

MAINE STATE LEGISLATURE

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DOCUMENTS

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THE LEGISLATURE

OF THE

STATE OF MAINE,

DURING ITS SESSIONS

A. D. 1842.

AUGUSTA:

SMITH & Co., PRINTERS TO THE STATE.

1842.

TWENTY-SECOND LEGISLATURE.

NO. 33.]

[HOUSE.

A N A C T

IN RELATION TO

BANKS AND BANKING.

[WM. R. SMITH & Co.....Printers to the State.]

STATE OF MAINE.

IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED
AND FORTY-TWO.

AN ACT further regulating banks and banking.

*Be it enacted by the Senate and House of Rep-
2 resentatives in Legislature assembled—as follows :*

3 SECT. 1. It shall be the duty of the bank
4 commissioners, on being informed that any bank
5 in this State has suspended the payment of any
6 of its bills or deposits, forthwith to repair to such
7 bank and examine minutely into its condition,
8 and, as soon as may be, report to the secretary
9 of State, stating, to the best of their judgment,
10 the cause of the suspension or refusal to pay its
11 bills or deposits as aforesaid. And it shall be the
12 duty of the secretary of State, forthwith to trans-
13 mit a true copy of said report, to the State prin-
14 ter, to be published in the State paper ; and also
15 to lay said report before the governor and coun-

16 cil at their next meeting. And if, upon exam-
17 ination as aforesaid, the commissioners shall be
18 satisfied that such bank is unable to pay its debts,
19 or that its condition is such, as to render its fur-
20 ther progress hazardous to the public, they shall
21 appoint three disinterested receivers and require
22 of them a bond for the faithful discharge of their
23 trust, in such sum and with such sureties as they
24 shall determine. And such receivers shall pro-
25 ceed in the same manner and with the same
26 powers, as provided and granted in sections 68,
27 69 and 70 of chapter 77 of the Revised Statutes.

SECT. 2. If any bank shall continue its sus-
2 pension or refuse to pay any of its bills or de-
3 posits as aforesaid, longer than thirty days, it
4 shall forfeit its charter and the same is hereby
5 declared forfeited and void. Or if, having re-
6 sumed the payment of its bills and deposits,
7 within thirty days as aforesaid, it shall again sus-
8 pend or refuse to pay the same within six months
9 thereafter, it shall forfeit its charter. And it shall
10 be the duty of the bank commissioners, in either
11 case as aforesaid, to appoint receivers, whose
12 duties, powers and responsibilities shall be the
13 same as provided in the first section of this act.

SECT. 3. It shall be the duty of any bank to
2 deliver to receivers, who may have been ap-
3 pointed to close its affairs, on demand made by
4 such receivers, all its books, papers, property,
5 estates and demands. And if any president,
6 director, cashier, or other officer or servant of
7 any bank, shall violate the provisions of this
8 section, he or they so offending shall, on con-
9 viction, be punished by imprisonment for not
10 less than three, nor more than ten years.

SECT. 4. The liability of stockholders for the
2 debts of a bank, as provided in chapter seventy
3 seven, section forty one, of the Revised Statutes,
4 shall continue for one year after they may have
5 made a bona fide transfer of their stock. And,
6 whenever receivers shall be appointed to close
7 the affairs of any bank, all persons and corpo-
8 rations at that time liable for the debts of such
9 bank, shall continue so liable, until the affairs of
10 such bank shall be finally closed. And if the
11 receivers shall be unable, within one year from
12 the time of their appointment, to pay all the
13 debts due from such bank, from the proceeds of
14 the corporate property, then they shall give
15 notice to all persons and corporations, who are

16 liable in their private capacity, for the debts of
17 such bank, to make up whatever deficiency may
18 exist; and if such persons or corporations shall
19 neglect to pay such deficiency, within thirty
20 days after such notice, the said receivers may
21 cause suits to be commenced, in their name, in
22 behalf of the creditors of such bank, against
23 such persons or corporations, and may prosecute
24 the same to final judgment.

