

MAINE STATE LEGISLATURE

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EIGHTY-FIRST LEGISLATURE

SENATE

NO. 44

In Senate, Feb. 2, 1923.

Presented by Senator Eaton of Oxford and on motion by the same Senator laid on the table for printing, pending reference to a committee, and 1000 copies ordered printed.

L. ERNEST THORNTON, Secretary.

STATE OF MAINE

IN THE YEAR OF OUR LORD ONE THOUSAND NINE
HUNDRED AND TWENTY-THREE

AN ACT to Revise and Consolidate the Banking Laws of this
State.

Be it enacted by the People of the State of Maine, as follows:
THE BANK COMMISSIONER. RESTRICTIONS UPON
BANKING.

Section 1. *Appointment of bank commissioner.* The gov-
2 ernor, with the advice and consent of the council, shall
3 appoint a bank commissioner, who shall hold his office for
4 four years, and until his successor is appointed and quali-
5 fied, and who may be removed from office by the governor
6 and council for cause, and shall not during his continuance
7 in office hold any office in any bank in the State, nor receive

8 directly or indirectly any remuneration or fee of any kind
9 from any bank, banking house, corporation, association or
10 individual for examining any property or properties or
11 securities. He shall give bond with sureties or authorized
12 surety company in the sum of twenty thousand dollars, to
13 be approved by the State Treasurer for the faithful per-
14 formance of his duties, and the expense of securing said
15 bond shall be paid by the State. No information derived
16 by or communicated to the commissioner, deputy commis-
17 sioner or any examiner or employee of the department in
18 the course of official duty shall be disclosed except, first:
19 to United States government officials charged with the duty
20 of supervising national banks; second, to Federal Reserve
21 officials; third, to banking departments of other states.

Sect. 2. *Banking business must be authorized; banking*
2 *defined.* No person, copartnership, association, or corpora-
3 tion shall do a banking business in this state unless duly
4 authorized under the laws of this state or the United States,
5 except as provided by the following section. The soliciting,
6 receiving, or accepting money or its equivalent on deposit
7 as a regular business by any person, copartnership, associa-
8 tion, or corporation shall be deemed to be doing a banking
9 business, whether such deposit is made subject to check or
10 is evidenced by a certificate of deposit, a pass-book, a note,
11 a receipt, or other writing; provided that nothing herein
12 shall apply to or include money left with an agent, pending
13 investment in real estate or securities for or on account of

14 his principal. Any corporation engaged in the business with-
15 in the State of Maine of deriving profit from the loan or
16 use of money shall be deemed to be doing a banking busi-
17 ness.

Sect. 3. *Penalty for violation.* Whoever violates section
2 two of this chapter, either individually or as an interested
3 party in any copartnership, association, or corporation shall
4 be punished by a fine of not less than three hundred dollars
5 nor more than one thousand dollars, or by imprisonment
6 in the county jail for not less than sixty days nor more than
7 one year, or by both such fine and imprisonment.

Sect. 4. *Application of mercantile corporation to the bank
2 commissioner; shall file statement of financial condition;
3 license and bond.* A corporation desiring to encourage
4 thrift among its employees by receiving deposits subject to
5 interest at a specified rate, may apply to the bank commis-
6 sioner for a license to receive such deposits and shall, at the
7 same time, file with the commissioner a complete statement
8 of its financial condition, sufficient to satisfy the commis-
9 sioner of its solvency. If satisfied that the applying cor-
10 poration is solvent and reputable, the commissioner may,
11 at his discretion, issue a license to such corporation, author-
12 izing it to receive such deposits from its employees only,
13 upon filing with the Treasurer of State its bond, payable
14 to him and his successors in office for the use of its depos-
15 itors, and secured by a surety company, authorized to do
16 business in this state, or by personal sureties approved by

17 the bank commissioner, in such amount as the bank com-
18 missioner may specify in such license, conditioned for the
19 payment of all such deposits and interest thereon.

Sect. 5. *Only banks and trust companies may use as part*
2 *of name the words "bank," "savings," "trust" and kindred*
3 *words.* No person or partnership, and no association or
4 corporation, organized after the twenty-third of April, nine-
5 teen hundred and five, unless duly authorized under the
6 laws of this state or of the United States to conduct a bank-
7 ing or trust company business, shall use as a part of their
8 name or title, or as designating their business, the word or
9 words "bank," "savings," "savings department," "trust,"
10 "trust company," "banking" or "trust and banking com-
11 pany," or the plural of any such word or words in, or in
12 connection with, any other business than that of a bank or
13 trust company duly authorized as aforesaid. Any person,
14 partnership, association or corporation violating the provi-
15 sions of this section may be enjoined therefrom by any
16 court having general equity jurisdiction, on application of
17 the bank commissioner or of any person, corporation, or
18 association injured or affected by such use, and any person
19 or persons violating the provisions of this section either
20 individually, as members of any association or copartner-
21 ship or as interested in any such corporation, shall be pun-
22 ished by a fine not exceeding one thousand dollars, or by
23 imprisonment for not less than sixty days nor more than
24 one year, or by both fine and imprisonment.

ORGANIZATION OF SAVINGS BANKS

Sect. 6. *Powers of savings banks as corporations.* All
2 savings banks or institutions for savings, lawfully organized,
3 are corporations possessed of the powers and functions of
4 corporations generally, and as such have power :

I. To have perpetual succession, each by its corporate
2 name.

II. To sue and be sued, complain and defend, in any court
2 of law or equity.

III. To adopt and use a common seal.

IV. To make by-laws not inconsistent with the laws of
2 the state or of the United States, for the management of
3 their property and the regulation of their affairs. The clerk
4 shall file with the bank commissioner a copy of such by-
5 laws and all amendments thereto. All by-laws and amend-
6 ments hereafter adopted shall be submitted to the bank com-
7 missioner for his approval and shall not take effect until
8 such approval is given. In case of refusal to give such
9 approval the trustees of the bank may appeal to a justice
10 of the supreme judicial court, whose decision shall be final.

V. To receive money on deposit, to invest the same, to
2 own, maintain and let safe deposit boxes and vaults, and
3 further to transact the business of a savings bank, as herein-
4 after provided. But no savings bank shall be liable for any
5 loss of property deposited in said boxes or vaults for safe-
6 keeping, beyond the sum paid for the rental thereof for the
7 term within which such loss is discovered.

Sect. 7. *Organization.* Any number of persons not less than thirteen, may associate themselves for the purpose of organizing a savings bank in accordance with this chapter; three-fourths of such number shall reside in the county where the proposed bank is to be located, and may fill vacancies and add to their number from time to time as they desire, all of whom shall be residents of the state.

Sect. 8. *Certificates to be sent to the secretary of state and bank commissioner.* Such persons shall execute a certificate, sworn to before a justice of the peace, in duplicate, one of which shall be deposited with the secretary of state for record, and the other sent to the bank commissioner, in which shall be set forth: the name of the bank; the names of all the corporators and the places where they reside; their business occupations; and the place where its business is to be transacted; together with the reasons why a bank is needed in such place.

Sect. 9. *Notice of intention to organize.* A notice of intention to organize such bank, signed by all the corporators, shall be published once a week for three weeks in some newspaper published in said county where said bank is to be located, if any, otherwise in some newspaper published in an adjoining county.

Sect. 10. *Duty of bank commissioner.* When the commissioner receives the certificate, with the published order of notice, if he finds that the foregoing provisions have been complied with, he shall, from the best information at his

5 command, ascertain whether public convenience and advan-
6 tage will be promoted by the establishment of such savings
7 bank.

Sect. 11. *Commissioner shall issue certificate of author-
2 ization to corporators, and file duplicate with secretary of
3 state.* If the commissioner is so satisfied he shall, within
4 sixty days after the same has been received by him for ex-
5 amination, issue under his hand, a certificate of authoriza-
6 tion to the persons named therein, or to a portion of them,
7 together with such other persons as a majority of those
8 named in such certificate of association, in writing, approve;
9 also a duplicate to the secretary of state; which certificate,
10 so issued by him, shall authorize the persons named therein
11 to open an office for the deposit of savings, as designated
12 in the certificate of association, subject to the five preceding
13 sections.

Sect. 12. *Corporation, when authorized to transact busi-
2 ness.* Upon the filing of such certificate with the secretary
3 of state, the persons named therein, and their successors,
4 are, thereupon and thereby, constituted a body corporate
5 and politic, vested with all the liabilities imposed by the six
6 preceding sections.

MANAGEMENT OF SAVINGS BANKS

Sect. 13. *Savings banks, their powers and liabilities.* Sav-
2 ings banks and institutions incorporated under the authority
3 of the state, may exercise the powers and shall be governed
4 by the rules and be subject to the duties, liabilities and pro-

5 visions in their charters, in the following sections, and in
6 the general laws relating to corporations, unless otherwise
7 specially provided.

Sect. 14. *Institutions, legally organized.* Savings banks
2 and institutions for savings which have exercised the privi-
3 leges thereof and done business as such for one year shall
4 be held to be legally organized.

Sect. 15. *Membership in corporation.* Every such cor-
2 poration shall consist of not less than thirty members, and
3 may, at any legal meeting, by a vote of at least two-thirds
4 of those present, elect by ballot any citizen of the county
5 wherein the corporation is located, or of an adjacent county,
6 to be a member thereof. No person shall continue to be a
7 member after removing from the state. Any member who
8 fails to attend the annual meetings for two successive years
9 ceases to be a member, unless re-elected by a vote of the
10 corporation.

Sect. 16. *Officers; trustees, number and restrictions.* The
2 officers of every such corporation shall consist of a presi-
3 dent, treasurer and, when in the opinion of the trustees nec-
4 essary, a vice-president and an assistant treasurer, and not
5 less than seven trustees, not more than two of whom shall
6 be directors in any one national bank, trust company or other
7 banking institution, who shall elect from their number or
8 otherwise such other officers as they see fit. All officers
9 shall be annually sworn to the faithful performance of their
10 duties, and shall hold their several offices until others are

11 chosen and qualified in their stead. The trustees, in their
12 discretion, may appoint an investment board to have charge
13 of the loans and investments of the bank, but all doings of
14 such board shall be reported to the trustees at their regular
15 meetings.

Sect. 17. *Officers of savings banks shall not act as agents*
2 *for certain corporations; treasurers and trustees, regulations*
3 *relating to.* No president, treasurer, clerk or employee of
4 any savings bank shall act as agent or representative of any
5 corporation engaged in the business of selling or negotiating
6 any bonds, mortgages, notes or other choses in action, nor
7 receive directly or indirectly any fee, commission, bonus
8 or other compensation for the sale or transfer of any secur-
9 ity. No cashier in a national bank or trust and banking
10 company shall be treasurer of any savings bank, the deposits
11 of which exceed one hundred and fifty thousand dollars;
12 and if the treasurer of a savings bank, having deposits not
13 exceeding one hundred and fifty thousand dollars, is cashier
14 in a national bank or trust and banking company, the board
15 of trustees of such savings bank shall not include more
16 than one director, nor more than two stockholders in the
17 national bank or trust and banking company so connected
18 therewith. No treasurer or assistant treasurer shall, directly
19 or indirectly, engage in any other business or occupation
20 without the consent of the majority of the trustees evidenced
21 by resolution duly recorded.

Sect. 18. *Trustees, their election and duties; office, how*

2 *vacated.* The members of the corporation shall annually
3 at such times as may be provided in their by-laws, elect
4 from their number not less than seven trustees, who shall
5 have the entire supervision and management of the affairs
6 of the institution, except so far as may be otherwise pro-
7 vided by their by-laws. Any trustee who becomes a trustee
8 or officer in any other savings bank or institution for savings,
9 thereby vacates his office as such trustee. Trustees shall
10 hold regular meetings at least monthly, and shall cause full
11 and complete records of their proceedings to be kept.

