

MAINE STATE LEGISLATURE

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FIFTY-SIXTH LEGISLATURE.

HOUSE.

No. 9.

STATE OF MAINE.

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

AN ACT to revise and consolidate the laws relating to the government, powers, duties, privileges and liabilities of Savings Banks and Institutions for Savings.

Be it enacted by the Senate and House of Representatives in Legislature assembled, as follows :

SECTION 1. Savings banks and institutions incorporated under the authority of this state, may exercise the powers and shall be governed by the rules and be subject to the duties, liabilities and provisions in their charters, in the following sections, and in the general laws relating to corporations, unless otherwise specially provided.

SECT. 2. The officers of every such corporation shall consist of a president, treasurer, and when in the opinion of the trustees necessary, an assistant treasurer, and not less than five trustees, who shall elect

5 from their number, or otherwise, such other officers as
6 they may see fit.

SECT. 3. Such officers shall be sworn to the faithful
2 performance of the duties of their office, and shall hold
3 their several offices until others are chosen and quali-
4 fied in their stead.

SECT. 4. The members of the corporation shall
2 annually, at such times as may be provided in their
3 by-laws, elect from their number not less than five
4 trustees, who shall have the entire supervision and
5 management of the affairs of the institution, except so
6 far as may be otherwise provided by their by-laws.
7 Any trustee who shall become a trustee or officer in
8 any other savings corporation, shall thereby vacate his
9 office as such trustee.

SECT. 5. The trustees, immediately after their
2 election and qualification, shall elect one of their
3 number for president, who shall also be president of
4 the corporation. They shall also elect a treasurer,
5 and when deemed necessary, an assistant treasurer, to
6 hold their offices during the pleasure of the trustees.
7 The treasurer, and in his absence the assistant treas-
8 urer, if there is one, shall be *ex-officio* clerk of the
9 corporation, and of the trustees. The treasurer and
10 assistant treasurer shall give bonds to the corporation
11 for the faithful discharge of the duties of their offices

12 in such sums as the trustees may decide to be necessary
13 for the safety of the funds, and such bonds hereafter
14 given shall continue and be valid from year to year so
15 long as they may be elected and hold said offices, sub-
16 ject to renewal whenever ordered by the trustees or
17 bank examiner. Said bonds shall be recorded upon
18 the books of the institutions, and the bank examiner
19 shall annually examine the same and inquire into and
20 certify to the sufficiency thereof, and when he shall
21 deem any such bond insufficient, he shall order a new
22 bond to be given within a time by him specified.
23 They shall receive a compensation to be fixed by the
24 trustees. The trustees may receive such compensation
25 for their services in making examinations and returns
26 required by their by-laws and the laws of the state,
27 as may be fixed by the corporation at any legal
28 meeting thereof.

SECT. 6. If any office becomes vacant during the
2 year, the trustees may appoint a person to fill the
3 same until it is filled at the next annual meeting.

SECT. 7. Such corporations may at any time hold
2 special meetings by order of the trustees; and the
3 treasurer shall also call special meetings upon appli-
4 cation in writing of ten members of the corporation.
5 Seven days previous notice of all annual meetings
6 shall be given by public advertisement in some news-

7 paper of the county where the corporation is estab-
8 lished, or if there is no such paper, then in the state
9 paper.

SECT. 8. Every such corporation may, at a legal
2 meeting, by a majority of at least two-thirds of those
3 present, elect by ballot any citizen of this state to be
4 a member thereof. No person shall continue to be a
5 member after removing from the state. Any member
6 of the corporation who shall fail to attend the annual
7 meetings for two successive years shall cease to be a
8 member unless re-elected by a vote of the corporation.

SECT. 9. Every such corporation may receive on
2 deposit for the use and benefit of depositors sums of
3 money offered for that purpose ; but shall not receive
4 from any one depositor, directly or indirectly, over two
5 thousand dollars, and no interest shall be paid to any
6 one depositor for any amount of deposit over said sum,
7 except for deposits by widows, orphans, administrators,
8 executors, guardians, charitable institutions, and as
9 trust funds. The trustees shall have power to refuse
10 any deposit at their pleasure.

