

MAINE STATE LEGISLATURE

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DOCUMENTS

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THE LEGISLATURE

OF THE

STATE OF MAINE,

DURING ITS SESSION

A. D. 1853.

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1853.

THIRTY-SECOND LEGISLATURE.

HOUSE.]

[No. 17.

REPORT

OF THE

COMMITTEE ON BANKS AND BANKING.

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THE Joint Standing Committee, to whom was referred an order, directing them to inquire into and report what amount of increase in banking capital is required by the business wants of the State, and an order respecting violations of the law by the banks of this State, and whether the bank commissioners have performed their duty by their partial report of abuses of the law by the banks of this State, ask leave to

### REPORT:

That having had under consideration numerous petitions for new banks and increase of capital amounting to about three millions dollars, they decided to limit the increase to a sum not exceeding sixteen hundred thousand dollars; and after hearing the petitioners and carefully scrutinizing their ability and the wants of different sections, have apportioned the increase as follows:

|                    |          |
|--------------------|----------|
| Washington county, | \$75,000 |
| Hancock “          | 50,000   |
| Waldo “            | 100,000  |
| Lincoln “          | 300,000  |
| Penobscot, “       | 300,000  |
| Kennebec, “        | 225,000  |
| Franklin, “        | 50,000   |
| Cumberland, “      | 300,000  |
| Oxford “           | 50,000   |
| Somerset “         | 100,000  |

Your committee find from examination of the bank commissioners' report, the following banks have violated the law in the manner set forth below :

**AUGUSTA BANK.**—Excess of loan, \$8,608.

**BANK OF THE STATE OF MAINE.**—Liability of one director, \$52,953, being an excess of amount allowed by law, \$32,953. The President of this bank wished the committee to state that it was the endorsement of business drafts by a firm of which one of the directors was a partner.

**BELFAST BANK.**—Excess of loan, \$6,379.

**BRUNSWICK BANK.**—Excess of greatest liability one director, \$6,066.

**EASTERN BANK—BANGOR.**—Excess of circulation, \$8,395. Excess of loan, \$2,208. The greatest liability of any one director is returned as being \$8,222, while the liability of President and Directors is set down at \$55,468 ; which divided equally among the five directors, would make the liability of each, \$11,090, being \$3,090 more than allowed by law.

**FRONTIER BANK—EASTPORT.**—Excess of liability of President and Directors, \$6,398.

**FREEMANS BANK—AUGUSTA.**—Slight excess of loan and circulation, with nearly its entire capital in the check of one individual.

**GARDINER BANK.**—Excess of loan, \$20,304.

**NORTHERN BANK—HALLOWELL.**—Excess of loan, \$11,238. Amount liabilities President and Directors, \$42,818, being \$17,818 more than allowed by law, with small excess of circulation.

**SOUTH BERWICK BANK.**—Excess of circulation, \$6,794.

**SKOWHEGAN BANK.**—Excess of liabilities of President and Directors, \$34,862. Excess of any one director, \$46,098.

**VEAZIE BANK.**—Excess of circulation, \$10,464. Excess of loan, \$84,278. Excess of liability of any one Director, \$30,518. Bills payable, a new item in bank returns, \$50,000.

**YORK BANK.**—Excess of circulation, \$5,776. Excess of liability of any one Director, \$10,000.

The bank commissioners in their report refer in general terms to violations of law by several banks, but think reflection will lead to repentance, and therefore withhold their names. Whether they refer to other violations than can be gathered from their report, your committee are unable to say. But from evidence before them they are of opinion that many banks are constantly violating rules and restrictions, which it is the duty of the bank commissioners to notice, and which are becoming more common by that neglect of duty.

By law it is the duty of the bank commissioners "at least once a year to inquire into and examine the transactions of the several banks incorporated in this state, and to ascertain the condition of the same, and whether there has been any departure by brokerage or otherwise from the ordinary business of banking associations," and make report of the same; and if upon examination of any bank, the commissioners shall be satisfied it has exceeded its powers, or has failed to comply with all the rules, restrictions, and conditions provided by law, they may apply to the supreme court for an injunction. It is further made the duty of the commissioners, to "note all over issues as shown by the weekly balances of the cashiers, and report to the governor and council;" and whenever by such report any bank has put in circulation a larger amount than authorized, it shall be the duty of the secretary of state to

notify the attorney general, who shall forthwith prosecute the bank for the penalty of ten per cent. on such over issue.

The publication of the bank commissioners' report is for the purpose of giving information to the legislature and people—to give that so as to be readily understood—any excess of circulation, loan or liability should be noted in the return of each bank, so that it can readily be seen without going into arithmetical calculations, what banks have exceeded their limits.

If it was deemed wise to adopt laws for the safety of the public, and to appoint men to see if they are complied with, it becomes the duty of the commissioners "to carefully examine the banks, and it is equally for the welfare of the community and every well conducted bank that they should fearlessly expose and prosecute every violation of law."

All of which is respectfully submitted,

WALDO T. PIERCE,

*Per order.*

## STATE OF MAINE.

HOUSE OF REPRESENTATIVES, }  
Feb. 23, 1853. }

ORDERED, That 350 copies of the foregoing report, reported by the Committee on Banks and Banking, be printed for the use of the Legislature.

A. B. FARWELL, *Clerk.*