Sect. 19. *Officers, their election and term; treasurer, ex-*
2 *officio clerk; bonds of treasurer and assistant treasurer, and*
3 *their annual examination; compensation of officers fixed by*
4 *trustees; compensation of trustees fixed by corporation.* The
5 trustees, immediately after their election and qualification,
6 shall elect one of their number president, who shall also
7 be president of the corporation. They shall also elect a
8 treasurer, and when deemed necessary, a vice-president and
9 an assistant treasurer, to hold their offices during the pleas-
10 ure of the trustees. The treasurer, and in his absence, the
11 assistant treasurer, if there is one, shall be ex-officio, clerk
12 of the corporation, and of the trustees. The treasurer,
13 assistant treasurer and all employees handling or having
14 access to monies or securities shall give bonds to the cor-
15 poration, for the faithful discharge of the duties of their
16 offices, in such sums as the trustees decide to be necessary
17 for the safety of the funds, and such bonds shall continue

18 and be valid from year to year, so long as they are elected,
19 and hold said offices, subject to renewal whenever ordered
20 by the trustees or commissioner. Each treasurer shall be
21 bonded for a sum not less than fifteen thousand dollars,
22 each assistant treasurer or employee having access to monies
23 or securities for not less than five thousand dollars. All
24 bonds shall be approved as to form by the bank commis-
25 sioner and copies furnished the banking department by the
26 clerks of the several banks. Said bonds shall be recorded
27 upon the books of the institutions, and the commissioner
28 shall annually examine the same and inquire into and certify
29 to the sufficiency thereof, and when he deems any such bond
30 insufficient, he shall order a new bond to be given within
31 a time, by him specified. All such bonds shall, at the expira-
32 tion of five years from the date thereof, be deemed insuffi-
33 cient. The trustees may, in lieu of such bond, insure at the
34 expense of the bank with some surety company, which shall
35 be satisfactory to the bank commissioner, for the faithful
36 discharge of the duties of the treasurer, assistant treasurer
37 and such other clerks as may be employed, in such sums
38 as they may decide to be necessary for the safety of the
39 funds in the custody of the corporation, but in no case less
40 than the minimum hereinbefore prescribed. Said treasurer,
41 assistant treasurer and clerks shall receive a compensation
42 fixed by the trustees. The trustees may receive such com-
43 pensation for their services in making examinations and
44 returns required by their by-laws and the state laws, for

45 making examinations of property and for attendance at any
46 regular or special meetings of the board of trustees or any
47 committee thereof, or as may be fixed by the board of
48 trustees and approved by the bank commissioner in writing.

Sect. 20. *Clerks to publish list of officers and corporators;*
2 *shall return copy of list to bank commissioner.* Within thir-
3 ty days after the annual election in the several savings banks,
4 the clerks thereof shall cause to be published in some local
5 newspaper, if any, otherwise in the nearest newspaper, a
6 list of the officers and corporators thereof. They shall also
7 return a copy of such list of officers and corporators to the
8 bank commissioner within said thirty days, which shall be
9 kept on file in his office for public inspection. Any clerk
10 who neglects to give such notice or make such return shall
11 be liable to a penalty of fifty dollars.

Sect. 21. *Vacancies. Meetings of the corporation.* If
2 any office becomes vacant during the year, the trustees may
3 fill the same until it is filled at the next annual meeting, and
4 vacancies occurring in the board of trustees shall be imme-
5 diately filled whenever the number of trustees shall fall
6 below the statutory minimum. Special meetings of the cor-
7 poration may be held at any time by order of the trustees;
8 the treasurer shall also call special meetings upon applica-
9 tion in writing of ten members of the corporation. Seven
10 days' notice of all annual meetings shall be given by public
11 advertisement in some newspaper of the county where the

12 corporation is established, if any; otherwise, in the state
13 paper.

Sect. 22. *Regulation of deposits, and their amount; de-*
2 *posits in trust.* Savings banks and institutions for savings
3 may receive on deposit, for the use and benefit of depositors,
4 sums of money offered for that purpose; but shall not re-
5 ceive, except for deposits of unmarried women, minors,
6 administrators, executors, guardians, charitable or religious
7 institutions and as trust funds, from any one depositor
8 over five thousand dollars, and no dividends shall be paid,
9 excepting upon the aforesaid excepted deposits, to any one
10 depositor upon any amount of deposit exceeding said sum,
11 but exclusive of dividends on said deposit, which may con-
12 tinue to be added thereto and receive dividends thereon.
13 Deposits in more than one name may be received, provided
14 the total of the amounts in any number of deposits in which
15 the same name, excepting unmarried women, minors, ad-
16 ministrators, executors, guardians, charitable or religious
17 institutions and as trust funds, appears either singly or with
18 others, shall not exceed, exclusive of dividends as afore-
19 said, ten thousand dollars, and also provided the amount of
20 an individual deposit shall at no time exceed, exclusive of
21 dividends as aforesaid, five thousand dollars. Whenever
22 a deposit is made in trust the name and residence of the
23 person for whom it is made, or the purpose for which the
24 trust is created, shall be disclosed in writing to the bank,
25 and the deposit shall be credited to the depositor as trustee

26 for such person or purpose; and if no other notice of the
27 existence and terms of a trust has been given in writing to
28 the corporation, the deposit, with the interest thereon, may,
29 in the event of the death of the trustee, be paid to the per-
30 son for whom such deposit was made, or to his legal repre-
31 sentative, or to some trustee appointed by the court for that
32 purpose. The trustees may refuse any deposit at their
33 pleasure.

Sect. 23. *Authority to pay any order notwithstanding*
2 *death of drawer.* Such corporations may pay any order
3 drawn by any person who has funds on deposit to meet the
4 same, notwithstanding the death of such drawer in the inter-
5 val of time between signing such order and its presentation
6 for payment when said presentation is made within thirty
7 days after the date of such order; and at any subsequent
8 period provided the corporation has not received actual no-
9 tice of the death of the drawer.

Sect. 24. *Deposits of married women or minors are prop-*
2 *erty of depositors.* Money deposited in a bank, institution
3 for savings, or trust company, by a married woman, is her
4 property and she may maintain an action in her own name
5 to recover it. Money deposited in the name of a minor is
6 his or her property, and the corporation may, in the discre-
7 tion of the officer making the payment, pay the same to
8 such minor or upon his or her order or to his or her guar-
9 dian, and such payment shall be valid. The foregoing pro-
10 visions as to ownership do not apply to money belonging to

11 a third person and fraudulently deposited by or in the name
12 of a married woman or minor, but payment to such married
13 woman or minor by said bank, institution for savings, or
14 trust company, without notice of such fraud shall be valid.
15 The receipt of such married woman or minor for such de-
16 posits and interest, or any part thereof, is a valid release
17 and shall discharge the corporation.

Sect. 25. *Deposits in the names of two persons.* When a
2 deposit has been made or shall hereafter be made in any bank,
3 institution for savings, trust company, or loan and building
4 association transacting business in this state, in the name of
5 two persons, payable to either, or payable to either or the
7 survivor, such deposit, or any part thereof, or the interest or
7 dividends thereon, may be paid to either of said persons,
8 whether the other be living or not, or to the legal repre-
9 sentative of the survivor of said persons, and the receipt
10 or acquittance of the person to whom said payment is so
11 made shall be a valid and sufficient release and discharge
12 to such bank, institution for savings, trust company or loan
13 and building association, for any payment so made, before
14 service on such bank, institution for savings, trust company
15 or loan and building association of written notice of the
16 decease of one of the joint depositors.

Sect. 26. *Duplicate book of deposit, in case of loss of*
2 *original.* When the person to whom a book of deposit was
3 issued by any savings bank or by any trust company for a
4 deposit in its savings department, or his executor, or admin-

5 istrator, or guardian, in writing notifies the treasurer of
6 the bank or trust company issuing the same, that such book
7 is lost, and that he desires to have a duplicate book of de-
8 posit issued to him, said treasurer shall give public notice
9 of such application by publishing at the expense of such
10 applicant, an advertisement for three weeks successively, in
11 some newspaper published in the town in which said bank
12 or trust company is located, if any, otherwise in one pub-
13 lished in the county, if any, and if not, then in the state
14 paper. If such missing deposit book is not presented to
15 said treasurer within sixty days after the last advertisement,
16 then he shall issue a duplicate book of deposit to the person
17 thus requesting the same, and such delivery of a duplicate
18 relieves said bank from all liability on account of the orig-
19 inal book of deposit so advertised.

Sect. 27. *Investment of deposits.* Savings banks and in-
2 stitutions for savings may hereafter invest their funds as
3 follows, and not otherwise:

I. GOVERNMENT OBLIGATIONS.

a—In the bonds and other interest-bearing obligations of
2 the United States, including those for the payment of the
3 principal and interest of which the faith and credit of the
4 United States government is pledged.

b—In bonds constituting a direct and primary obligation
2 of the Dominion of Canada, the principal and interest of
3 which are payable in United States funds.

II. OBLIGATIONS OF STATES.

In the bonds or other interest-bearing obligations of any
2 state in the United States that has not, for a period of more
3 than ninety days, defaulted in the payment of the principal
4 or interest of any obligation within a period of ten years
5 immediately preceding the investment.

III. OBLIGATIONS OF COUNTIES

a—In the bonds or other interest-bearing obligations of any
2 county in this state.

b—In the bonds or other interest-bearing obligations of
2 any county in any state in the United States which at the
3 date of the investment has more than one hundred thousand
4 inhabitants and whose net debt does not exceed three per
5 cent of the last preceding valuation of the taxable property
6 therein; provided, however, that neither such county nor
7 the state in which it is situated shall have defaulted for more
8 than ninety days in payment of principal or interest of any
9 obligation within a period of ten years immediately preced-
10 ing the investment, that all issues for highway purposes
11 shall be payable serially to mature in not more than twenty
12 years, and that the principal and interest are payable from
13 a direct tax to be levied on all the taxable property within
14 such county; provided, however, that only such portion of
15 such highway issue shall be legal as will be due and pay-
16 able in not less than fifteen years from date of issue.

c—The term “net debt” shall be construed to include all
2 bonds which are a direct obligation of the county less the

3 amount of any sinking fund available in the reduction of
4 such debt.

IV. MUNICIPAL OBLIGATIONS.

5 a—In the bonds or other interest-bearing obligations of
6 any municipal or quasi-municipal corporation of this state,
7 provided such securities are a direct obligation on all the
8 taxable property thereof.

9 b—In the bonds or other interest-bearing obligations of
10 any city, town or quasi-municipal corporation in any state
11 in the United States, incorporated at least twenty-five years
12 prior to the date of investment and having, according to
13 each of the last two censuses of the Federal Government, a
14 population of not less than ten thousand; provided, that
15 neither such municipality or corporation nor the state in
16 which it is situated shall, for more than ninety days, have
17 defaulted in the payment of the principal or interest of any
18 obligation within a period of ten years immediately preced-
19 ing the investment, that the net debt of such municipality
20 or corporation shall not exceed five per cent of the assessed
valuation of the taxable property therein; provided, further,
that the population and valuation of any such quasi-municipal
corporation incorporated within a single city or town
shall be at least seventy-five per cent of the population and
valuation of the town or city in which it is located; and
provided, further, that such obligations shall be enforceable
by a direct tax levied on all the taxable property within
such municipality or corporation.

c—The term “net debt” as applied to a municipality shall
2 be construed to include not only all bonds which are a direct
3 obligation of the municipality but also all bonds of quasi-
4 municipal corporations within the same, exclusive of any
5 such debt created for a water supply and of the amount of
6 any sinking fund available in reduction of such debt.

V. FEDERAL LAND BANKS.

In the bonds or other interest-bearing obligations of any
2 Federal Land Bank or Joint Stock Land Bank organized
3 under any Act of Congress enacted prior to the passage of
4 this Act.

VI. OBLIGATIONS OF STEAM RAILROADS

a—In the bonds, notes or other interest-bearing obligations
2 of any Maine corporation owning and operating a steam
3 railroad located principally within this state, having a mile-
4 age of not less than five hundred miles of road, exclusive
5 of sidings, including all obligations assumed and guaranteed
6 by such railroad, and issued by subsidiary or lessor steam-
7 railroad corporations.

b—In the bonds or notes issued, or assumed, by any steam-
2 railroad corporation organized under the laws of any state
3 in the United States; provided,

1. Such corporation shall own in fee not less than five
2 hundred miles of standard-gauge railroad, exclusive of sid-
3 ings, within the United States, or shall own not less than
4 one hundred miles and have received each year for a period
5 of five successive years next preceding the investment a

6 gross operating income of not less than ten million dollars.

