

MAINE STATE LEGISLATURE

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SIXTY-FIRST LEGISLATURE.

SENATE.

No. 27.

STATE OF MAINE.

IN THE YEAR OF OUR LORD ONE THOUSAND EIGHT HUNDRED AND
EIGHTY-THREE.

AN ACT to amend chapter two hundred and eighteen
of the public laws of eighteen hundred and seventy-
seven.

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

SECTION 1. Section two of chapter two hundred
2 and eighteen of the public laws of eighteen hundred
3 and seventy-seven, is hereby amended by inserting
4 after the word "necessary," in the third line, the
5 words "a vice president and," and by striking out
6 the word "and," in the third line, and inserting the
7 word "also," so that said section when amended
8 shall read as follows:

9 *Sect. 2.* The officers of every such corporation
10 shall consist of a president, treasurer, and when in

11 the opinion of the trustees necessary, a vice presi-
12 dent, and an assistant treasurer; also not less than
13 five trustees, not more than three of whom shall be
14 directors in any national bank, nor more than two
15 of whom shall be directors in the same national
16 bank, who shall elect from their number, or other-
17 wise, such other officers as they may see fit.

SECT. 2. Section five of said chapter is hereby
2 amended by inserting after the word "necessary,"
3 in the fourth line, the words "a vice president and,"
4 so that said section when amended shall read as
5 follows:

6 *Sect. 5.* The trustees, immediately after their
7 election and qualification, shall elect one of their
8 number for president, who shall also be president
9 of the corporation. They shall also elect a treas-
10 urer, and when deemed necessary, a vice president
11 and an assistant treasurer, to hold their offices dur-
12 ing the pleasure of the trustees. The treasurer,
13 and in his absence the assistant treasurer, if there
14 is one, shall be ex-officio clerk of the corporation
15 and of the trustees. The treasurer and assistant
16 treasurer shall give bonds to the corporation for the
17 faithful discharge of the duties of their offices, in
18 such sums as the trustees may decide to be neces-

19 sary for the safety of the funds, and such bonds
 20 hereafter given shall continue and be valid from
 21 year to year so long as they may be elected and
 22 hold said offices, subject to renewal whenever
 23 ordered by the trustees or bank examiner. Said
 24 bonds shall be recorded upon the books of the
 25 institutions, and the bank examiner shall annually
 26 examine the same and inquire into and certify to
 27 the sufficiency thereof, and when he shall deem any
 28 such bond insufficient, he shall order a new bond
 29 to be given within a time by him specified. They
 30 shall receive a compensation to be fixed by the
 31 trustees. The trustees may receive such compen-
 32 sation for their services in making examinations.
 33 and returns required by their by-laws and the laws
 34 of the state, as may be fixed by the corporation at
 35 any legal meeting thereof.

SECT. 3. Said chapter is hereby amended by
 2 striking out the whole of section ten and inserting
 3 the following, so that when amended said section
 4 shall read as follows:

5 *Sect. 10.* Savings banks and institutions for
 6 savings are restricted to and hereafter may invest
 7 their deposits in the public funds of any of the
 8 New England states, including the bonds of the
 9 counties, cities, and towns of the same; in the

10 public funds of the United States and District of
11 Columbia; in the stock of any bank or banking
12 association incorporated under authority of this
13 state, or of the United States; in the municipal
14 bonds of cities of ten thousand inhabitants, or more,
15 of the states of New York, Pennsylvania, Mary-
16 land, Ohio, Indiana, Kentucky, Michigan, Wiscon-
17 sin, Minnesota, Iowa, Illinois and Missouri, and in
18 the public funds of each of the above name states,
19 and in the bonds of counties in the same states,
20 having twenty thousand population, when not
21 issued in aid of railroads; *provided*, that no invest-
22 ment shall be made in the bonds of the several
23 cities and counties of the states above named, with
24 the exception of the city of St. Louis, in the state
25 of Missouri, where the municipal indebtedness of
26 such city or county exceeds five per cent. of its
27 valuation; in the first mortgage bonds of any com-
28 pleted railroads of the states above named, includ-
29 ing New Jersey, Kansas and Nebraska, and in the
30 first mortgage bonds of the Central Pacific, Union
31 Pacific and Northern Pacific, and in the railroad
32 bonds of this state; in the stock of any dividend
33 paying railroad in New England; in the stocks of
34 any railroad company in this state which is unin-

35 cumbered by mortgage; in the stock and bonds of
36 any other corporations incorporated under the
37 authority of this state which earn and are paying
38 regular dividends of not less than five per cent. per
39 annum; and may invest by loan on first mortgages
40 of real estate situated in this state and state of New
41 Hampshire not exceeding sixty per cent. of its
42 value; and may loan to any county, city or town
43 thereof; and on notes with a pledge as collateral of
44 any of the aforesaid securities, including savings
45 bank deposit books of any savings bank in the
46 state, and the stock of any of said railroad com-
47 panies, not over seventy-five per cent. of the
48 market value of such stock; and may loan to cor-
49 porations, having real estate and doing business in
50 this state; and may also loan on a pledge or mort-
51 gage of such other personal property as in the
52 judgment of the trustees it will be safe and for the
53 interest of the bank to accept. Savings banks may
54 also be allowed to invest in the car trust securities
55 issued by any railroad which is not in default on
56 the interest on its first mortgage bonds, and any
57 car trust securities guaranteed by a car trust or
58 railroad equipment company; *provided*, that the car
59 trust company or equipment company has paid two
60 dividends on its capital stock. All investments

61 shall be charged and entered on the books of the
62 bank at their cost to the bank, or at par when a
63 premium is paid.

