indirectly any greater rate of interest, or discount  
 21 or exchange than is allowed by law ; that I will in all  
 22 respects strive to promote the public interest, and con-  
 23 duct all the trusts reposed in me to the best of my  
 24 abilities, in good conscience, and according to law—so  
 25 help me God.—And if any officer shall violate any  
 26 particular in the oath aforesaid, it shall be the duty of  
 27 the Attorney General to cause the offender to be  
 28 indicted, and, if a bill be found, to prosecute the same  
 29 to final judgment ; and if the offender shall be duly  
 30 convicted thereof before the Supreme Judicial Court,  
 31 he shall be adjudged guilty of the crime of perjury,  
 32 and shall be punished accordingly.

SECT. 20. *Be it further enacted*, That said offices of  
 2 discount and deposite are prohibited from loaning either  
 3 directly or indirectly to any other than resident citi-  
 4 zens of the State ; and for all sums loaned under one  
 5 thousand dollars, said offices shall require three suffi-  
 6 cient sureties resident in such County ; and for all sums  
 7 between one thousand and ten thousand dollars, seven  
 8 sufficient sureties, resident in such County. *Provided*,  
 9 no loan shall be made to any person, company, or cor-



10 poration over                      dollars—nor shall any per-  
 11 son, company or corporation be liable, either as prin-  
 12 cipal, or surety to any office of discount and deposite  
 13 for a greater sum than                      dollars. And if  
 14 any citizen not a resident of the County in which such  
 15 office of discount and deposite shall be established,  
 16 apply for a loan, it shall be the duty of the Directors  
 17 to inquire of such person on oath, whether he has any  
 18 loan or discount from any other office of discount and  
 19 deposite and if he has, what is the amount, so that the  
 20 provisions of this section may be in no wise infringed.

SECT. 21. *Be it further enacted*, That, whenever  
 2 there shall be any funds in any office of discount and  
 3 deposite, which may be used with safety to the insti-  
 4 tution, it shall be the duty of the directors to loan the  
 5 same, when the proper security is offered ; and when-  
 6 ever more notes, drafts, or bills of exchange, with  
 7 competent security, are offered to any office of discount  
 8 and deposite than can be taken or discounted, then the  
 9 notes, drafts, and bills of exchange, specifying the  
 10 smaller sums, shall be taken in preference to larger  
 11 securities of the same class.

SECT. 22. *Be it further enacted*, That the circulation  
 2 and deposits of each office of discount and deposite  
 3 shall not exceed three times the amount of the specie  
 4 and bullion in its vault, and it shall be the duty of the  
 5 directors to cause the circulation to conform at all  
 6 times as near as may be to the ratio aforesaid ; and

7 whenever the circulation and deposits shall exceed this  
 8 ratio, it shall be the duty of the principal Bank to  
 9 cause the same to be reduced, and after any such  
 10 office of discount and deposit shall have been notified  
 11 to reduce its circulation, then the directors who do not  
 12 take measures to reduce the same, shall be deemed  
 13 guilty of wilful mismanagement and shall be punished  
 14 according to the provisions of the fourteenth section  
 15 of this Act.

SECT. 23. *Be it further enacted*, That the principal  
 2 Bank shall have power to order all the bills of foreign  
 3 Banks held by the several offices of discount and de-  
 4 posit to any office of discount and deposit. *Provided*,  
 5 said principal Bank shall have first been notified by  
 6 such office of discount and deposit that a run or unu-  
 7 sual return of bills and demand for specie shall have  
 8 been made upon such office of discount and deposit.

SECT. 24. *Be it further enacted*, That said offices of  
 2 discount may loan on mortgages of real estate sums  
 3 not exceeding in amount five hundred dollars. *Pro-*  
 4 *vided*, That the loan on any such mortgage shall not  
 5 in any case exceed one half the real value of such  
 6 real estate, ascertained by the appraisal of three disin-  
 7 terested persons : *Provided also*, That no such loan  
 8 shall be made for a longer term than                years.

SECT. 25. *Be it further enacted*, That the interest  
 2 on loans upon real estate shall be paid semi-annually  
 3 and a portion of the principal equal to the whole sum

4 divided by the number of years, for which it is loaned,  
5 shall be paid annually.