2. Such obligations shall be secured (a) by a first mortgage on at least seventy-five per cent of all the property of such corporation owned in fee, or (b) by a refunding mortgage providing for the retirement of all prior lien bonds outstanding at the date of investment and covering at least seventy-five per cent of the property owned in fee by said corporation; provided, however, that all bonds secured by said refunding mortgage shall mature at a later date than any bond which it is given to refund, or if any such bonds are to mature at an earlier date the mortgage must provide that such bonds may be retired by a like amount reissued under said mortgage, or (c) by a mortgage prior to a refunding mortgage above described covering some part of the railroad property included in such refunding mortgage, if the bonds secured by such prior mortgage are to be refunded by said refunding mortgage and the property covered by such prior mortgage is operated by the corporation issuing the refunding mortgage, or (d) by a first mortgage on the property of a leased road forming a substantial portion of the system of the operating company.

3. Such corporation shall have earned and received for a period of five successive calendar or fiscal years next preceding the investment a net income of not less than one and one-half times the annual interest on the bonds in question and all prior liens. The time during which any rail-

6 road may have been operated by the government of the
7 United States under the provisions of any act or acts of
8 Congress heretofore enacted, and a period of two years
9 thereafter, may be excluded in determining whether the
10 bonds of any railroad corporation are able to qualify under
11 the provisions of this paragraph.

In determining the income of any corporation for the pur-
2 poses of this section there shall be included the income
3 of any corporation or corporations out of which it shall
4 have been formed through consolidation or merger, and
5 of any corporation whose business and income-producing
6 property has been wholly acquired by the corporation issu-
7 ing, assuming or guaranteeing the bonds in question. The
8 net income of a railroad for the purposes of this section
9 shall be determined after deducting all operating expenses,
10 maintenance charges, rentals, taxes and guaranteed interest
11 and dividends paid by or due from it.

4. The total of the bonds and notes authorized under the
2 mortgage securing the bonds in question and all prior liens
3 exclusive of those authorized for refunding or otherwise
4 retiring prior lien obligations shall not exceed three times
5 the outstanding capital stock of such corporation at the
6 date of investment.

c—1. In equipment bonds or notes issued under the
2 Philadelphia plan, so-called, and secured by standard equip-
3 ment leased to any steam railroad corporation in the United
4 States any of whose mortgage bonds are eligible under the
5 provisions of this section.

2. In the prior lien equipment obligations or equipment trust certificates issued by the National Railway Service Corporation in pursuance of any equipment trusts financed in whole or in part through a loan or loans made or approved by the interstate commerce commission, provided such securities are issued for not exceeding in par value sixty per cent of the cost of standard railway equipment and that such obligations shall mature in approximately equal annual or semi-annual installments over a period not exceeding fifteen years.

d—In the mortgage bonds of any terminal or bridge company guaranteed as to principal and interest by any railroad corporation any of whose mortgage obligations are eligible under the provisions of this section.

e—Not more than twenty-five per cent of the deposits of any one bank shall be invested in steam railroad obligations and not more than two per cent of such deposits in the obligations of any single railroad corporation.

VII. PUBLIC UTILITY OBLIGATIONS

a—In the bonds or notes issued or assumed by any Maine corporation subject to the jurisdiction of the Maine public utilities commission and carrying on in this state the business for which it was organized; provided, however, that such securities shall first have been duly authorized by said commission under the laws of Maine.

b—In the mortgage bonds or other interest bearing obligations issued or assumed by any corporation, at least sev-

3 enty-five per cent of whose gross income is derived from
4 the operation of an electric railroad, electric light and power
5 business, artificial gas business or a combination thereof;
6 provided,

1. Such corporation shall be subject to the jurisdiction
2 of a public utilities commission, public service commission
3 or some other tribunal exercising supervisory functions or
4 dinarily incident to such commissions and the issuance of
5 the securities in question shall have been duly authorized
6 by such commission.

2. At least fifty-one per cent of the corporation's prop-
2 erty shall be located in, and fifty-one per cent of its busi-
3 ness transacted within the United States.

3. Such corporation shall own in fee not less than fifty-
2 one per cent of the property used by it in the carrying on
3 of its business.

4. Such corporation shall have received average gross
2 earnings of at least three hundred thousand dollars per
3 year in each of its three fiscal years, or three nearer periods
4 of one year, next preceding investment.

5. Such corporation shall have earned and received an
2 average net income for a period of three fiscal years, or
3 a nearer period of three years next preceding such invest-
4 ment of not less than twice the annual interest on its debt
5 secured by the mortgage under which the bonds in ques-
6 tion are issued and all prior liens, and shall not have de-
7 faulted on any of its obligations during the same period.

8 The net income of such corporation for the purposes of
9 this section shall be determined after deducting all oper-
10 ating expenses, maintenance charges, rentals, taxes, and
11 guaranteed interest and dividends paid by or due from it.

6. Such obligations shall mature at least five years before
2 the expiration of the principal franchise or franchises un-
3 der which such corporation is operating, or there shall exist
4 some definite agreement or contract with the grantors where-
5 by such franchise or franchises may be renewed or ex-
6 tended from time to time throughout and beyond the life
7 of the bonds in question, under which agreement or con-
8 tract the security of such obligation is adequately protected,
9 except where such company is operating under an inde-
10 terminate franchise granted by a public utilities commis-
11 sion or public service commission.

7. Such obligations shall be secured (a) by a first mort-
2 gage on at least seventy-five per cent of all the property
3 of such corporation owned in fee, or (b) by a refunding
4 mortgage providing for the retirement of all prior lien bonds
5 outstanding at the date of investment and covering at least
6 seventy-five per cent of the property owned in fee by said
7 corporation; provided, however, that all bonds secured by
8 said refunding mortgage shall mature at a later date than
9 any bond which it is given to refund, or if any such bonds
10 are to mature at an earlier date the mortgage must provide
11 that such bonds may be retired by a like amount reissued
12 under said mortgage, or (c) by a mortgage prior to a re-

13 funding mortgage above described covering some part of
14 the public utility property included in such refunding mort-
15 gage if the bonds secured by such prior mortgage are to
16 be refunded by said refunding mortgage and the property
17 covered by such prior mortgage is operated by the corpo-
18 ration issuing the refunding mortgage, or (d) by a first
19 mortgage on the property of a lesser public utility form-
20 ing a substantial portion of the system of the operating
21 company.

8. The total of the bonds and notes issued under the
2 mortgage securing the bonds in question and all prior liens,
3 exclusive of those authorized for refunding or otherwise
4 retiring prior lien obligations, shall not exceed three times
5 the outstanding capital stock of such corporation at the
6 date of investment.

c—Not more than twenty-five per cent of the deposits of
2 any one bank shall be invested in the obligations of the
3 above specified public utility corporations and not more
4 than two per cent of such deposits in the obligations of
5 any single utility.

VIII. OBLIGATIONS OF TELEPHONE COMPANIES

a—In the mortgage bonds and other interest bearing obli-
2 gations issued or assumed by any telephone company in-
3 corporated under the laws of any state of the United States
4 whose property is located chiefly in the United States; pro-
5 vided,

1. Such corporation shall have received gross revenues

2 of at least five million dollars per year in each of its three
3 fiscal years, or three nearer periods of one year, next pre-
4 ceding such investment.

2. Such corporation shall have earned and received a net
2 income, including income from investments, in each of its
3 three fiscal years, or three nearer periods of one year, next
4 preceding such investment, not less than twice the annual
5 interest on its debt secured by the mortgage under which
6 the bonds in question are issued and all prior liens, and shall
7 not have defaulted on any of its obligations during the
8 same period. The net income of such corporation for the
9 purpose of this section shall be determined after deducting
10 all operating expenses including maintenance and depre-
11 ciation charges, rentals, taxes and guaranteed interest and
12 dividends paid by or due from it.

3. Such obligations shall be secured (a) by a first mort-
2 gage on at least seventy-five per cent of all the property
3 of such corporation owned in fee, or (b) by a refunding
4 mortgage providing for the retirement of all prior lien bonds
5 outstanding at the date of investment and covering at least
6 seventy-five per cent of the property owned in fee by said
7 corporation; provided, however, that all bonds secured by
8 said refunding mortgage shall mature at a later date than
9 any bond which it is given to refund, or if any bonds are
10 to mature at an earlier date the mortgage must provide that
11 such bonds may be retired by a like amount reissued un-
12 der said mortgage, or (c) by a mortgage prior to a refund-

13 ing mortgage above described covering some part of the
14 telephone company property included in such refunding
15 mortgage if the bonds secured by such prior mortgage are
16 to be refunded by said refunding mortgage and the prop-
17 erty covered by such prior mortgage is operated by the cor-
18 poration issuing the refunding mortgage, or (d) by a first
19 mortgage on the property of a lessor company forming a
20 substantial portion of the system of the operating company.

b—Collateral trust bonds of any such telephone company
2 secured by the deposit with a trust company or national
3 bank of bonds and, or of shares of stock of subsidiaries
4 or other telephone companies, under an indenture of trust
5 which limits the amount of bonds so secured to not more
6 than seventy-five per cent of the value of the securities
7 deposited as stated and determined in said indenture, and
8 provided that the company issuing such collateral trust
9 bonds shall have received average gross earnings of not less
10 than seventy-five million dollars in each of its three fiscal
11 years, or three nearer periods of one year, next preceding
12 such investment, and provided, further, that such telephone
13 company shall for the same period have earned and re-
14 ceived a net income, including income from investments,
15 not less than three times the annual interest on the bonds
16 in question and all prior liens.

c—Not more than ten per cent of the deposits of any one
2 bank shall be invested in obligations of telephone companies,
3 and not more than two per cent in the obligations of any
4 single telephone company.

IX. BONDS OF MAINE CORPORATIONS

In the bonds or other interest bearing obligations of any
2 Maine corporation actually conducting in this state the busi-
3 ness for which such corporation was created, which for a
4 period of three successive fiscal years, or three nearer peri-
5 ods of one year, next preceding the investment, has earned
6 and received an average net income of not less than twice
7 the interest on the obligations in question and all prior liens.
8 Not more than twenty-five per cent of the deposits of any
9 one bank shall be invested in the obligations of such cor-
10 porations and not more than two per cent of such deposits
11 in the obligations of any single corporation.

X. STOCKS OF MAINE CORPORATIONS

a—In the stock of any Maine corporation other than a
2 banking corporation actually conducting in this state the
3 business for which such corporation was created, provided
4 such corporation has for a period of three years next pre-
5 ceding the investment earned and received an average net
6 income equivalent to at least six per cent upon the entire
7 outstanding issue of the stock in question.

b—The aggregate of all investments made by any bank
2 in stock shall at no time exceed five per cent of its deposits
3 and not more than one per cent of the deposits of such bank
4 shall be invested in the stock of any single corporation.

XI. MORTGAGE LOANS

In notes or bonds secured by first mortgages of real estate
2 in Maine and New Hampshire to an amount not exceeding
3 sixty per cent of the market value of such real estate.

XII. COLLATERAL LOANS

a—In notes with a pledge as collateral of any securities
2 which the institution itself may lawfully purchase under the
3 provisions of this section, provided the market value of such
4 collateral is at least ten per cent in excess of the amount
5 of the loan.

b—In notes with a pledge as collateral of any savings de-
2 posit book issued by any savings bank, trust company or
3 national bank in this state.

XIII. LOANS TO MUNICIPAL CORPORATIONS

In loans to any municipal or quasi-municipal corporation
2 in this state when duly authorized by such municipality or
3 corporation.

XIV. ACCEPTANCES

a—In bankers' acceptances and bills of exchange of the
2 kind and maturities made eligible by law for rediscount
3 with Federal Reserve banks, provided the same are accepted
4 by a trust and banking company incorporated under the
5 laws of this state, or a member of the Federal Reserve sys-
6 tem located in any of the New England states or the state
7 of New York.

b—In bills of exchange drawn by the seller on the pur-
2 chaser of goods sold and accepted by such purchaser of
3 the kind and maturities made eligible by law for rediscount
4 with Federal Reserve banks, provided the same are indorsed
5 by a trust and banking company incorporated under the
6 laws of this state, or a member of the Federal Reserve

7 system located in any of the New England states or the
8 state of New York.

c—Not more than ten per centum of the assets of any
2 savings bank or institution for savings shall be invested in
3 such acceptances. The aggregate amount of the liability
4 of any trust and banking company or of any national bank
5 to any savings bank or institution for savings, whether as
6 principal or indorser, for acceptances held by such savings
7 bank or institution for savings, shall not exceed twenty per
8 centum of the paid-up capital and surplus of such trust
9 and banking company or national bank, and not more than
10 five per centum of the assets of any savings bank or insti-
11 tution for savings shall be invested in the acceptances of
12 a trust and banking company or of a national bank of which
13 a trustee of such savings bank or institution for savings is
14 a director.