SECT. 4. Section twelve of said chapter is hereby
2 amended by striking out the words "seventy-five
3 per cent." in the sixth line, and inserting "fifty per
4 cent." so that, when amended, said section shall
5 read as follows:

6 *Sect. 12.* No savings bank or institution for
7 savings shall hold, by way of investment, or as
8 security for loans, or both, more than one-fifth of
9 the capital stock of any corporation, nor invest
10 more than ten per cent. of its deposits, and not to
11 exceed sixty thousand dollars, in the capital stock
12 of any corporation, nor have more than fifty per
13 cent. of its deposits in mortgages of real estate.
14 The provisions of sections ten, eleven and twelve,
15 shall not apply to real estate, or other assets
16 acquired by the foreclosure of a mortgage thereon,
17 or upon judgment for debts, or in settlements to
18 secure debts.

SECT. 5. Section fifteen of said chapter is hereby
2 amended by striking out the words "one per cent."
3 in the fourteenth line, and inserting "three-fourths
4 of one per cent." so that said section when amended
5 shall read as follows:

6 *Sect. 15.* Every savings bank and institution
7 for savings, incorporated under the laws of this
8 state, shall, semi-annually, on the last Saturday of
9 April and October, in each year, make a return,
10 signed and sworn to by its treasurer, of the aver-
11 age amount of its deposits for the six months next
12 preceding each of said days, deducting an amount
13 equal to the amount of United States bonds, and
14 the value of real estate owned by said bank or in-
15 stitution. Said return shall be made to the treas-
16 urer of the state on or before the second Monday of
17 May and November of each year, and for wilfully
18 making a false return, he shall be liable to pay a
19 fine of not less than five hundred nor more than
20 five thousand dollars. The treasurer shall pay to
21 the treasurer of the state a tax on account of its de-
22 posits of three-fourths of one per cent. per annum on
23 the amount of its deposits as in said returns. One-
24 half of said tax to be assessed on the average
25 amount on deposit for the six months ending and
26 including the last Saturday in April, and the other
27 half on the average on deposit for the six months
28 ending and including the last Saturday in October.
29 One-half of the sum so paid to be appropriated for
30 the use of schools, as provided in chapter eleven,

31 section ninety-one of the revised statutes, and one-
32 half to the use of the state. The taxes imposed
33 by this section shall be paid semi-annually within
34 ten days after the first Monday in June and De-
35 cember.

SECT. 6. Section nineteen of said chapter is
2 hereby amended by striking out the word "assets"
3 in the twelfth and fourteenth lines and inserting
4 the word "deposits," and by inserting after the
5 word "profits" in the fourteenth line, the words
6 "not otherwise divided," so that said section when
7 amended shall read as follows:

8 *Sect. 19.* The trustees shall, after passing to
9 the reserve fund one-fourth of one per cent. of the
10 average amount of deposits for the six months
11 previous to declaring a dividend, not subject to be
12 divided, declare dividends, not to exceed two and
13 one-half per cent. semi-annually, except as here-
14 inafter provided, at such times as may be required
15 by their by-laws, among depositors of three months
16 standing at least, before dividend day. The cor-
17 poration may by its by-laws include deposits of
18 less standing. The reserve fund shall be kept
19 constantly on hand to secure against losses and
20 contingencies, until the said reserved fund amounts

21 to five per cent. of its deposits. All losses shall be
22 passed to the debit of said account. And when
23 said reserved fund amounts to five per cent. of
24 the average amount of deposits for the six months
25 previous to declaring a dividend of any bank, all
26 net profits not otherwise divided, thereafter made
27 by said banks, shall be divided every three years
28 ratably among the depositors of one, two and three
29 full years' standing, as extra dividends. No
30 dividends or interest shall be declared, credited or
31 paid, except by the authority of a vote of the board
32 of trustees, duly entered upon their records, where-
33 on shall be recorded the yeas and nays upon such
34 vote. Trustees of savings banks and savings
35 institutions are prohibited from making any semi-
36 annual dividend of a rate per cent. which will
37 make the aggregate amount of said dividend
38 greater than the actual earnings of the bank or
39 institution on hand.