SECT. 10. Savings banks and institutions for savings
2 are restricted to and hereafter may invest their de-
3 posits in the public funds of any of the New England
4 states, including the bonds of the counties, cities, and
5 towns of the same ; in the public funds of the United

6 States; in the stock of any bank or banking asso-
7 ciation incorporated under authority of this state or
8 of the United States; in the first mortgage bonds of
9 any railroad company incorporated under the authority
10 of this state, which is in possession of, and operating
11 its own road, and which has earned and paid regular
12 dividends of not less than six per cent. per annum for
13 two years next preceding such investment; in the
14 stocks of any such railroad company which is unen-
15 cumbered by mortgage; in the stock and bonds of any
16 other corporations incorporated under the authority of
17 this state which earn and are paying regular dividends
18 of not less than six per cent. per annum; and may
19 invest by loan on first mortgages of real estate situ-
20 ated in this state not exceeding sixty per cent. of its
21 value; and may loan to any county, city or town;
22 and on notes with a pledge as collateral of any of the
23 aforesaid securities, including its own savings bank
24 books, and the stock of any of said railroad companies,
25 not over seventy-five per cent. of the market value of
26 such stock; and may loan to said corporations on per-
27 sonal securities, with at least two good and sufficient
28 sureties, when the securities pledged are their own
29 bonds and stock. All investments shall be charged
30 and entered on the books of the bank at their cost to
31 the bank, or at par when a premium is paid.

SECT. 11. Any savings bank or institution for sav-
2 ings shall have authority to hold real estate to an
3 amount not exceeding five per cent. of its deposits,
4 and no part of said amount shall be invested in real
5 estate, except in the purchase of a building or a site,
6 and the erection and preparation of a suitable building
7 to be used for banking purposes ; *provided*, that such
8 corporation shall not hold real estate for the purpose
9 aforesaid, exceeding one hundred thousand dollars in
10 value.

SECT. 12. No savings bank or institution for savings
2 shall hold, by way of investment or as security for
3 loans, or both, more than one-fifth of the capital stock
4 of any corporation, nor invest more than ten per cent.
5 of its deposits, and not to exceed sixty thousand dol-
6 lars, in the capital stock of any corporation, nor have
7 more than seventy-five per cent. of its deposits in
8 mortgages of real estate. The provisions of sections
9 ten, eleven and twelve shall not apply to real estate
10 acquired by the foreclosure of a mortgage thereon, or
11 upon judgments for debts, or in settlements to secure
12 debts.

SECT. 13. Savings banks may deposit on call in
2 banks or banking associations incorporated under the
3 authority of this state, or the laws of the United
4 States, and receive interest for the same.

SECT. 14. The trustees shall see to the proper investment of deposits and funds of the corporation in the manner hereinbefore prescribed. No loan shall be made directly or indirectly to any of the trustees, or any firm of which he is a member.

SECT. 15. Every savings bank and institution for savings incorporated under the laws of this state shall semi-annually, on the last Saturday of April and October in each year, make a return signed and sworn to by its treasurer, of the average amount of its deposits for the six months next preceding each of said days, deducting an amount equal to the amount of United States bonds, and the value of real estate, owned by said bank or institution. Said return shall be made to the treasurer of the state on or before the second Monday of May and November of each year, and for wilfully making a false return, he shall be liable to pay a fine of not less than five hundred nor more than five thousand dollars. The treasurer shall pay to the treasurer of the state a tax on account of its deposits of one-half of one per cent. per annum on the amount of its deposits as in said return. One-half of said tax to be assessed on the average amount on deposit for the six months ending and including the last Saturday in April, and the other half on the average on deposit for the six months ending and including the last

22 Saturday in October. One-half of the sum so paid to
23 be appropriated for the use of schools, as provided in
24 chapter eleven, section ninety-one of the revised
25 statutes, and one-half to the use of the state. The
26 taxes imposed by this section shall be paid semi-
27 annually within ten days after the first Mondays of
28 June and December.