SECT. 26. *Be it further enacted*, That the principal  
2 Bank shall have power to ordain and establish all suit-  
3 able regulations necessary for the management of the  
4 said offices of discount and deposite and to carry into  
5 full force and effect the several provisions of this Act ;  
6 and said regulations shall be submitted to the Govern-  
7 or and Council, and so much of the same as shall be ap-  
8 proved by the Executive aforesaid, shall be binding on  
9 the several offices of discount and deposite established  
10 by this Act. *Provided*, That said regulations shall be  
11 submitted to the Legislature at the session next after  
12 they shall have been established, and such regulations  
13 only as shall be enacted a law, by such Legislature,  
14 shall thereafter be in force and binding upon the sev-  
15 eral offices of discount and deposite from the passage  
16 thereof.

SECT. 27. *Be it further enacted*, That no person who  
2 is a Director in any Bank incorporated by this State  
3 or by any other State, or holding any office of profit  
4 or trust under the United States or under this State,  
5 Justices of the Peace and Notaries Public excepted,  
6 shall be eligible to the office of director in the prin-  
7 cipal Bank or any office of discount and deposite.

SECT. 28. *Be it further enacted*, That whenever any  
2 vacancy in the principal Bank or in any office of dis-  
3 count and deposite shall occur, whether by death, resig-

4 nation, removal or otherwise, the Governor, by and  
 5 with advice and consent of Council, shall appoint some  
 6 suitable person to fill such vacancy until the term of the  
 7 office in which such vacancy may occur shall have  
 8 expired by limitation of law, and the person so  
 9 appointed shall give such bonds and perform such  
 10 duties as were required of his predecessor.

SECT. 29. *Be it further enacted*, That if any officer  
 2 of any office of discount and deposit shall violate any  
 3 of the provisions of this Act, the Governor with the  
 4 advice and consent of the Council, shall remove such  
 5 officer and appoint some suitable person, who shall be a  
 6 citizen of the County where such removal shall be made,  
 7 to perform the duties devolving upon the officer so  
 8 removed, who shall also be subject to the same liabilities,  
 9 and hold his office until the next annual election,  
 10 or until said office shall be filled by an election by the  
 11 people.

SECT. 30. *Be it further enacted*, That all officers  
 2 appointed or elected in pursuance of the provisions of  
 3 this Act shall hold their offices until new ones shall be  
 4 elected or appointed and be duly qualified to enter  
 5 upon their duties.

SECT. 31. *Be it further enacted*, That the State shall  
 2 be deemed and held accountable for the redemption  
 3 of all bills, issued by any office of discount and deposit,  
 4 in accordance with the provisions of this Act, and  
 5 for all money, loaned to, or deposited in the principal

6 Bank, or office of discount and deposit ; also, for the  
7 interest of such loan or deposit, at the rate of four per  
8 centum, per annum, when the loan or deposit shall be  
9 made for the term of one year, or longer, and at the  
10 rate of three per centum per annum, on all deposits  
11 upon an agreed term over three and less than twelve  
12 months.

SECT. 32. *Be it further enacted,* That the directors of  
2 each office of discount and deposit shall make a full,  
3 and correct return and exhibit of the standing of each  
4 such office of discount and deposit to the principal  
5 Bank once in every month, and it shall be the duty  
6 of the officers of the principal Bank to examine said  
7 returns, make abstracts thereof, and report the stand-  
8 ing and condition of each such office of discount  
9 and deposit to the Governor and Council, quarterly;  
10 and the books and records of the principal Bank  
11 and of each office of discount and deposit shall  
12 be open to the examination of a committee chosen  
13 by the Legislature, or appointed by the Governor  
14 and Council for that purpose, and such committee  
15 shall have power to examine all officers of the Bank  
16 or offices aforesaid, under oath, and to examine their  
17 books and papers, banking houses and vaults, and  
18 report the result thereof; and the principal Bank and  
19 each office of discount and deposit shall make return  
20 of their actual condition to the Legislature on the first  
21 week of the session thereof in each year; and all such

22 returns shall be certified under oath by the officers  
23 making them.

SECT. 33. *Be it further enacted,* That each office of  
2 discount and deposite shall pay over to the principal  
3 Bank four per centum per annum on its capital stock,  
4 and the principal Bank shall devote so much of this  
5 sum as may be necessary to the payment of the interest  
6 on the original loan, paying the balance, if any, into  
7 the Treasury of the State.

## STATE OF MAINE.

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HOUSE OF REPRESENTATIVES, }  
March 24, 1837. }

This Report and Bill, on being read, was laid on the table, and 2000 copies ordered to be printed for the use of the Legislature.

(Extract from the Journal.)

Attest, CHARLES WATERHOUSE, Clerk.