XV. LEGALIZATION BY DEPARTMENT

The bank commissioner shall ascertain what bonds and
2 other interest-bearing obligations are legal investments un-
3 der the provisions of this section, and within the first ten
4 days of May and November of each year shall send to each
5 savings bank a certificate stating, over his signature, that
6 upon investigation, he finds the obligations specified in said
7 certificate are authorized as legal investments under the
8 provisions of this section. Said certificate shall be prima
9 facie evidence of the correctness of the findings of said
10 commissioner and shall so continue until the issuance of

11 the next certificate of said commissioner, or of an inter-
12 mediate certificate correcting and changing the list of legal
13 investments in the certificate last issued. The purchase of
14 any bond or obligation specified in any such certificate, made
15 before such respective obligations are withdrawn or omitted
16 by the bank commissioner in a subsequent certificate issued
17 by him, shall be a legal investment under the provisions
18 of this section.

Any person financially interested in any such finding of
2 the bank commissioner may take an appeal therefrom to
3 any justice of the supreme judicial court, who, after such
4 notice and hearing as he deems proper, may inquire into
5 and render a judgment whether such obligation is a legal
6 investment for savings banks under the provisions of this
7 section.

The proper and necessary expenditures incurred by the
2 bank commissioner in carrying out the provisions of this
3 section, including the compensation of any person or per-
4 sons specially employed for that purpose, shall be chargeable
5 to the fund created by the payment of registration fees by
6 dealers in securities and their agents and salesmen.

Sect. 28. *May acquire and hold stocks, bonds and other*
2 *securities not authorized by law, to avoid loss.* Savings
3 banks and institutions for savings may acquire and hold
4 stocks, bonds and other securities not authorized by law,
5 hereafter acquired in settlements and reorganizations and
6 accepted to reduce or avoid loss on defaulted loans and

7 investments held by said banks and institutions, and may
8 continue to hold such stocks, bonds and other securities
9 heretofore so acquired, and all other investments lawfully
10 acquired, and shall not be obliged to sell or dispose of the
11 same except at such times and in such manner as will pre-
12 vent unnecessary loss or embarrassment to the business of
13 the bank or institution.

Sect. 29. *Investments, value as carried on books; author-
2 ity of commissioner.* All investments having a fixed ma-
3 turity, shall be charged and entered on the books of the
4 bank at their cost to the bank. The bank commissioner may
5 require any investment to be charged down to such sum
6 as in his judgment represents its fair value. He may at
7 any time call for a report of the financial condition of any
8 corporation offering, or likely to offer, its bonds, stocks or
9 notes to any savings bank in the state, or whose notes are
10 held by any such savings bank, as much in detail as he may
11 require, verified by the oath of such officers of said corpo-
12 ration as he may specify. He may communicate any such
13 report, or an abstract thereof, to the officers of any of said
14 savings banks. If such report is not furnished the bank
15 commissioner within the time specified in his call therefor,
16 or within such extension of time as he may grant, the bonds,
17 stocks and notes of such corporation shall thereupon cease
18 to be a legal investment for savings banks under this sec-
19 tion, and shall not again become a legal investment until
20 a report in all respects satisfactory to the bank commissioner

21 is furnished. Any officer of a corporation who wilfully
22 makes a false report hereunder, and any officer, trustee,
23 director, clerk or employee of a savings bank, trust com-
24 pany or loan and building association who wilfully and
25 knowingly undertakes in any manner to deceive or mislead
26 the bank commissioner, or any officer or representative of
27 the state banking department, as to the true condition or
28 value of any of the investments of such savings bank, trust
29 company or loan and building association, or wilfully con-
30 ceals any material fact connected therewith shall be pun-
31 ished by a fine not exceeding five hundred dollars or im-
32 prisonment not exceeding two years, or by both such fine
33 and imprisonment.

Sect. 30. *Limitation of real estate holding.* Any such
2 bank or institution may hold real estate in the city or town
3 in which such bank or institution is located, to an amount
4 not exceeding five per cent of its deposits or to an amount
5 not exceeding its reserve fund, but these limitations shall
6 not apply to real estate acquired by the foreclosure of mort-
7 gage thereon, or upon judgment for debts, or in settlements
8 to secure debts.

Sect. 31. *Investments in capital stock of corporations*
2 *restricted.* No such bank or institution shall hold by way
3 of investment, or as security for loans, or both, more than
4 one-fifth of the capital stock of any corporation, nor have
5 more than sixty per cent of its deposits in notes or bonds
6 secured by mortgages of real estate. The foregoing limi-

7 tations do not apply to assets acquired in good faith upon
8 judgments for debts or in settlements to secure debts.

Sect. 32. *May deposit on call in banks and may deposit
2 collateral for time loans, made without the state.* Savings
3 banks and institutions for savings may deposit on call in
4 banks or banking associations incorporated under the au-
5 thority of this state, or the laws of the United States, or in
6 any member bank of the federal reserve system located
7 in any of the New England states or the state of New
8 York, and receive interest for the same; and may deposit
9 subject to the approval of the bank commissioner, with
10 such banks or banking associations any securities received
11 as collateral for time loans made to any person or corpora-
12 tion without the state.

Sect. 33. *Authority to borrow money and pledge securi-
2 ties.* Savings banks and institutions for savings may, by
3 vote of the trustees of such corporation, when in the judg-
4 ment of said trustees such action is necessary to pay de-
5 positors and to prevent loss by sales of assets, borrow money
6 within or without the state and may pledge bonds, notes or
7 other securities as collateral therefor. The trustees of such
8 corporation shall cause a copy of said vote to be sent
9 forthwith to the bank commissioner, and shall also notify
10 him of any action taken thereunder.

Sect. 34. *Trustees to invest; no loan shall be made to
2 any officer.* The trustees shall see to the proper investment
3 of deposits and funds of the corporation, in the manner

4 hereinbefore prescribed. No loan shall be made directly
5 or indirectly to any officer of the corporation, or to any
6 firm of which such officer is a member.

Sect. 35. *Dividends from earnings; maintenance of re-*
2 serve fund; excess, when to be divided. Dividends, de-
3 clared only by vote of trustees; not to exceed earnings of
4 bank. The trustees, after passing to the reserve fund one-
5 quarter of one per cent of the average amount of deposits
6 for the six months previous to declaring a dividend, not
7 subject to be divided, shall declare dividends, not exceed-
8 ing two and a half per cent semi-annually, except as here-
9 inafter provided, at such times as are required by their
10 by-laws, among depositors of three months standing at
11 least before dividend day. The corporation may by its by-
12 laws include deposits of less standing. The reserve fund
13 shall be kept constantly on hand, to secure against losses
14 and contingencies, until it amounts to five per cent of the
15 deposits. All losses shall be passed to the debit of said
16 account. And when said reserve fund amounts to ten
17 per cent of the average amount of deposits for the six
18 months previous to declaring a dividend, all net profits not
19 otherwise divided, thereafter made by said banks, may be
20 divided every three years ratably among the depositors of
21 one, two and three full years' standing, as extra dividends.
22 No dividends or interest shall be declared, credited or paid,
23 except by a vote of the board of trustees, entered upon
24 their records, whereon shall be recorded the yeas and

25 nays upon such vote. Trustees of savings banks and
26 savings institutions are forbidden to make any semi-annual
27 dividends of a rate per cent which will make the aggregate
28 amount of said dividend greater than the actual earnings
29 of the bank or institution, actually collected; provided, how-
30 ever, that a temporary deficiency in actual collections may
31 be supplemented by taking from the reserve fund, with the
32 written consent of the bank commissioner, an amount suffi-
33 cient to maintain the customary dividend rate.

Sect. 36. *Dividends shall be credited within sixty days.*

2 The treasurer of every savings bank or institution for sav-
3 ings shall within sixty days after a dividend is declared,
4 credit the same to the deposit account. Any treasurer
5 neglecting or refusing so to do shall be punished by a fine
6 of not less than one hundred, nor more than two hundred
7 dollars.

Sect. 37. *Interest on deposits, prohibited.* No deposit
2 shall be received under an agreement to pay any specified
3 sum of interest for its use, other than regular semi-annual
4 and extra dividends; provided, however, that savings banks
5 and trust companies in their savings departments may con-
6 tract, on terms to be agreed upon, for the deposit at inter-
7 vals within a period of twelve months, of sums of money
8 in the aggregate not in excess of the statutory limit on
9 deposits in savings banks, and for the payment of interest
10 on the same at a rate not more than one per cent less than
11 the rate of their last regular dividend on savings deposits.

12 A sum thus accumulated, if left in such a depository as a
13 regular savings deposit, within fifteen days after the date
14 on which money ordinarily begins to draw interest, may, if
15 the depository so provides, draw interest from such prior
16 date.

Sect. 38. *Notice of withdrawal of deposits.* No savings
2 bank shall be required to pay any depositor more than
3 fifty dollars at any one time or in any one month until
4 after ninety days' notice.

Sect. 39. *Treasurer may assign, discharge and foreclose*
2 *mortgages.* The treasurer may, under the direction of the
3 trustees, assign, discharge and foreclose mortgages, and
4 convey real estate held as security for loans, or the title of
5 which accrued from foreclosure of mortgages, or judg-
6 ments of courts.

Sect. 40. *Trustees shall effect insurance.* The trustees
2 shall cause all real estate of an insurable character held by
3 them absolutely, or in mortgage, to be fully insured, and
4 the expense of such insurance in case of mortgage, shall
5 be added to the amount of the mortgage debt to be refund-
6 ed in case of redemption.

Sect. 41. *Assets of bank, connected with other bank, to*
2 *to be kept separate.* All coins, bills, notes, bonds, securities
3 and evidences of debt, comprising the assets of any savings
4 bank connected with a national or stock bank, shall be kept
5 separate and apart from the assets or property of such
6 national or stock bank, and also separate and apart from

7 the assets or property of any other bank, banker, corpora-
8 tion, partnership, individual or firm.

Sect. 42. *Securities to be kept within the state.* All se-
2 curities owned or held by savings banks shall be kept within
3 the state, except as provided in sections thirty-two and
4 thirty-three of this chapter, and except when a sale or ex-
5 change thereof shall require delivery out of the state, or
6 when necessary to send any of them out of the state tem-
7 porarily for purposes incident to the business of owning
8 or managing such securities by savings banks; and the place
9 of their deposit shall be selected with reference to insur-
10 ing the greatest possible security for their safe-keeping, and
11 shall be subject to the approval of the bank commissioner.

Sect. 43. *Treasurer shall make trial balance weekly; an-
2 nually to record net sum of each deposit.* The treasurer
3 of every savings bank, shall, every Saturday, make and de-
4 clare a trial balance, which shall be recorded in a book
5 kept for that purpose; and shall also, at least once in each
6 year, cause to be entered on a suitable book, the net sum
7 of each individual deposit at a fixed date, and ascertain
8 the aggregate of all such deposits, and whether it agrees
9 with the other books of said bank; and said books shall be
10 open at all times for the inspection of the trustees, corpo-
11 rators and bank commissioner.

Sect. 44. *Treasurer shall make annual return to the bank
2 commissioner.* The treasurer of every savings bank and
3 institution for savings shall annually and as much oftener

4 as the bank commissioner may require, make return of the
5 condition and standing thereof at such time as the bank
6 commissioner designates, which return shall be made to said
7 commissioner within fifteen days after the day designated
8 in the blank form of such return furnished to every such
9 bank or institution by the commissioner.

Sect. 45. *Treasurer shall annually publish statement of*
2 *inactive accounts.* The treasurer of every savings bank and
3 institution of savings shall on or before the first day of
4 November annually cause to be published in a newspaper
5 in the place where the bank or institution is located, if any,
6 otherwise in a newspaper published in the nearest place
7 thereto, a statement containing the name, the amount stand-
8 ing to his credit, the last known place of residence or post
9 office address and the fact of death, if known, of every
10 depositor in said bank who shall not have made a deposit
11 therein or withdrawn therefrom any part of his deposit or
12 any part of the dividends thereon, for a period of more
13 than twenty years next preceding; provided, however, that
14 this section shall not apply to the deposits of persons known
15 to the treasurer to be living, to a deposit the deposit book
16 of which has during such period been brought into the bank
17 to be verified or to have the dividends added, or to a de-
18 posit which, with the accumulations thereon, shall be less
19 than ten dollars. Said treasurer shall also transmit a copy
20 of such statement to the bank commissioner to be placed
21 on file in his office for public inspection. Any treasurer

22 neglecting to comply with the provisions of this or the pre-
23 ceding section shall be liable to a penalty of fifty dollars.