SECT. 5. It shall be the duty of said receivers,
2 to give such public notice of their appointment,
3 as they may judge necessary, requesting all
4 creditors of the bank, to which they are ap-
5 pointed receivers, to present to them their claims
6 against such bank. And said receivers, after
7 deducting all necessary expenses and costs, shall
8 distribute the proceeds of the corporate prop-
9 erty, and whatever they may recover on account
10 of liabilities of stockholders or directors, among
11 the creditors of such bank in proportion to the
12 amount of debts due them from such bank,
13 giving preference in such distribution to the
14 creditors in the following order, viz: first, bill-
15 holders—second, depositors—third, all other
16 creditors; and said receivers shall distribute

17 whatever may remain among the stockholders,
18 in proportion to the amount of stock they hold.

SECT. 6. All banks, whose charters have ex-
2 pired, or may hereafter expire, or whose char-
3 ters have been or may hereafter be surrendered,
4 shall continue subject to all the provisions and
5 penalties heretofore contained in this act, during
6 the time allowed their stockholders to act in
7 their corporate capacity for the purpose of clos-
8 ing their concerns. And it shall be the duty of
9 the bank commissioners to proceed against any
10 such bank, in the same manner, as against
11 banks whose charters have not expired or been
12 surrendered.

SECT. 7. From and after the first day of July
2 next, no bank shall issue any bills, make any
3 loans or renew more than seventy five per cent.
4 of any demands due it, when the amount of its
5 bills in circulation, compared with the amount of
6 specie in its vaults, shall exceed the ratio of
7 eight to one. And from and after the first day
8 of July, A. D. eighteen hundred and forty three,
9 the same prohibition shall apply, when the
10 amount of its bills in circulation compared with
11 the amount of specie in its vaults, shall exceed

12 the ratio of seven to one. And from and
13 after the first day of July, A. D. eighteen hun-
14 dred and forty four, the same prohibition shall
15 apply, when the amount of its bills in circulation
16 compared with the amount of specie in its vaults,
17 shall exceed the ratio of six to one. *Provided,*
18 *however,* that the foregoing prohibitions contained
19 in this section, shall not take effect in any case,
20 nor for any purpose, until twenty days next after
21 any bank shall have violated the foregoing ratios.
22 And all the bills of a bank, taken therefrom for
23 any purpose whatever, shall be deemed a part of
24 its circulation.

SECT. 8. If any bank shall violate the provis-
2 ions of the preceding section it shall forfeit its
3 charter. And it shall be the duty of the bank
4 commissioners to appoint receivers to such bank,
5 and said receivers shall proceed in the manner
6 heretofore provided in this act. And after the
7 appointment of receivers, the officers and ser-
8 vants of such bank and all the stockholders and
9 persons and corporations having held stock in
10 such bank, shall be subject to all the duties, lia-
11 bilities, restrictions and penalties in such case
12 made and provided in this act.

SECT. 9. It shall be the duty of the bank
2 commissioners whenever they have cause to
3 suspect that any bank is insolvent, or that its
4 condition is such as to render its further pro-
5 gress hazardous to the public, or to those having
6 funds in its custody, to examine into the condi-
7 tion of such bank, and if in their opinion the
8 public interest requires it, they shall appoint
9 receivers to such bank, and said receivers shall
10 proceed in the manner heretofore provided in
11 this act. And after the appointment of receiv-
12 ers, the officers and servants of such bank, and
13 all the stockholders and persons and corpora-
14 tions having held stock in such bank, shall be
15 subject to all the duties, liabilities, restrictions
16 and penalties in such cases made and provided
17 in this act.

SECT. 10. No bank after the first day of Sep-
2 tember next shall have or hold an amount of
3 real estate and debts due it, including all notes,
4 bills of exchange, and all stocks and funded
5 debts, of every description, (but not including
6 balances due from other banks or the bills of
7 other banks,) which shall exceed the amount of
8 its capital stock more than seventy five per
9 cent.

SECT. 11. No bank after the first day of September next, shall have in circulation at any time an amount in bills which, compared with the amount of its capital stock actually paid in, shall exceed the following proportions, viz: a bank with a capital of fifty thousand dollars, eighty per cent. of its capital—of sixty thousand dollars, seventy five per cent.—of seventy five thousand dollars, sixty five per cent.—of one hundred thousand dollars, sixty per cent.—of one hundred and twenty five thousand dollars, fifty per cent.—of one hundred and fifty thousand dollars, forty five per cent.—of two hundred thousand dollars and over, forty per cent. A bank with a capital of any intermediate amount shall not exceed, in its circulation, the proportion above established for the banks next below it, in amount of capital.

