

FIFTY-SIXTH LEGISLATURE.

SENATE.

No. 24

STATE OF MAINE.

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

[S. 7.] 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 incorpo-2 rated under the authority of this state, may exercise 3 the powers and shall be governed by the rules and be 4 subject to the duties, liabilities and provisions in their 5 charters, in the following sections, and in the general 6 laws relating to corporations, unless otherwise specially 7 provided.

SECT. 2. The officers of every such corporation shall 2 consist of a president, treasurer, and when in the 3 opinion of the trustees necessary, an assistant treas-4 urer, and not less than five trustees, not more than

5 three of which shall be directors in any national bank,
6 nor more than two of whom shall be directors in the
7 same national bank, who shall elect from their number,
8 or otherwise, such other officers as 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 managemnt 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 Said bonds shall be recorded upon 17 bank examiner. 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 shall consist of 2 not less than thirty members, and may, at any legal 3 meeting, by a majority of at least two-thirds of those 4 present, elect by ballot any citizen of the county 5 wherein the corporation is located to be a member 6 thereof. No person shall continue to be a member after 7 removing from the state. Any member of the corpo-8 ration who shall fail to attend the annual meetings for 9 two successive years shall cease to be a member unless 10 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 municipal bonds of cities 9 of twenty thousand inhabitants or more of the states 10 of New York, Ohio, Indiana, Illinois, Michigan and 11 Missouri, and county bonds in the same states, when 12 not issued in aid of railroads; *provided*, that no invest-13 ments shall be made in the bonds of the several cities 14 and counties of the states of Indiana, Illinois and 15 Missouri, with the exception of the city of St. Louis, 16 in the state of Missouri, where the municipal indebt-17 ness of such city or county exceeds five per cent. of its 18 valuation; in the first mortgage bonds of any railroad 19 company or other corporation incorporated under the 20 authority of this state; in the stocks of any such rail-21 road company which is unencumbered by mortgage; 22 in the stock and bonds of any other corporations incor-23 porated under the authority of this state which earn 24 and are paying regular dividends of not less than six 25 per cent. per annum; and may invest by loan on first 26 mortgages of real estate situated in this state not ex-

27 ceeding sixty per cent. of its value; and may loan to 28 any county, city or town; and on notes with a pledge 29 as collateral of any of the aforesaid securities, includ-30 ing savings bank deposit books of any savings bank in 31 the state, and the stock of any of said railroad com-32 panies, not over seventy-five per cent. of the market 33 value of such stock; and may loan to said corporations 34 on personal securities, with at least two good and suffi-35 cient sureties, when the securities pledged are their 36 own bonds and stock; and may also loan on such other 37 personal securities connected with the home industries 38 of the state as in the judgment of the trustees it will 39 be safe and for the interest of the bank to accept. 40 All investments shall be charged and entered on the 41 books of the bank at their cost to the bank, or at par 42 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 or other assets acquired by the foreclosure of a mort-11 gage thereon, or upon judgments for debts, or in set-12 tlements to secure debts.

SECT. 13. Savings banks may deposit on call in 2 banks or banking sssociations 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 in-2 vestment of deposits and funds of the corporation in 3 the manner hereinbefore prescribed. No loan shall be 4 made directly or indirectly to any of the trustees, or 5 any firm of which he is a member.

SECT. 15. Every savings bank and institution for
2 savings incorporated under the laws of this state shall
3 semi-annually, on the last Saturday of April and Octo4 ber in each year, make a return signed and sworn to
5 by its treasurer, of the average amount of its deposits

6 for the six months next preceding each of said days, 7 deducting an amount equal to the amount of United 8 States bonds, and the value of real estate, owned by 9 said bank or institution. Said return shall be made 10 to the treasurer of the state on or before the second 11 Monday of May and November of each year, and for 12 wilfully making a false return, he shall be liable to 13 pay a fine of not less than five hundred nor more than 14 five thousand dollars. The treasurer shall pay to the 15 treasurer of the state a tax on account of its deposits 16 one per cent. per annum on the amount of its deposits 17 as in said return. One-half of said tax to be assessed 18 on the average amount on deposit for the six months 19 ending and including the last Saturday in April; and 20 the other half on the average on deposit for the six 21 months ending and including the last Saturday in One-half of the sum so paid to be appro-22 October. 23 priated for the use of schools, as provided in chapter 24 eleven, section ninety-one of the revised statutes, and The taxes imposed 25 one-half to the use of the state. 26 by this section shall be paid semi-annually within 27 ten days after the first Mondays of June and Decem-28 ber.