Sect. 46. *Annual examinations by trustees.* Two of the
2 trustees, at least, shall once in each year, thoroughly ex-
3 amine the affairs of the corporation, and report under oath
4 to the bank commissioner, and to the board of trustees, the
5 standing of the corporation, the situation of its funds, and
6 all other matters which the commissioner requires, in the
7 manner and according to the form that he prescribes. And
8 the commissioner shall seasonably give notice of the time
9 and furnish blanks for said examination and return.

Sect. 47. *No officer to receive gift, fee, or commission;
2 borrower to pay expenses.* No gift, fee, commission or
3 brokerage shall be received by any officer of a savings bank,
4 on account of any transaction to which the bank is a party,
5 under a penalty for each offense, of one hundred dollars,
6 to be recovered in an action of debt, in the name, and to
7 the use of the state, provided, that nothing herein contained
8 applies to any expenses of examining titles, and making
9 conveyances upon loans made by savings banks. Parties
10 making a loan from a savings bank shall pay all expenses
11 incurred by reason thereof.

Sect. 48. *Funds not to be used by officer.* No officer of
2 the corporation shall use or appropriate any of its funds
3 for his own private purposes, under the penalties for em-
4 bezzlement.

Sect. 49. *Verification of depositors' books; examiner shall*

2 *have full access to institutions under examination. Pun-*
3 *ishment for imparting information obtained by audit or veri-*
4 *fication.* The bank commissioner, at least once in every
5 three years, shall cause the books of the savings depositors
6 in savings banks or in institutions for savings, and in every
7 trust and banking company to be verified, by such methods
8 and under such rules as he may prescribe.

All necessary expenses for the purpose of such verification,
2 publication, or printing of the results of such verification,
3 as may be necessary for the purpose of this act, shall be
4 appropriated and paid out of the fund received by the state
5 from tax upon savings banks, institutions for savings and
6 trust companies.

The bank commissioner, deputy bank commissioner and
2 all examiners and employees of the department acting un-
3 der the foregoing provisions shall have full access to every
4 part of the bank, institution for savings or trust company
5 under examination, and to all books, papers, vouchers, re-
6 sources and all other records and property belonging to
7 said bank, institution for savings or trust company, whether
8 in its immediate possession or otherwise, for the purpose
9 of facilitating such verification.

If any representative of the banking department desig-
2 nated to make such audit or verification as herein specified
3 shall communicate or impart to any person or persons, ex-
4 cept to said bank commissioner or as witness in court, any
5 information obtained by said audit or verification, he shall

6 be punished by imprisonment not exceeding one year or
7 by fine not exceeding one thousand dollars or both.

Sect. 50. *Annual examinations by bank commissioner;*
2 *proceedings, and statement of condition to be published;*
3 *joint examination.* Savings banks and institutions for sav-
4 ings are under the charge of the bank commissioner for the
5 purposes of examination. He shall visit every savings bank
6 and institution for savings, incorporated by authority of
7 the state, once in every year and as much oftener as he
8 deems expedient. At such visits he shall have free access
9 to the vaults, books and papers, and thoroughly inspect and
10 examine all the affairs of each of said corporations, and
11 make such inquiries as are necessary to ascertain its con-
12 dition and ability to fulfil all its engagements, and whether
13 it has complied with the law, and its officers shall, when-
14 ever required to do so by the bank commissioner, furnish
15 him with statements and full information relating to the
16 condition and standing of their institution, and of all mat-
17 ters pertaining to its business affairs and management. He
18 may prescribe the manner and form of keeping the books
19 and accounts of said corporations, which, however, need
20 not be uniform. He shall preserve in a permanent form,
21 a full record of his proceedings, including a statement of
22 the condition of each of said corporations, a copy of which
23 statement shall be published by such corporation immedi-
24 ately after the examination of the same, in a newspaper
25 in the place where it is established, if any, otherwise in a
26 newspaper published in the nearest place thereto.

Joint examinations of state and national banking institutions occupying the same rooms shall be made at least once in each year at such times and under such conditions as the two departments may, from time to time, agree upon.

Sect. 51. *Voluntary liquidation.* Whenever in the opinion of the bank commissioner and a majority of the trustees of any savings bank, or institution for savings, it is inexpedient, for any reason, for said bank to continue the further prosecution of its business, said trustees may join with the bank commissioner in an application to any justice of the supreme judicial court for the liquidation of the affairs of such corporation. Upon presentation of such application, such justice may issue an injunction wholly or partially restraining further payment of deposits until further order of court. If, after notice and hearing on such application, such justice is of the opinion that it is inexpedient for said bank to continue the further prosecution of its business, he may make such orders and decrees in the premises as seem proper for liquidating the affairs of said bank, the distribution of its assets and the protection of its depositors. Further proceedings on such application may be in the manner provided for the liquidation of an insolvent savings bank; or such justice may authorize the president and trustees of such bank then in office to liquidate its affairs under the direction of the court. The provisions of section fifty-eight are hereby made applicable to such applications.

Sect. 52. *Commissioner may summon officers and witnesses; penalty for refusal to testify.* The commissioner may summon all trustees, officers or agents of any such corporation, and such other witnesses as he thinks proper, in relation to the affairs, transactions and condition thereof, and for that purpose may administer oaths; and whoever, without justifiable cause, refuses to appear and testify when thereto required, or obstructs said commissioner in the discharge of his duty, shall be fined not exceeding one thousand dollars, or imprisoned not exceeding two years.

Sect. 53. *Commissioner may apply for injunction to restrain insolvent corporation; powers and duties of the justice in such cases; may appoint receivers, who shall report annually.* If, upon examination of any such corporation, the commissioner is of the opinion that it is insolvent, or that its condition is such as to render its further proceedings hazardous to the public or to those having funds in its custody, he shall apply, or if, upon such examination, he is of the opinion that it has exceeded its powers or failed to comply with any of the rules, restrictions or conditions provided by law, he may apply to one of the justices of the supreme judicial court to issue an injunction to restrain such corporation in whole or in part from proceeding further with its business until a hearing can be had. Such justice may forthwith issue process for such purpose, and after a full hearing of the corporation, may

17 dissolve or modify the injunction or make the same per-
18 petual, and make such orders and decrees to suspend, re-
19 strain or prohibit the further prosecution of its business,
20 as may be needful in the premises, according to the course
21 of proceedings in equity; and he may appoint one or more
22 receivers or trustees to take possession of its property and
23 effects, subject to such rules and orders as are from time
24 to time prescribed by the supreme judicial court, or by any
25 justice thereof in vacation. Such receivers or trustees shall
26 annually, in May, and at such other times as the commis-
27 sioner requires, make a report to him of the progress made
28 in the settlement of the affairs of said corporation; and
29 the commissioner shall seasonably give notice of the time
30 and furnish blanks for the report. The court in its dis-
31 cretion may appoint the bank commissioner or deputy bank
32 commissioner, receiver for such purpose, in which case no
33 commission, fee, or other perquisite shall be allowed such
34 official for his services in said capacity, but his expenses
35 incurred in the performance of his duty as said receiver,
36 shall be chargeable against the assets of the institution and
37 allowed in his account as receiver. The attorney general
38 shall render such legal services in connection with such
39 receivership as the commissioner or deputy bank commis-
40 sioner may require, without additional compensation.

Sect. 54. *After decree of sequestration, commissioners
2 appointed; their duties and powers; payments of claims.
3 After a decree of sequestration is passed as provided in*

4 the preceding section, the court or any justice thereof, in
5 vacation, shall appoint commissioners who shall give such
6 notice of the times and places of their sessions as the court
7 or such justice orders; receive and decide upon all claims
8 against the institution, and make report to the court at such
9 time as the court orders of the claims allowed and dis-
10 allowed and of the amount due each depositor, which shall
11 be subject to exception and amendment, as reports of
12 masters in chancery. On application of any person inter-
13 ested, the court may extend the time for hearing claims by
14 the commissioners, as justice may require. When the
15 amount due each person is established the court shall cause
16 others than depositors to be paid in full, and after deduct-
17 ing expenses the balance to be ratably distributed among
18 depositors. When it appears upon the settlement of the
19 account of the receiver of such an institution that there is
20 remaining in his hands funds due depositors who cannot
21 be found and whose heirs or legal representatives are un-
22 known, the court may order such unclaimed funds to be
23 paid into the state treasury, together with a statement giving
24 the names of such depositors and the amount due each,
25 the same to be held subject for twenty years thereafter to
26 be paid to the person or persons having established a lawful
27 right thereto when made to appear upon proper proceedings
28 instituted in the court ordering such disposition of such
29 unclaimed funds; provided, however, that whenever any
30 such unclaimed fund is in an amount less than two hun-

31 dred dollars, the claimant thereto may make application to
32 any justice of the supreme judicial court who may after
33 identification to him satisfactory, issue an order under the
34 seal of the supreme judicial court directing the treasurer of
35 state to pay said fund to the claimant therein named and
36 said fund shall be paid as directed.

Sect. 55. *Attachments dissolved, and suits discontinued; judgment recovered, to be added to claims.* All attachments of the property of the bank shall be dissolved by the decree of sequestration, and all pending suits discontinued and the claim in suit presented to the commissioners, unless the court, or some justice thereof in vacation, on application of the plaintiff within three months from said decree, passes an order allowing the receiver to be made a party to the suit, and that the same may be prosecuted to final judgment. After decree of sequestration, no action at law shall be maintained on any claim against the bank, unless the court, or a justice thereof in vacation, on application therefor within the time above named, authorizes it, and in such case the receiver shall be made a party; any judgment recovered as herein provided shall be added to the claims against the bank.

Sect. 56. *Claims, when barred.* All claims not presented to the commissioners within the time fixed by the court, or litigated as aforesaid, are forever barred.

Sect. 57. *Supreme judicial court or justice thereof may reduce deposit accounts.* Whenever a savings bank or in-

3 stitution for savings, is insolvent by reason of loss on, or
4 depreciation in the value of any of its assets, without the
5 fault of its trustees, the supreme judicial court, in term
6 time, or any justice thereof, in vacation, shall, on petition
7 in writing, of a majority of the trustees, and the bank
8 commissioner, setting forth such facts, appoint a time for
9 the examination of the affairs of such corporation, and
10 cause notice thereof to be given to all parties interested, in
11 such manner as may be prescribed; and, if upon exami-
12 nation of its assets and liabilities, and from other evidence,
13 he is satisfied of the facts set forth in said petition, and
14 that the corporation has not exceeded its powers, nor failed
15 to comply with any of the rules, restrictions and conditions
16 provided by law, he may, if he deems it for the interest of
17 the depositors and the public, by proper decree, reduce the
18 deposit account of each depositor, so as to divide such loss
19 pro rata among the depositors, thereby rendering the corpo-
20 ration solvent, so that its further proceedings will not be
21 hazardous to the public, or those having or placing funds
22 in its custody; and the depositors shall not draw from
23 such corporation, a larger sum than is thus fixed by the
24 court, except as hereinafter authorized; provided, how-
25 ever, that its treasurer shall keep an accurate account of
26 all sums received for such assets of the corporation held
27 by it at the time of filing such petition; and if a larger
28 sum is realized therefrom than the value estimated as afore-
29 said by the court, he shall, at such times as the court

30 prescribes, render to the court a true account thereof, and
31 thereupon the court, after due notice thereof to all parties
32 interested, shall declare a pro rata dividend of such excess
33 among the depositors at the time of filing the petition.
34 Such dividend may be declared by the court, whenever the
35 court deems it for the interest of the depositors and the
36 public, whether all, or only a portion, of such assets has
37 been reduced to money; and any such dividend may at
38 any time, in the discretion of the court, be declared to be
39 a final one. No deposit shall be paid or received by such
40 corporation after the filing of the petition until the decree
41 of the court, reducing the deposits as herein provided. If
42 the petition is denied, the bank commissioner shall proceed
43 to wind up the affairs of the corporation as provided in
44 section fifty-three.