SECT. 12. No bank, after the first day of September next, shall have in circulation at any time, of bills of a less denomination than five dollars, more than ten per cent. of the aggregate amount of bills which it is allowed to have in circulation by the provisions of the preceding section.

SECT. 13. The cashier of each bank shall
2 keep an account showing weekly, by balance,
3 the amount of its bills in circulation, of debts
4 due it, of every description, and as near as may
5 be, of the amount of bills in circulation of a less
6 denomination than five dollars.

SECT. 14. If any bank shall violate any of the
2 provisions of the four preceding sections, it shall
3 forfeit the sum of five hundred dollars for the
4 use of the State. And whenever the bank com-
5 missioners shall have cause to suspect that any
6 bank has violated said provisions, they shall
7 examine such bank forthwith, and if it appears
8 that such bank has violated said provisions, they
9 shall notify the State treasurer, who shall forth-
10 with cause a suit to be instituted in his name in
11 behalf of the State for the recovery of the
12 amount so forfeited, unless the same shall be
13 paid by such bank. And if any bank, within
14 six months after a violation of any of the said
15 provisions of the four preceding sections, shall
16 refuse to pay any of its bills, and continue its
17 refusal more than thirty days, all the directors of
18 such bank shall be deemed guilty of a misde-
19 meanor, unless they can show that they had no

20 agency in such violation, and on conviction
21 thereof shall be liable to fine not exceeding one
22 thousand dollars, or to imprisonment not exceed-
23 ing one year, or both, at the discretion of the
24 court.

SECT. 15. From and after the passage of this
2 act, there shall be four bank commissioners, who
3 shall be appointed as provided in chapter 77 of
4 the Revised Statutes, two of whom shall be resi-
5 dents of the western district and two of the east-
6 ern district, who shall discharge in their respect-
7 ive districts all the duties imposed by law upon
8 the bank commissioners. The counties of Lin-
9 coln, Kennebec and Somerset, and all the coun-
10 ties west of the aforesaid counties, shall compose
11 the western district; and all the counties east of
12 the aforesaid counties shall compose the eastern
13 district.

SECT. 16. If any person after the passage of
2 this act, shall bring into this State any bill issued
3 by any bank not established in this State, or by
4 any banker or person whatever, of a denomina-
5 tion less than five dollars or of any intermediate
6 denomination between five and ten or ten and
7 twenty dollars, with the intent to put the same

8 into circulation in this State, or shall pass or
9 attempt to pass the same, directly or indirectly, or
10 leave the same in this State so that it may be put
11 in circulation, such person shall forfeit and pay
12 for each and every such offence a sum not less
13 than one hundred nor more than five hundred
14 dollars; *Provided*, that the penalty in no case
15 shall exceed ten times the amount of bills brought
16 in as aforesaid; and if any person from and after
17 the first day of June next shall receive in this
18 State any bill of the kind and denomination
19 aforesaid in this section, and shall pass or
20 attempt to pass or put in circulation directly or
21 indirectly, any such bill as aforesaid in this sec-
22 tion, such person shall forfeit and pay for such
23 offence ten dollars, and if such offence be re-
24 peated by any person, such person shall forfeit
25 and pay twenty dollars. *Provided, however*, that
26 any person may so far pass any bill prohibited by
27 this act, as to pass or pay the same directly into
28 any bank whatever.

SECT. 17. It shall be the duty of the attorney
2 [general] and county attornies to prosecute for all
3 offences against the preceding section, which may
4 come to their knowledge. And any fine or forfei-

5 ture, for any violation of the provisions of the said
6 preceding section, may be recovered by an
7 action of debt to the use of any person who
8 shall first sue therefor: *Provided, however,* that
9 when such fine or forfeiture, so recovered, is
10 fifty dollars or upwards, one half shall be to the
11 use of the State. Also, any fine or forfeiture,
12 as aforesaid, may be recovered to the use of the
13 State, by complaint before any justice of the
14 peace, when such fine or forfeiture is not more
15 than twenty dollars, or by indictment in any
16 court of competent jurisdiction.

SECT. 18. All the provisions of chapter sev-
2 enty seven of the Revised Statutes, inconsistent
3 with the provisions of this act, are hereby re-
4 pealed.

STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }
February 28, 1842. }

The foregoing Bill was laid on the table and 300 copies ordered to be printed for the use of the Legislature.

Attest,

WM. T. JOHNSON, *Clerk.*