SECT. 7. Section twenty-four of said chapter is
2 hereby amended by inserting after the word
3 "purpose" in the fourth line, the following words:
4 "and shall also at least once in each year cause to
5 be entered on a book for the purpose, the net sum
6 of each individual deposit at a fixed date, and

7 ascertain the aggregate of all such deposits, and
8 whether it agrees with the other books of said
9 bank," so that when amended said section shall
10 read as follows:

11 *Sect. 24.* The treasurer of every savings bank
12 shall, on Saturday of each and every week, make
13 and declare a trial balance, which shall be recorded
14 in a book kept for that purpose; and shall also at
15 least once in each year cause to be entered on a
16 book for the purpose, the net sum of each individ-
17 ual deposit at a fixed date, and ascertain the
18 aggregate of all such deposits, and whether it
19 agrees with the other books of said bank; and said
20 books shall be open at all times for the inspection
21 of the trustees, corporators, and examiner of
22 banks.

SECT. 8. Section thirty-three of said chapter is
2 hereby amended by striking out the word "once"
3 in the fifth line and inserting the word "twice," so
4 that said section when amended shall read as
5 follows:

6 *Sect. 33.* Savings institutions and trust and
7 loan associations shall be under the charge of the
8 bank examiner for the purposes of examination.
9 He shall visit every savings bank, institution for

10 savings and trust and loan association, incorporated
11 by authority of this state, twice in every year, and
12 as much oftener as he may deem expedient. At
13 such visits he shall have free access to the vaults,
14 books and papers, and shall thoroughly inspect
15 and examine all the affairs of each of said corpora-
16 tions, and make such inquiries as may be necessary
17 to ascertain its condition, ability to fulfil all its
18 engagements, and whether it has complied with
19 the provisions of law. He shall preserve in a
20 permanent form, a full record of his proceedings,
21 including a statement of the condition of each of
22 said corporations, a copy of which statement shall
23 be published by such corporation immediately
24 after the examination of the same, in a newspaper
25 in the place where such corporation is established,
26 or if there be no newspaper in such place, then in
27 a newspaper published at the nearest place thereto.

SECT. 9. Section thirty-six of said chapter, as
2 amended by chapter one hundred and ninety, laws of
3 eighteen hundred and eighty, is hereby amended,
4 so that said section when amended shall read as
5 follows:

6 *Sect. 36.* Whenever any savings bank, institu-
7 tion for savings, or trust and loan association, shall

8 be insolvent by reason of loss on, or by deprecia-
9 tion in the value of, any of its assets, without the
10 fault of the trustees thereof, the supreme judicial
11 court, in term time, or any justice thereof, in vaca-
12 tion, shall, on petition, in writing, of a majority of
13 the trustees, and the bank examiner, setting forth
14 such facts, appoint a time for the examination of
15 the affairs of such corporation, and cause notice
16 thereof to be given to all parties interested, in such
17 manner as may be prescribed; and, if upon an exam-
18 ination of its assets and liabilities, and from other
19 evidence he shall be satisfied of the facts set forth
20 in said petition, and that the corporation has not
21 exceeded its powers, nor failed to comply with any
22 of the rules, restrictions, and conditions provided
23 by law, he may, if he shall deem it for the interest
24 of the depositors and the public, by proper decree,
25 reduce the deposit account of each depositor, so as
26 to divide such loss pro rata among the depositors,
27 thereby rendering the corporation solvent, so that
28 its further proceedings would not be hazardous to
29 the public, or those having or placing funds in its
30 custody, and the depositors shall not be authorized
31 to draw from such corporation, a larger sum than
32 thus fixed by the court, except as hereinafter pro-

33 vided; *provided, however*, that it shall be the duty
34 of the treasurer of such corporation, to keep an
35 accurate account of all sums received for such
36 assets of the corporation held by it at the time of
37 filing such petition; and if a larger sum shall be
38 realized therefrom than the value estimated as
39 aforesaid by the court, he shall, at such time or
40 times as the court may prescribe, render to the
41 court a true account thereof, and thereupon the
42 court, after due notice thereof to all parties inter-
43 ested, shall declare a pro rata dividend of such
44 excess among the depositors at the time of filing
45 the petition. Such pro rata dividend may be de-
46 clared by the court, whenever the court shall deem
47 it for the interest of the depositors and the public,
48 whether all, or only a portion, of such assets has
49 been reduced to money; and any such dividend
50 may at any time, in the discretion of the court, be
51 declared to be a final one. No deposit shall be
52 paid or received by such corporation after the filing
53 of the petition till the decree of the court reducing
54 the deposits as herein provided. If the petition is
55 denied, it shall be the duty of the bank examiner
56 to proceed for the winding up of the affairs of the
57 corporation as provided in section one hundred
58 and twenty-one.

(14)

SECT. 10. All acts and parts of acts inconsistent
2 herewith are hereby repealed.

SECT. 11. This act shall take effect when ap-
2 proved.

STATE OF MAINE.

IN SENATE, February 7, 1883.

Reported by Mr. MARBLE of Lincoln, from the Committee on Banks and Banking, laid on the table to be printed under the Joint Rules.

C. W. TILDEN, *Secretary.*