Sect. 58. *Court may restrain payment to preserve assets
2 or to protect depositors; order may be revoked or modified.*
3 Whenever it may become necessary to preserve the assets
4 or protect depositors in a savings bank, the supreme judicial
5 court in equity, on application of the bank commissioner
6 or trustees of such bank, may, after due notice, make an
7 order restraining the bank from paying out its funds or
8 any portion thereof, or from declaring or paying any divi-
9 dends or deposits for such time as the court shall deem
10 advisable. The court may at any time revoke or modify
11 the original order and authorize the bank to pay dividends
12 upon its deposits, or pay any portion of its deposits to

13 such as may desire to withdraw the same, or make any
14 other or further order that may be necessary to protect the
15 depositors in such institution. Nothing in this section
16 shall be construed to take away the rights of the parties in
17 interest to proceed under the provisions of sections fifty-
18 three and fifty-seven of this chapter.

Sect. 59. *Commissioner shall make annual report; dis-*
2 *tribution.* The commissioner shall, annually, make a report
3 to the governor and council, of the general conduct and
4 condition of each of the banks visited by him, making
5 such suggestions as he deems expedient. Such report shall
6 be printed and laid before the legislature at its next session,
7 and one copy sent to each savings bank in the state.

Sect. 60. *Commissioner shall report violations of law.*
2 If, in the opinion of the commissioner any savings bank
3 or its officers or trustees have persistently violated any
4 provision of this chapter, he shall forthwith report the
5 same, with such remarks as he deems expedient, to the at-
6 torney general, who shall forthwith institute a prosecution
7 therefor in behalf of the state. The penalty for such viola-
8 tion, unless otherwise prescribed, is not less than one hun-
9 dred, nor more than five hundred dollars.

Sect. 61. *Powers, privileges, duties and restrictions, con-*
2 *ferred by charters, are modified so as to conform to this*
3 *chapter.* The powers, privileges, duties and restrictions,
4 conferred and imposed upon any savings corporation, by
5 whatever name known, in its charter or act of incorpora-

6 tion, are so far abridged, enlarged or modified, that every
7 such charter or act shall conform to this chapter; and
8 every such corporation possesses the powers, rights and
9 privileges, and is subject to the duties, restrictions and
10 liabilities herein conferred and imposed, anything in their
11 respective charters or acts of incorporation to the contrary
12 notwithstanding.

TRUST AND BANKING COMPANIES

Sect. 62. *Organization of trust companies; their powers.*

2 Five more persons, a majority of whom shall be resident
3 of the state, who associate themselves by an agreement in
4 writing for the purposes of forming a trust company, may,
5 upon compliance with the provisions of sections sixty-two
6 to seventy-one, both inclusive, of this chapter, become a
7 corporation, subject to all the duties, restrictions and lia-
8 bilities set forth in all general laws now or hereafter in
9 force relating to such corporations, with power; first, to
10 receive on deposit, money, coin, bank notes, evidences of
11 debt, accounts of individuals, companies, corporations, muni-
12 cipalities and states, allowing interest thereon, if agreed, or
13 as the by-laws of said corporation may provide; second, to
14 borrow money, to loan money on credits, or real estate, or
15 personal security, and to negotiate loans and sales for
16 others; third, to own and maintain safe deposit vaults, with
17 boxes, safes and other facilities therein, to be rented to
18 other parties for the safe-keeping of moneys, securities,
19 stocks, jewelry, plate, valuable papers and documents, and

20 other property susceptible of being deposited therein, and
21 may receive on deposit for safe-keeping property of any
22 kind entrusted to it for that purpose; fourth, to hold and
23 enjoy all such estate, real, personal and mixed as may be
24 obtained by the investment of its capital stock or any other
25 moneys and funds that may come into its possession in the
26 course of its business and dealings, and the same sell,
27 grant, and dispose of; fifth, to act as agent for issuing,
28 registering and countersigning certificates, bonds, stocks,
29 and all evidences of debt or ownership in property; sixth,
30 to hold by grant, assignment, transfer, devise, or bequest,
31 any real or personal property or trusts duly created, and
32 to execute trusts of every description; seventh, to act as
33 assignee, receiver, executor, administrator, conservator or
34 guardian; provided, however, that any such appointment as
35 guardian shall apply to the estate of the ward only and not
36 to the person; eighth, subject to such restrictions as may
37 be imposed by the bank commissioner, to accept for pay-
38 ment at a future date drafts and bills of exchange drawn
39 upon it, and to issue letters of credit authorizing holders
40 thereof to draw drafts upon it, or its correspondents, at
41 sight or on time; provided, that such acceptances or drafts
42 be based upon actual values, but no trust company shall
43 accept such bills or drafts to an aggregate amount exceed-
44 ing at any one time one-half of its paid-up capital and sur-
45 plus, except with the approval of the bank commissioner,
46 and in no case to aggregate amount in excess of its capital

47 and surplus; ninth, to do in general all the business that
48 may lawfully be done by trust and banking companies. No
49 surety shall be necessary upon the bond of the corporation
50 in its capacity as trustee, executor, administrator, conserva-
51 tor, guardian, assignee or receiver, or in any other capacity
52 unless the court or officer approving such bond shall require
53 it.

Sect. 63. *Authority to engage in business of issuing
2 surety bonds.* No trust company shall engage in the busi-
3 ness of acting as surety on official bonds or bonds for the
4 performance of other obligations or guaranteeing the fidel-
5 ity of persons in positions of trust, private or public, and
6 at the same time engage in the business of receiving on
7 deposit money, coin, bank-notes, evidences of debt, accounts
8 of individuals, companies, corporations, municipalities or
9 states, subject to check or payable on demand, other than
10 deposits for the payment of bonds and interest thereon and
11 for sinking funds. But nothing in this section shall be
12 construed as enlarging any of the corporate powers of any
13 trust company. No trust company organized under the
14 laws of this state shall be authorized to guarantee the fidel-
15 ity of persons in positions of trust, private or public, and to
16 act as surety on official bonds and for the performance of
17 other obligations, unless it shall have a capital stock, fully
18 paid in, of not less than two hundred and fifty thousand
19 dollars.

Sect. 64. *Agreement of organization.* Said agreements

2 shall set forth that the subscribers thereto associate them-
3 selves with the intention of forming a corporation, and shall
4 specifically state:

First, the name by which the corporation shall be known.

Second, the purpose for which it is formed.

Third, the city or town, which shall be within this state,
2 where its business is to be transacted.

Fourth, the amount of its capital stock, and the number
2 of shares into which the same is to be divided.

Each associate shall subscribe to the articles his name,
2 residence, post office address and the number of shares of
3 stock which he agrees to take.

Sect. 65. *Notice of intention to organize.* A notice of
2 the intention of the subscribers to form such a trust com-
3 pany shall be given to the bank commissioner. A notice
4 in such form as said commissioner shall approve shall be
5 published at least once a week, for three successive weeks,
6 in one or more newspapers designated by said commissioner
7 and published in the county in which it is proposed to
8 establish the company. Such notice shall specify the names
9 of the proposed incorporators, the name of the corpora-
10 tion and the location of the same, as set forth in the above
11 mentioned agreement of association. Within thirty days
12 after the first publication of said notice the subscribers to
13 said agreement shall apply to said commissioner for a cer-
14 tificate that public convenience and advantage will be pro-
15 moted by the establishment of such trust company. If the

16 commissioner refuses to issue such certificate, no further
17 proceedings shall be had, but the application may be re-
18 newed after one year from the date of such refusal, with-
19 out further notice or publication unless the commissioner
20 shall order the same.

Sect. 66. *First meeting of subscribers, how called; no-*
2 *tice; election of officers and adoption of by-laws.* The first
3 meeting of the subscribers to the agreement of association
4 shall be called by a notice signed either by that subscriber
5 to the agreement who is designated therein for the pur-
6 pose, or by a majority of the subscribers; and such notice
7 shall state the time, place and purposes of the meeting.
8 A copy of the notice shall, seven days at least before the
9 day appointed for the meeting, be given to each subscriber
10 or left at his residence or usual place of business, or de-
11 posited in the post office, postage prepaid, and addressed
12 to him at his residence or usual place of business, and an-
13 other copy thereof and an affidavit of one of the signers
14 that the notice has been duly served shall be recorded with
15 the records of the corporation. If all the incorporators
16 shall be in writing, endorsed upon the agreement of asso-
17 ciation, waive such notice and fix the time and place of
18 the meeting, no notice shall be required. The subscribers
19 to the agreement of association shall hold the franchise
20 until the organization has been completed. At such first
21 meeting, or at any adjournment thereof, the incorporators
22 shall organize by the choice by ballot of a temporary clerk,

23 by the adoption of by-laws and by the election in such
24 manner as the by-laws may determine, of directors, a pres-
25 ident, a clerk, and such other officers as the by-laws may
26 prescribe. All the officers so elected shall be sworn to the
27 faithful performance of their duties. The temporary clerk
28 shall make and attest a record of the proceedings until the
29 clerk has been chosen and sworn, including a record of
30 such choice and qualification.

Sect. 67. *Articles of agreement; shall be submitted to
2 bank commissioner and attorney general, and filed in office
3 of secretary of state; certificate issued; has force and effect
4 of special charter; evidence of existence of corporation.*

5 The president, and a majority of the directors who are
6 elected at such first meeting, shall make, sign and make
7 oath to, in duplicate, articles setting forth:

a—A true copy of the agreement of association, the names
2 of the subscribers thereto, and the name, residence and post
3 office address of each of the officers of the company;

b—The date of the first meeting and the successive ad-
2 journments thereof, if any.

One of such certificates shall be submitted to the bank
2 commissioner and the other, together with the records of
3 the proposed corporation, to the attorney general, who shall
4 examine the same, and who may require such amendment
5 thereof or such additional information as he may consider
6 necessary. If he finds that the articles conform to the
7 provisions of the preceding sections relative to the organ-

8 ization of the corporation and that the provisions of sec-
9 tion sixty-five have been complied with, he shall so certify
10 and endorse his approval thereon. Thereupon the articles
11 shall be filed in the office of the secretary of state, who
12 shall cause the same, with the endorsement thereon, to be
13 recorded, and shall thereupon issue a certificate of incor-
14 poration in the following form:

STATE OF MAINE

Be it known that whereas (the names of the subscribers
2 to the agreement of association) have associated themselves
3 with the intention of forming a corporation under the name
4 of (the name of the corporation), for the purpose (the
5 purpose declared in the agreement of association), with a
6 capital stock of (the amount fixed in the agreement of
7 association), and have complied with the provisions of the
8 statutes of this state in such case made and provided, as
9 appears from the articles of organization of said corpo-
10 ration, duly approved by the attorney-general, and recorded
11 in this office; now, therefore, I (the name of the secre-
12 tary), secretary of the state of Maine, do hereby certify
13 that said (the names of the subscribers to the agreement
14 of association), their associates and successors, are legally
15 organized and established as, and are hereby made, an ex-
16 isting corporation under the name of (name of corpora-
17 tion), with the powers, rights and privileges, and subject
18 to the limitations, duties and restrictions, which by law
19 appertain thereto.

Witness my official signature hereunto subscribed, and the
2 great seal of the state of Maine hereunto affixed this
3 day of in the year (the date of the filing
4 of the articles of organization).

The secretary shall sign the certificate of incorporation
2 and cause the great seal of the state to be thereto affixed,
3 and such certificate shall have the force and effect of a
4 special charter. The existence of every corporation which
5 is not created by special law shall begin upon the filing of
6 the articles of organization in the office of the secretary of
7 state. The secretary of state shall also cause a record of
8 the certificate of incorporation to be made, and such cer-
9 tificate, or such record, or a certified copy thereof, shall
10 be conclusive evidence of the existence of such corporation.

Sect. 68. *Issue of shares; list of stockholders, examina-*
2 *tions by bank commissioner.* Such corporation shall not
3 issue any shares of stock until the par value of such shares
4 shall have been actually paid in in cash. When the whole
5 capital stock has been issued, a complete list of the stock-
6 holders, with the name, residence and post office address
7 of each, and the number of shares held by each, shall be
8 filed with the bank commissioner, which list shall be veri-
9 fied by the president and treasurer of the corporation.
10 Upon receipt of such statement said commissioner shall
11 cause an examination to be made, and if, after such exam-
12 ination, it appears that the whole capital stock has been
13 paid in in cash, and that all requirements of law have been

14 complied with, said commissioner shall issue a certificate
15 authorizing such corporation to begin the transaction of
16 business. It shall be unlawful for any such corporation to
17 begin the transaction of business until such a certificate
18 has been granted.