SECT. 16. Every savings bank or institution for
2 savings neglecting to pay the taxes imposed by section
3 fifteen of this act, shall be liable for the same with
4 costs and interest in an action of contract in the name
5 of the state at the suit of the treasurer.

SECT. 17. All deposits of savings banks in this state
2 shall be exempted from municipal taxation to the bank
3 or to the depositor, excepting real estate owned by
4 the bank and not held as collateral security, which
5 may be taxed by the city or town in which the same
6 is located.

SECT. 18. No gift, fee, commission, or brokerage,
2 shall be received by any officer of a savings bank, on
3 account of any transaction to which the bank is a
4 party, under a penalty for each offence of one hundred
5 dollars, to be recovered in an action of debt, in the
6 name and to the use of the state; *provided*, that
7 nothing herein contained shall apply to any expenses
8 of examining titles and making conveyances upon

9 loans made by savings banks. Parties making any
10 loan from a savings bank shall pay all expenses in-
11 curred by reason of making the same.

SECT. 19. The trustees shall, after passing to the
2 reserve fund one-fourth of one per cent. not subject to
3 be divided, declare dividends, not to exceed two and
4 one-half per cent. semi-annually, except as hereinafter
5 provided, at such times as may be required by their
6 by-laws, among depositors of three months' standing at
7 least, before dividend day. The corporation may by
8 their by-laws include deposits of less standing. The
9 reserve fund shall be kept constantly on hand, to
10 secure against losses and contingencies, until the said
11 reserved fund amounts to five per cent. of their assets.
12 All losses shall be passed to the debit of said account.
13 And when said reserved fund amounts to five per
14 cent. of the assets of any bank, all net profits there-
15 after made by said banks may be divided every three
16 years ratably among the depositors of one, two and
17 three full years' standing, as extra dividends. No
18 dividends or interest shall be declared, credited or
19 paid, except by the authority of a vote of the board
20 of trustees, duly entered upon their records, whereon
21 shall be recorded the yeas and nays upon such vote.
22 Trustees of savings banks and savings institutions are

23 prohibited from making any semi-annual dividend of a
24 rate per cent. which will make the aggregate amount
25 of said dividend greater than the actual earning of the
26 bank or institution on hand.

SECT. 20. No deposit shall be received under any
2 agreement to pay any specified sum of interest for its
3 use, other than regular semi-annual and extra divi-
4 dends.

SECT. 21. No savings bank shall be required or
2 obliged to pay any depositor five hundred dollars or
3 less, until after thirty days' notice, nor any sum ex-
4 ceeding five hundred dollars, until after sixty days'
5 notice.

SECT. 22. No treasurer of any savings bank, the
2 deposits of which exceed one hundred and fifty thou-
3 sand dollars, shall be cashier in a national or stock
4 bank; and if the treasurer of a savings bank, having
5 deposits not exceeding one hundred and fifty thousand
6 dollars, is cashier in a national or stock bank, not
7 more than one trustee of the savings bank shall be a
8 director, nor more than two trustees shall be stock-
9 holders in the national or stock bank so connected
10 therewith. All coin, bills, notes, bonds, securities
11 and evidences of debt comprising the assets of said
12 savings bank connected with a national or stock bank,
13 shall be kept separate and apart from the assets or

14 property of such national or stock bank, and shall also
15 be kept separate and apart from the assets or property
16 of any other bank, banker, corporation, partnership,
17 individual or firm.

SECT. 23. All securities owned or held by savings
2 banks, shall be kept within this state.