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 debt 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. of the average 3 amount of deposits for the six months previous to 4 declaring a dividend, not subject to be divided, 5 declare dividends, not to exceed two and one-half 6 per cent. semi-annually, except as hereinafter pro-

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7 vided, at such times as may be required by their 8 by-laws, among depositors of three months' standing at 9 least, before dividend day. The corporation may by 10 their by-laws include deposits of less standing. The 11 reserve fund shall be kept constantly on hand, to 12 secure against losses and contingencies, until the said 13 reserved fund amounts to five per cent. of their assets. 14 All losses shall be passed to the debit of said account. 15 And when said reserved fund amounts to five per 16 cent. of the assets of any bank, all net profits there-17 after made by said banks shall be divided every three 18 years ratably among the depositors of one, two and 19 three full years' standing, as extra dividends. No 20 dividends or interest shall be declared, credited or 21 paid, except by the authority of a vote of the board 22 of trustees, duly entered upon their records, whereon 23 shall be recorded the yeas and nays upon such vote. 24 Trustees of savings banks and savings institutions are 25 prohibited from making any semi-annual dividend of a 26 rate per cent. which will make the aggregate amount 27 of said dividend greater than the actual earning of the 28 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 All coin, bills, notes, bonds, securities 10 therewith. 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 power, under the direc-2 tion of the trustees, to assign, discharge and foreclose 3 mortgages, and convey real estate held as security for 4 loans, or the title of which accrued from foreclosure 5 of mortgages, or judgments of courts. e.

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 7 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.

If, upon examination of any such corpo-SECT. 35. 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, without the fault of the 5 trustees thereof, the supreme judicial court in term 6 time, or any justice thereof in vacation, shall on peti-7 tion in writing of a majority of the trustees, and the 8 bank examiner, setting forth such facts, appoint a 9 time for the examination of the affairs of such corpo-10 ration, and cause notice thereof to be given to all

11 parties interested, in such manner as may be pre-12 scribed; and, if upon an examination of its assets and 13 liabilities, and from other evidence he shall be satisfied 14 of the facts set forth in said petition, and that the 15 corporation has not exceeded its powers, nor failed to 16 comply with any of the rules, restrictions, and condi-17 tions provided by law, he may, if he shall deem it 18 for the interest of the depositors and the public, by 19 proper decree reduce the deposit account of each de-20 positor, so as to divide such loss pro rata among the 21 depositors, thereby rendering the corporation solvent, 22 so that its further proceedings would not be hazardous 23 to the public, or those having or placing funds in its 24 custody, and the depositors shall not be authorized to 25 draw from such corporation, a larger sum than thus 26 fixed by the court, except as hereinafter provided; 27 provided, however, that it shall be the duty of the 28 treasurer of such corporation, to keep an accurate 29 account of all sums received for such assets of the cor-30 poration held by it at the time of filing such petition; 31 and if a larger sum shall be realized therefrom than 32 the value estimated as aforesaid by the court, he shall 33 at such time or times as the court may prescribe, 34 render to the court a true account thereof, and there-35 upon the court after due notice thereof to all parties 36 interested, shall declare a pro rata dividend of such

37 excess among the depositors at the time of filing the No deposit shall be paid or received by 38 petition. 39 such corporation after the filing of the petition, till the 40 decree of the court reducing the deposits as herein 41 provided. If the petition is denied it shall be the 42 duty of the bank examiner to proceed for the winding 43 up of the affairs of the corporation as provided in sec-44 tion thirty-five. Upon the application of any one of 45 the trustees of a savings bank or of any five depositors 46 in said bank, alleging said bank is insolvent, any one 47 of the justices of the supreme court may order an 48 examination of said bank, if upon hearing, after such 49 notice as he may order has been given to the treasurer 50 of said bank, he shall deem it proper; thereupon the 51 same proceedings may be had as are specified in sec-52 tion thirty-five.

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 the 8 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 b 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.

The powers, privileges, duties and re-SECT. 42. 2 strictions, conferred and imposed upon any savings 3 corporations, by whatever name known, by its charter 4 or act of incorporation, are here 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, of transactions heretofore had, or the 17 payment of interest at a rate not exceeding six per 18 cent. on deposits already made, until the dividend 19 next following the passage of this act. But the 20 securities shall be valid in favor of the bank, pursuant 1 to any provisions of law in force when such invest-22 ments were made, or transactions had, nor to require 23 the change of investments for those named in this act,

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24 except as the same can be done gradually by the sale 25 or redemption of the securities so invested in, in such 26 manner as to prevent loss or embarrassment in the 27 business of such corporation, or unnecessary loss or 28 injury to the borrowers on such securities. And the 29 investments hereafter in any securities not named in 30 this act, or the amendments that may be made thereto, 31 shall be deemed a misdemeanor, on the part of the 32 trustees authorizing, or officers making, the same; 33 and such trustees or officers shall be subject to the 34 prosecutions and punishments prescribed by law for 35 that offence.

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

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STATE OF MAINE.

IN SENATE, January 26, 1877.

ORDERED, That the bill lie on the table and be printed with the several House amendments incorporated, and that Tuesday next be assigned for its consideration.

S. W. LANE, Secretary.