Sect. 69. *One-third of proposed capital stock shall be*
2 *subscribed for.* The written articles of association men-
3 tioned in section sixty-two shall not be regarded as suffi-
4 cient unless they show that at least one-third of the pro-
5 posed amount of capital stock has been subscribed for.
6 And when filed with the bank commissioner they shall be
7 accompanied by satisfactory evidence that the sum of fifty
8 dollars has been paid to the treasurer of state to be credited
9 to an account for expense of organizing trust companies,
10 so much thereof to be paid out for expenses of the several
11 departments as the governor and executive council shall find
12 to have been actually incurred.

Sect. 70. *Minimum amount of capital stock authorized*
2 *to begin business; par value of shares.* The minimum
3 amount of paid-in capital stock on which a trust company
4 may be authorized to begin business shall be twenty-five
5 thousand dollars for a town or city of not more than five
6 thousand inhabitants, fifty thousand dollars for a town or
7 city having from five thousand to ten thousand inhabitants,
8 seventy-five thousand dollars for a town or city having
9 from ten thousand to twenty thousand inhabitants, one hun-
10 dred thousand dollars for a town or city having from twen-
11 ty thousand to thirty thousand inhabitants, and one hun-

12 dred and fifty thousand dollars for a town or city of more
13 than thirty thousand inhabitants. The bank commissioner
14 in ascertaining the number of inhabitants of such town or
15 city for the purpose of determining the sufficiency of the
16 capital stock, may require such proof in addition to the
17 last preceding United States census as he may deem neces-
18 sary; but no charter once granted shall ever be deemed
19 void for any error in computing the population. The par
20 value of the shares of stock shall be one hundred dollars
21 each.

Sect. 71. *Forfeiture of charter.* Every such company
2 shall forfeit its charter unless it shall actually commence
3 to do business as a trust company within one year from
4 the date thereof.

Sect. 72. *May increase capital stock.* Any company or-
2 ganized under sections sixty-two to seventy-one, both in-
3 clusive, or any company organized under special act of the
4 legislature, may increase its capital stock from time to time
5 to an amount not exceeding in the aggregate one million
6 dollars, at any stockholders' meeting at which a majority
7 of shares issued and outstanding is represented, notice of
8 the intention so to do having been given in the call there-
9 for. Provided, however, before actually issuing such cap-
10 ital stock a certified copy of the vote authorizing the same
11 shall be filed with the bank commissioner within ten days
12 after its passage, and thereupon he shall issue his approval
13 or disapproval of the action so taken and shall thereupon

14 issue a certificate allowing such increase, a copy of which
15 shall be filed in the office of the secretary of state.

Sect. 73. *Board of directors; executive board; vacancies
2 among directors; election of president, clerk and treasurer.*
3 All the corporate powers of any such company shall be
4 exercised by a board of not less than five directors, two-
5 thirds of whom shall be residents of this state, whose num-
6 ber and term of office shall be determined, and who shall
7 be elected by a vote of the stockholders at the first meeting
8 held by the incorporators and at each annual meeting there-
9 after. Directors shall hold a regular meeting at least once
10 each month. The stockholders at any annual meeting may
11 elect from the full board of directors an executive com-
12 mittee of not less than five members, two-thirds of whom
13 shall be residents of this state, and delegate to such board
14 the powers of the directors in regard to the ordinary opera-
15 tions of the business of the company between the dates of
16 the monthly meetings. All such committees shall keep full
17 minutes of all business transacted by them and shall make
18 such reports of their transactions at each monthly meeting
19 of the board as said board or the bank commissioner may
20 require. The directors shall be annually sworn to the
21 proper discharge of their duties, and they shall hold office
22 until others are elected and qualified in their stead. If
23 any vacancy occurs in the board of directors or executive
24 committee through death, resignation or otherwise the re-
25 maining directors may elect a person to fill the vacancy

26 until the next annual meeting of the corporation. The
27 oath of office of any director shall be taken within thirty
28 days of his election, or his office shall become vacant. The
29 clerk of such company shall, within ten days, notify such
30 directors of their election and within thirty days shall
31 publish the list of all persons who have taken the oath of
32 office as directors. The removal of any director from this
33 state shall immediately vacate his office if such removal
34 leaves less than two-thirds of the membership resident in
35 the state. The board of directors shall elect a president
36 from its number, a clerk who shall be sworn to the faithful
37 performance of his duties, a treasurer and such other
38 officers as they may deem necessary. Any officer or em-
39 ployee of any trust company who shall wilfully or know-
40 ingly make a false return to the bank commissioner, in
41 response to any call for information issued by said com-
42 missioner, or by the deputy bank commissioner, or upon
43 making or filing of any regular or special report, shall be
44 subject to a penalty of a fine not exceeding five hundred
45 dollars or by imprisonment not exceeding one year, or by
46 both such fine and imprisonment.

The treasurer, assistant treasurer and all officers and em-
2 ployees having access to moneys or securities shall give
3 bonds for the faithful discharge of the duties of their
4 offices as in the case of similar officials in savings banks, and
5 the provisions of section nineteen of this act, so far as
6 applicable, shall apply to the bonds of trust company
7 officials.

Sect. 74. *Board of investment; shall keep a record of*
2 *loans.* The directors or executive committee shall keep or
3 cause to be kept in a book or books appropriate therefor, a
4 record of all loans and investments of every description
5 made by said company substantially in the order of time
6 when such loans or investments are made. Such record
7 shall show that such loans or investments have been made
8 with the approval of the directors or executive committee
9 of said company and shall indicate such particulars respect-
10 ing such loans and investments as the bank commissioner
11 shall direct. Whenever requested, such record shall be
12 submitted to the bank commissioner or to any meeting of
13 the directors or stockholders. Such loans and investments
14 shall be classified in said books or record as the bank com-
15 missioner shall direct. The treasurer or other officer hav-
16 ing charge of such loans shall submit to the directors or
17 executive committee at intervals of not more than six
18 months a full and complete list of all outstanding demand
19 obligations owed to the company.

Sect. 75. *Qualification of director.* No person shall be
2 eligible to the position of a director of any such company
3 who is not the actual owner of ten shares of stock.

Sect. 76. *Special deposits.* All the property or money
2 held in trust by any such company shall constitute a special
3 deposit and the accounts thereof, of said trust department
4 shall be kept separate, and such funds and the investments
5 or loans of them shall be specially appropriated to the

6 security and payment of such deposits, and not be subject
7 to any other liabilities of the company, and for the purpose
8 of securing the observance of this provision, such company
9 shall have a trust department in which all business per-
10 taining to such trust property shall be kept separate and dis-
11 tinct from its general business.

Sect. 77. *Administrators, etc., may deposit.* An adminis-
2 trator, executor, assignee, guardian or trustee, any court
3 of law or equity, including courts of probate and insolvency,
4 officers and treasurers of towns, cities, counties, and savings
5 banks of the state, may deposit any moneys, bonds, stocks,
6 evidences of debt or of ownership in property, or any
7 personal property, with said corporation, and any of said
8 courts may direct any person deriving authority therefrom
9 to so deposit the same.

Sect. 78. *Regulation of loans.* No trust company shall
2 loan to any person, firm, business syndicate, or corporation,
3 an amount or amounts, at any time outstanding in excess
4 of ten per cent of its total capital, unimpaired surplus and
5 net undivided profits, except on approval of a majority of
6 its entire investment board, unless secured by collateral
7 which shall be of a value equal to the excess of said loans
8 above said ten per cent, and the total amount of loans to
9 any person, firm, business syndicate or corporation, shall
10 at no time exceed twenty-five per cent of said total capital,
11 unimpaired surplus and net undivided profits; provided,
12 that in determining said amount every person, firm, syndi-

13 cate or corporation appearing on any loan as endorser,
14 guarantor or surety, shall be regarded as an original
15 promissor. But the discount of bills of exchange drawn
16 in good faith against actually existing values, and the dis-
17 count of commercial or business paper actually owned by
18 the person negotiating the same, shall not be considered as
19 money borrowed. Provided, however, that any such com-
20 pany having on the first day of August, in the year nineteen
21 hundred and nineteen, loans outstanding in excess of the
22 aforesaid restrictions may permit the same to be renewed
23 from time to time as they mature, for periods not exceeding
24 six months each, if an amount equal to not less than ten
25 per cent of every loan so maturing shall have first been
26 paid in in cash, and if an equivalent amount shall be paid
27 in at the end of every six months on all demand loans in
28 such aggregate. In all cases where loans in excess of said
29 ten per cent are granted, the records of the company shall
30 show who voted in favor thereof, and said records and
31 those required by section seventy-nine of this chapter shall
32 constitute prima facie evidence of the truth of all facts
33 stated therein in prosecutions and suits to enforce the
34 several provisions and penalties enumerated in section eighty
35 of this chapter.

Sect. 79. *Loans to officers; approval of loan shall be
2 recorded; records shall show vote of directors; credit ex-
3 pires in six months.* No trust company shall make any
4 loan to its directors, officers, agents or other persons in its

5 employ, or on which any such director, officer, agent or
6 employee is an endorser, guarantor or surety, or to any
7 firm or business syndicate of which such director, officer,
8 agent or employee is a member, or to any person or on the
9 endorsement or guaranty of any person who is a partner
10 of, or member of a business syndicate with, such director,
11 officer, agent or employee, or to any corporation of which
12 any such director, officer, agent or employee is a director,
13 officer, superintendent or manager, until the proposition to
14 make such loan shall have been submitted by the person
15 desiring the same to the board of directors of such com-
16 pany, or to the executive committee thereof, if any, and
17 accepted and approved by a majority of the entire member-
18 ship of such board or committee; provided, however, that
19 no director of such company who is interested in said loan
20 in any of the above capacities, or who is connected or
21 associated with the borrower in any of the above ways,
22 shall be regarded as voting in the affirmative on such loan.
23 For the purposes of this section each renewal shall be con-
24 sidered as an original loan. Such approval, if the loan is
25 made, shall be spread upon the records of the company; and
26 this record shall, in every instance, give the names of the
27 directors authorizing the loans. Nothing in this section or
28 in section seventy-eight shall make it unlawful for a trust
29 company to give any person, firm, syndicate or corporation
30 a line of credit to an amount not exceeding twenty-five per
31 cent of its total capital, unimpaired surplus and net un-

32 divided profits, subject to the several restrictions as to
33 percentage of entire board and right of interested persons
34 to vote on same contained in said sections. The records of
35 the company shall show how every director voted on the
36 same, and when such line of credit is given the treasurer
37 may pay out loans in accordance therewith without further
38 approval. A line of credit so given shall expire in six
39 months unless renewed in the same manner in which it is
40 originally given. No loan shall hereafter be made to the
41 treasurer, assistant treasurer or any clerk of the company
42 upon the security of corporation stocks as collateral; pro-
43 vided, however, that this provision shall not apply to the
44 renewal of existing loans.

Sect. 80. *Directors and officers personally responsible and*
2 guilty of misdemeanor, for violation of sections 78-79.
3 Every director, officer, agent and employee of such com-
4 pany, who authorizes, or assists in procuring, granting or
5 causing the granting of, a loan in violation of section sev-
6 enty-eight of this chapter, or pays, or wilfully permits the
7 payment of, any funds of the company on such loan, and
8 every director of a company who votes on a loan in vio-
9 lation of any of the provisions of section seventy-nine of
10 this chapter, and every director, officer, agent or employee
11 who wilfully and knowingly permits or causes the same
12 to be done, shall be personally responsible for the payment
13 thereof, and shall be guilty of a misdemeanor. All loans
14 granted in violation of either of said sections shall be due

15 and payable immediately and without demand, whether they
16 appear on their face to be time-loans or otherwise. When
17 the bank commissioner shall find any loans outstanding in
18 violation of either of said sections, he shall notify the pres-
19 ident or treasurer of the company to cause the same to be
20 paid forthwith. And if they are not paid within thirty
21 days or such further time as said bank commissioner shall
22 determine, he shall report the facts to the attorney-general,
23 who shall commence suit in the name and for the benefit
24 of such company for the collection of the same. The at-
25 torney-general may employ special counsel to prosecute said
26 suit, and said company shall pay all expenses thereof, to
27 be recovered in an action of debt in the name of the state.