SECT. 24. The treasurer of every savings bank shall,
2 on Saturday of each and every week, make and de-
3 clare a trial balance, which shall be recorded in a book
4 kept for that purpose, and said book shall be open at
5 all times for the inspection of the trustees, corporators
6 and examiner of banks.

SECT. 25. It shall be the duty of treasurers of sav-
2 ings banks, on the first day of April in each year, to
3 return to the assessors of cities, towns and plantations
4 in this state, where persons reside who own bank stock
6 which is pledged or transferred to said bank as collat-
7 eral security for loans, the names of persons pledging
8 or transferring such stock and the amount of the same ;
9 and stock so pledged or transferred by persons resid-
10 ing out of the state shall be returned by the treasurers
11 in the same manner to the assessors of the cities or
12 towns, in which the bank whose stock is so pledged or
13 transferred is located. For the purposes of taxation,
14 bank stock so pledged or transferred as collateral

15 security for loans, shall be deemed the property of the
16 persons so pledging or transferring it.

SECT. 26. When the person to whom a book of
2 deposit was issued shall notify in writing the treasurer
3 of the bank issuing the same, that such book is lost,
4 and that such person desires to have a duplicate book
5 of deposit issued to him, said treasurer shall give pub-
6 lic notice of such application by publishing at the ex-
7 pense of such applicant an advertisement for three
8 weeks successively, in some newspaper published in
9 the town in which said bank is located, or if none is
10 published in said town then in one published in the
11 county, or if none is published in the county, then in
12 the state paper. If such missing deposit book shall
13 not have been presented to the treasurer of said bank
14 within six months after the last advertisement, then
15 said treasurer shall issue a duplicate book of deposit
16 to the person thus requesting the same, and such de-
17 livery of a duplicate shall relieve said bank from all
18 liability on account of the original book of deposit so
19 advertised.

SECT. 27. The treasurer of every savings bank and
2 institution shall annually make return of the con-
3 dition and standing thereof at such time as the bank
4 examiner may designate, which return shall be made
5 to the bank examiner within fifteen days after the day

6 designated in the blank form of such return which
7 shall be furnished to every such bank or institution by
8 the examiner.

SECT. 28. The treasurer has full power to assign,
2 discharge and foreclose mortgages, and convey real
3 estate held as security for loans, or the title of which
4 accrued from foreclosure of mortgages, or judgments
5 of courts.

SECT. 29. The trustees shall cause all real estate of
2 an insurable character held by them absolutely, or in
3 mortgage, to be fully insured, the expense of which
4 in case of mortgage, shall be added to the amount of
5 the mortgage debt to be refunded in case of redemp-
6 tion.

SECT. 30. No officer of the corporation shall use or
2 appropriate any of its funds to his own private pur-
3 poses, under the penalties imposed by law for embez-
4 zlement.

SECT. 31. Money deposited by a married woman or
2 minor is the property of and to be paid to the deposi-
3 tor or order, and is not the property of the husband or
4 parents; and such depositors may maintain actions in
5 their own names against the bank to recover their
6 deposits; but this section shall not apply to any money
7 fraudulently deposited by or in the name of a married
8 woman or minor, belonging to a third person. The

9 receipts of such married woman or minor for such
10 deposits and interest or any part thereof, shall be a
11 valid release and discharge to the corporation.

SECT. 32. Two of the trustees, at least, shall once
2 in each year, thoroughly examine the affairs of the
3 corporation, settle the treasurer's account, and report
4 under oath to the bank examiner the standing of the
5 corporation, the situation of its funds, and all other
6 matters which the examiner requires, in manner and
7 according to the form he prescribes. And the exam-
8 iner shall seasonably give notice of the time and fur-
9 nish blanks for said examination and return.

