

# MAINE STATE LEGISLATURE

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SEVENTY-EIGHTH LEGISLATURE

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SENATE

NO. 5

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*In Senate, Jan. 16, 1917.*

*Presented by Sen. Baxter of Sagadahoc and laid on the table and one thousand copies ordered printed, pending reference to a committee.*

*W. E. LAWRY, Secretary.*

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STATE OF MAINE

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IN THE YEAR OF OUR LORD ONE THOUSAND NINE  
HUNDRED AND SEVENTEEN

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AN ACT concerning Industrial Banks, defining same and providing for their incorporation, powers, supervision and control.

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*Be it enacted by the People of the State of Maine, as follows:*

Section 1. The term "industrial bank" as used in this act  
2 means any corporation formed under the provisions of this  
3 act.

Sect. 2. Industrial banks may be organized in the same  
2 manner as is provided for the organization of trust com-  
3 panies, so far as applicable and not inconsistent with the  
4 provisions of this act.

Sect. 3. Except as herein otherwise provided, such corporations shall be governed and conducted in the manner provided by law for corporations generally in so far as not inconsistent with the provisions of this act.

Sect. 4. The capital stock of an industrial bank shall not be less than \$25,000 in any town or city having a population of less than 50,000 inhabitants, and shall not be less than \$50,000 in any town or city having 50,000 or more inhabitants and less than 150,000 inhabitants, and shall not be less than \$100,000 in any town or city having 150,000 inhabitants or more, according to the last official census. The capital stock of every such corporation shall be divided into shares of the par value of \$100 each, at least 25 per cent of which shall be paid into the treasury of the corporation in cash before such corporation shall be authorized to transact any business other than such as relates to its formation and organization, and such payment shall be certified to the bank examiner under oath by the president and manager of said corporation. The balance of the capital stock shall be paid to the corporation in cash at the rate of not less than 10 per cent per month following the initial payment. No corporation organized under this act shall create more than one class of stock.

Sect. 5. Every corporation incorporated under this act shall be known as an industrial bank, and may use the word "bank" as a part of its corporate title.

Sect. 6. In addition to the powers conferred upon corpo-

2 rations by the general corporation law, every industrial bank  
3 shall have the following powers:

1. To lend money and discount notes, and to deduct in-  
2 terest thereon in advance at the rate of six per centum per  
3 annum; and in addition to receive uniform weekly or month-  
4 ly instalments on its certificates of indebtedness or deposit  
5 purchased by the borrower simultaneously with the said loan  
6 transaction, or otherwise, and pledged with the corporation  
7 as security for the said loan, with or without an allowance  
8 of interest on such instalments.

2. To sell or negotiate bonds, notes, certificates of invest-  
2 ment and choses in action for the payment of money at any  
3 time, either fixed or uncertain, and to receive payments in  
4 instalments or otherwise, with or without an allowance of  
5 interest upon such instalments.

3. To charge for a loan made pursuant to this section  
2 one dollar for each fifty dollars or fraction thereof loaned  
3 for expenses, including any examination or investigation of  
4 the character and circumstances of the borrower, co-maker  
5 or surety and the drawing and taking acknowledgment of  
6 necessary papers or other expenses incurred in making the  
7 loan; no charge shall be collected unless a loan shall have  
8 been made as a result of such examination or investigation.

4. To establish branch offices or agencies in the manner  
2 and subject to the conditions prescribed for the establish-  
3 ment of branches or agencies in the case of trust companies.

Sect. 7. No industrial bank shall,

(a) Hold at any one time the obligation or obligations of  
2 any one person, firm or corporation for more than two and  
3 one-half per centum of the amount of capital and surplus  
4 of such industrial bank.

(b) Make any loan under the provisions of this act for  
2 a longer period than one year from the date thereof.

(c) Deposit any of its funds with any other moneyed  
2 corporation unless such corporation has been designated as  
3 such depository by a vote of the majority of the directors  
4 or of the executive committee, exclusive of any director  
5 who is an officer, director or trustee of the depository so  
6 designated.

Sect. 8. Upon receipt by the bank examiner of the cer-  
2 tificate showing that 25 per cent of the capital stock has  
3 been paid into the treasury of the corporation in cash as  
4 herein provided, said examiner shall cause an examination  
5 to be made, and if after such examination it appears that  
6 the required amount of capital stock has been paid in in cash  
7 and that all requirements of law have been complied with,  
8 said examiner shall issue a certificate authorizing such cor-  
9 poration to begin the transaction of business. It shall be  
10 unlawful for any such corporation to begin the transaction  
11 of business until such a certificate has been granted.

Sect. 9. Every corporation incorporated under the pro-  
2 visions of this act shall be subject to the examination, super-  
3 vision and control of the bank examiner and shall report to  
4 him in the manner provided for savings banks and savings

5 institutions, and the provisions of Sections 42 to 47, inclu-  
6 sive, of Chapter 48 of the Revised Statutes, shall apply to  
7 industrial banks.