SECT. 33. Savings institutions and trust and loan
2 associations shall be under the charge of the bank
3 examiner for the purposes of examination. He shall
4 visit every savings bank, institution for savings and
5 trust and loan association, incorporated by authority
6 of this state, once in every year, and as much oftener
7 as he may deem expedient. At such visits he shall
8 have free access to the vaults, books and papers, and
9 shall thoroughly inspect and examine all the affairs of
10 each of said corporations, and make such inquiries as
11 may be necessary to ascertain its condition, ability to
12 fulfil all its engagements, and whether it has complied
13 with the provisions of law. He shall preserve in a
14 permanent form a full record of his proceedings, in-

15 cluding a statement of the condition of each of said
16 corporations, a copy of which statement shall be pub-
17 lished by such corporation immediately after the
18 examination of the same in a newspaper in the place
19 where such corporation is established, or if there be
20 no newspaper in such place, then in a newspaper pub-
21 lished at the nearest place thereto.

SECT. 34. The examiner may summon all trustees,
2 officers or agents of any such corporation, and such
3 other witnesses as he thinks proper, in relation to the
4 affairs, transactions and condition of such corporation,
5 and for that purpose may administer oaths; and who-
6 ever refuses, without justifiable cause, to appear and
testify when thereto required, or obstructs said exam-
8 iner in the discharge of his duty, shall be punished by
9 a fine not exceeding one thousand dollars, or impris-
10 onment for a term not exceeding two years.

SECT. 35. If, upon examination of any such corpo-
2 ration, the examiner is of the opinion that the same is
3 insolvent, or that its condition is such as to render its
4 further proceedings hazardous to the public or those
5 having funds in its custody, he shall apply, or if upon
6 such examination he is of opinion that such corporation
7 has exceeded its powers or failed to comply with any
8 of the rules, restrictions or conditions provided by law,
9 he may apply to one of the justices of the supreme

10 judicial court to issue an injunction to restrain such
11 corporation in whole or in part from further proceed-
12 ing with its business until a hearing can be had.
13 Such justice may forthwith issue process for such pur-
14 pose, and after a full hearing of the corporation, may
15 dissolve or modify the injunction, or make the same
16 perpetual, and make such orders and decrees to sus-
17 pend, restrain or prohibit the further prosecution of
18 the business of the corporation, as may be needful in
19 the premises, according to the course of proceedings
20 in equity ; and he may appoint one or more receivers
21 or trustees to take possession of the property and
22 effects of the corporation, subject to such rules and
23 orders as may from time to time be prescribed by the
24 supreme judicial court, or any justice thereof in vaca-
25 tion. Such receivers or trustees shall annually in the
26 month of November, and at such other times as the
27 bank examiner may require, make a report to him of
28 the progress made in the settlement of the affairs of
29 said corporation, and the examiner shall seasonably
30 give notice of the time and furnish blanks for the
31 report.

SECT. 36. Whenever any savings banks, institution
2 for savings, or trust and loan association, shall be in-
3 solvent by reason of loss on, or by depreciation in the
4 value of, any of its assets, any judge of the supreme

5 judicial court, in connection with the bank examiner,
6 shall on the written petition of a majority of the
7 trustees setting forth such fact of insolvency, appoint
8 a time and make an examination of the affairs of such
9 corporation ; and if upon examination of its assets and
10 liabilities, and from other evidence produced, they
11 shall be satisfied of the fact set forth in said petition,
12 and that such corporation has not exceeded its powers,
13 nor failed to comply with any of the rules, restrictions
14 or conditions provided by law, they may, if they shall
15 judge it for the interest of the depositors and the pub-
16 lic, reduce the deposit account of each depositor so as
17 to divide such loss equitably amongst the depositors,
18 thereby rendering the corporation solvent, so that its
19 further proceedings would not be hazardous to the
20 public or those having or placing funds in its custody ;
21 *provided, however,* if said bank shall afterwards realize
22 from the assets so depreciated a greater sum than that
23 fixed upon by the judge and examiner, the excess so
24 realized may be divided and credited to the accounts
25 of the depositors which had been thus reduced, but to
26 the extent only of such reduction. No deposit shall
27 be received or paid in whole or in part after the date
28 of such petition, until the deposit accounts are reduced
29 as herein provided. The bank examiner shall not
30 proceed under section thirty-six upon an examination

31 made in connection with a judge as herein required,
32 unless the judge of the supreme judicial court and
33 bank examiner refuse to make the reduction of the
34 deposit accounts.

SECT. 37. The examiner shall annually, on or before
2 the first day of December, make a report to the gover-
3 nor and council, of the general conduct and condition
4 of each of the banks visited by him, making such
5 suggestions as he deems expedient. Such report shall
6 be printed and laid before the legislature at its next
7 session, and one copy sent to each savings bank in
8 the state by the secretary of state.

SECT. 38. If, in the opinion of the examiner, any
2 savings bank or its officers or trustees shall be found
3 to have persistently violated any law in relation to
4 savings banks or institutions for savings, he shall
5 forthwith report the same, with such remarks as he
6 deems expedient, to the attorney general, who shall
7 forthwith institute a prosecution for such violation in
8 behalf of the state. The penalty for such violation,
9 unless otherwise prescribed, shall not be less than one
10 hundred dollars nor more than five hundred dollars.

SECT. 39. Savings banks and institutions for savings
2 that have exercised the privileges of a savings bank or
3 institution for savings and done business as such for

4 the term of one year, shall be held to be legally
5 organized.

SECT. 40. The clerks of savings banks or institutions
2 for savings shall make return of the annual election of
3 officers to the bank examiner, within ten days after
4 their election and qualification.

SECT. 41. Any person or persons not authorized by
2 act of the legislature, who shall advertise his business
3 as that of a savings bank, or shall receive deposits
4 under pretence of conducting a savings bank, shall be
5 punished by a fine of one hundred dollars for each
6 offence ; but nothing in this act contained shall be
7 construed as prohibiting any person from advertising
8 his business as a banker, and offering to take and
9 taking deposits to be loaned upon such terms and con-
10 ditions as the depositor may prescribe.

SECT. 42. The powers, privileges, duties and re-
2 strictions, conferred and imposed upon any savings
3 corporations, by whatever name known, by its charter
4 or act of incorporation, are hereby abridged, enlarged
5 or modified, as each particular case may require, in
6 such manner that each and every such charter or act
7 of incorporation shall be made to conform to the pro-
8 visions of this act, and to such amendments as may be
9 made thereto ; and each and every such savings corpo-
10 ration shall possess the powers, rights and privileges,

11 and be subject to the duties and restrictions and lia-
12 bilities conferred and imposed by this act, anything in
13 their respective charters or acts of incorporation to the
14 contrary notwithstanding. But nothing in this act
15 shall be construed to affect the legality of investments
16 heretofore made, or the payment of interest at a rate
17 not exceeding six per cent. on deposits already made,
18 until the dividend next following the passage of this
19 act of transactions heretofore had, pursuant to any
20 provisions of law in force when such investments were
21 made, or transactions had, nor to require the change
22 of investments for those named in this act, except as
23 the same can be done gradually by the sale or redemp-
24 tion of the securities so invested in, in such manner as
25 to prevent loss or embarrassment in the business of
26 such corporation, or unnecessary loss or injury to the
27 borrowers on such securities. And the investments
28 hereafter in any securities not named in this act, or
29 the amendments that may be made thereto, shall be
30 deemed a misdemeanor, on the part of the trustees
31 authorizing, or officers making, the same; and such
32 trustees or officers shall be subject to the prosecutions
33 and punishments prescribed by law for that offence.

SECT. 43. All acts or parts of acts inconsistent with
2 this act are hereby repealed.

STATE OF MAINE.

IN HOUSE OF REPRESENTATIVES, }
January 17, 1877. }

Reported from the Committee on Banks and Banking by Mr. PILSBURY of Lewiston, and on his motion ordered printed with the several amendments proposed in sheet "A" incorporated into the bill.

ORAMANDAL SMITH, *Clerk.*