Sect. 81. *Cash reserve.* Every trust and banking com-
2 pany having authority to receive money on deposit shall at
3 all times have on hand in the lawful money or national bank
4 notes of the United States, as a cash reserve, an amount
5 equal to at least fifteen per cent of the aggregate amount
6 of its deposits which are subject to withdrawal upon de-
7 mand or within ten days; provided, that in lieu of such
8 cash reserve, two-thirds of said fifteen per cent may con-
9 sist of balances payable on demand, due from any national
10 bank or trust company created under the laws of this state,
11 or from any trust company located in any of the other
12 New England states or New York and approved by the
13 bank commissioner in writing; and one-third of said fifteen
14 per cent may consist of the bonds of the United States or

15 the state of Maine. Whenever said reserve shall be below
16 said percentage of such deposits, such corporation shall not
17 further diminish the amount of its legal reserve by making
18 any new loans until the required proportion between the
19 aggregate amount of such deposits and its cash reserve shall
20 be restored. Provided, further, that any trust company
21 may become a stockholder in a federal reserve bank with-
22 in the federal reserve district where said trust company is
23 situated, and while such trust company continues as a mem-
24 ber bank under the provisions of the United States "Fed-
25 eral Reserve Act," approved December twenty-third, nine-
26 teen hundred nineteen, or any acts in amendment thereof,
27 shall be subject to the provisions of said "Federal Reserve
28 Act" and any amendments thereof relative to bank reserves
29 in substitution for the requirements of this section. Every
30 such trust company may have and exercise any and all of
31 the corporate powers and privileges which may be exer-
32 cised by member banks under provisions of the "Federal
33 Reserve Act" or any acts in amendment thereof or in ad-
34 dition thereto. All provisions of charters in conflict with
35 this section are void.

Sect. 82. *Guaranty fund which shall be kept secure*
2 *against loss.* Every trust and banking company shall set
3 apart as a guaranty fund not less than ten per cent of its
4 net earnings in each and every year until such fund, with
5 the accumulated interest thereon, shall amount to one-half
6 of the capital stock of the company. The said surplus shall

7 be kept to secure against losses and contingencies, and
8 whenever the same becomes impaired it shall be reimbursed
9 in the manner provided for its accumulation.

Sect. 83. *Shall not make loans on shares of its capital
2 stock.* Such corporations shall not make loans or discounts
3 on the security of the shares of their own capital stock,
4 nor be the purchasers or holders of any such shares unless
5 necessary to prevent loss upon a debt previously contracted
6 in good faith; and all stock so acquired shall, within one
7 year after its acquisition, be disposed of at public or pri-
8 vate sale; provided, however, that the time for such dis-
9 position may be extended for good cause shown upon appli-
10 cation to the bank commissioner in writing.

Sect. 84. *Borrowing capacity limited.* No trust company
2 not a member of the Federal Reserve system shall be at any
3 time indebted for borrowed money to an amount in excess
4 of its capital, surplus and net undivided profits, except that
5 by vote of a majority of its entire board of directors or
6 executive committee, setting forth the reasons therefor, it
7 may borrow to meet withdrawals of depositors or to pre-
8 vent loss by sales of assets. Copies of all votes authorizing
9 such excess borrowings shall be promptly forwarded by
10 the clerk to the bank commissioner. Rediscounts shall be
11 considered as borrowed money for the purpose of this sec-
12 tion. The provisions of this section shall not go into effect
13 until January first, nineteen hundred and twenty-four. Noth-
14 ing herein contained shall apply to any indebtedness in-

15 curred prior to the time when this section shall take effect;
16 or to any necessary renewal thereof.

Sect. 85. *Report to bank commissioner.* Every trust
2 company shall make such report of its condition from time
3 to time as the bank commissioner shall require, and shall
4 cause the same to be published as he may direct. Each re-
5 turn shall be rendered within fifteen days after the day des-
6 ignated in the blank form furnished for the purpose. Any
7 treasurer who shall wilfully or negligently fail to comply
8 with the provisions hereof shall be subject to a fine not ex-
9 ceeding fifty dollars.

Sect. 86. *Authority of bank commissioner over trust and
2 banking companies; shall make annual report.* The bank
3 commissioner shall at all times have the same authority over
4 all trust and banking companies incorporated under the laws
5 of this state that he now has over savings banks or savings
6 institutions, and shall perform, in reference to such com-
7 panies, the same duties as are required of him in reference
8 to savings banks. He shall, annually, make a report to the
9 governor and council of the general conduct and condition
10 of each of said companies, making such suggestions as he
11 deems expedient or the public interest requires. Such report
12 shall be printed and laid before the legislature at its next
13 session, and one copy sent to each trust and banking com-
14 pany in the state. The provisions of sections fifty, fifty-
15 two, fifty-three, fifty-four, fifty-five, fifty-six and fifty-seven
16 of this chapter shall apply to trust and banking companies

17 excepting so much as relates to the distribution of assets
18 after a decree of sequestration, as provided in section fifty-
19 four. Such distribution of assets of trust and banking com-
20 panies shall be made under order of the court.

Sect. 87. *Affairs of the company shall be examined an-
2 nually.* Two of the directors, at least, shall once in each
3 year thoroughly examine the affairs of the company, settle
4 the treasurer's account, and report under oath to the bank
5 commissioner the standing of the company, the situation
6 of its funds, and all other matters which the commissioner
7 requires, in the manner and according to the form that he
8 prescribes, and publish an abstract thereof, if required. The
9 commissioner shall seasonably give notice of the time and
10 furnish blanks for said examination and report.

Sect. 88. *May adopt by-laws.* Any trust company or-
2 ganized under this chapter may adopt all necessary by-laws,
3 not inconsistent with the general laws of the state, for the
4 management of its affairs. The clerk shall file with the
5 bank commissioner a copy of such by-laws and all amend-
6 ments thereto. All by-laws and amendments hereafter
7 adopted shall be submitted to the bank commissioner for
8 his approval and shall not take effect until such approval
9 is given. In case of refusal to give such approval the di-
10 rectors of the bank may appeal to a justice of the supreme
11 judicial court, whose decision shall be final.

Sect. 89. *Establishment of branches; bank commissioner
2 shall issue his warrant in duplicate; right to open branch*

3 *shall lapse in one year.* No trust company now or here-
4 after organized shall establish a branch or agency until it
5 shall have received a warrant so to do from the bank com-
6 missioner, who shall issue such warrant only when satisfied
7 that public convenience and advantage will be promoted by
8 the establishment of such branch or agency and that the
9 unimpaired capital stock of the parent institution is suffi-
10 cient to comply with the conditions of section seventy, reck-
11 oning the aggregate population of its home city or town and
12 of all cities and towns in which it is authorized by its char-
13 ter to establish branches or agencies, including the one under
14 consideration. The commissioner may require such notice
15 on an application for a branch or agency as he deems proper.
16 No trust company shall be permitted to establish a branch
17 or agency except in its own or an adjoining county. If
18 granted, the bank commissioner shall issue his warrant in
19 duplicate, one copy to be delivered to the trust company,
20 and the other to the secretary of state for record. The com-
21 pany shall within ten days after opening said branch or
22 agency, file a certificate thereof, signed by its president and
23 treasurer, with the bank commissioner. The right to open
24 a branch or agency shall lapse in one year from the date of
25 filing the commissioner's warrant with the secretary of state
26 unless the same shall have been opened and business actual-
27 ly begun in good faith. No application for permission to
28 open such branch or agency shall be acted upon until the
29 petitioning company shall have paid to the treasurer of

30 state the sum of fifty dollars for the benefit of the state,
31 to be credited and used as provided in section sixty-nine.

Sect. 90. *Security for savings deposits; assets shall be*
2 *set apart equal to amount of deposits.* Every trust com-
3 pany soliciting or receiving savings deposits which may be
4 withdrawn only on presentation of the pass-book or other
5 similar form of receipt which permits successive deposits
6 or withdrawals to be entered thereon; or which at the option
7 of the trust company may be withdrawn only at the ex-
8 piration of a stated period after notice of intention to with-
9 draw has been given; or in any other way which might lead
10 the public to believe that such deposits are received or in-
11 vested in the same manner as deposits in savings banks; or
12 which advertises or holds itself out as maintaining a savings
13 department, or uses the term "savings" in connection with
14 any part of its business, shall segregate and set apart and
15 at all times keep on hand so segregated and set apart, assets
16 whose face value shall exceed by at least ten per cent the
17 aggregate amount of such deposits, and in the case of any
18 trust company which also acts as surety upon any bonds or
19 other obligations the amounts of its assets so segregated and
20 set apart shall be at least fifteen per cent in excess of the
21 aggregate amount of such deposits. The bank commission-
22 er shall require all such assets as appear to him to be carried
23 in excess of their true value to be charged down to such
24 value.

Sect. 91. *Segregated assets held as security for deposits.*

2 Such assets so segregated and set apart shall be held in trust
3 for the security and payment of such deposits, and shall
4 not be mingled with the other assets of the company, or be
5 liable for the debts or other obligations thereof until after
6 such deposits shall have been paid in full. All other assets
7 of the company, including the liability of the stockholders,
8 shall be held equally and ratably for the payment of all
9 claims including any balance due such savings depositors
10 after applying to their payment the assets so segregated and
11 set apart.

Sect. 92. *Assets, how held and recorded.* Such segre-
2 gated assets shall be so held and recorded as to identify
3 them as the assets held for the security of such deposits.
4 All notes, certificates of stock, bonds and other securities
5 representing such assets shall be plainly stamped "Savings
6 Department"; provided, however, that in lieu thereof it
7 shall be lawful to record in the investment book a descrip-
8 tion of assets so held sufficient to identify them.

Sect. 93. *Notice of withdrawal of deposits.* Such trust
2 company may at any time require such savings depositors
3 to give a notice not exceeding ninety days of their intention
4 to withdraw more than fifty dollars at any one time or in
5 any one month.

Sect. 94. *Individual responsibility of stockholders.* The
2 stockholders in a trust and banking company shall be in-
3 dividually responsible, equally and ratably, and not one for
4 the other, for all contracts, debts and engagements of such

5 corporation, to a sum equal to the amount of the par value
6 of the shares owned by each in addition to the amount in-
7 vested in said shares. Whenever in liquidating the affairs
8 of such a corporation it appears that its assets are not suffi-
9 cient to pay its indebtedness the receiver thereof, under
10 proper orders of the court, shall proceed to enforce such
11 individual liability of stockholders in any appropriate action
12 at law or in equity, in his own name or in the name of the
13 corporation for the benefit of the creditors. Stockholders
14 who shall have transferred their shares or registered the
15 transfer thereof within thirty days next before the date of
16 the failure of such bank to meet its obligations, or with
17 knowledge of such impending failure, shall be liable to the
18 same extent as if they had made no such transfer, to the
19 extent that the subsequent transferee fails to meet such
20 liabilities; but this provision shall not be construed to effect
21 in any way any recovery which such stockholder might
22 otherwise have against those in whose names shares are reg-
23 istered at the time of such failure.

Sect. 95. *Proceedings when capital stock becomes im-
2 paired.* When the capital stock of such a company shall
3 become impaired by losses or otherwise it shall be the duty
4 of the bank commissioner, and he shall have the power to
5 ascertain and determine the facts and to require such com-
6 pany to make good the deficiency so appearing, within such
7 time as he may order. The directors of every such com-
8 pany shall forthwith levy an assessment upon the stock

9 thereof sufficient to make good such deficiency and shall
10 forthwith give notice of such requisition to each stock-
11 holder, and of the amount of the assessment which he must
12 pay therefor, by written or printed notice mailed to each
13 stockholder at his last known address, or served personally
14 upon him. Such assessment shall be due and payable by
15 each stockholder to the treasurer of said company within
16 sixty days from the date of such notice. If any stockholder
17 shall refuse or neglect to pay the assessment specified in
18 such notice within thirty days from the date of mailing or
19 serving such notice as aforesaid, the directors of such bank
20 shall have the right to sell to the highest bidder at public
21 auction the stock of such stockholder, after giving a previ-
22 ous notice of such sale for ten days in a newspaper of gen-
23 eral circulation published in the county where the general
24 place of business of such bank is located, and a copy of such
25 notice of sale shall also be served on the owner of such
26 stock by being served personally on him or by mailing to
27 his last known address ten days before the day fixed for
28 such sale; or such stock may be sold at private sale and
29 without such public notice; provided, however, that before
30 making such private sale thereof an offer in writing shall
31 first be obtained and a copy thereof served upon the owner
32 of record of the stock sought to be sold, either personally
33 or by mailing a copy of such offer to his last known ad-
34 dress, and if, after service of such offer, such owner shall
35 still refuse or neglect to pay such assessment within two

36 weeks from the time of the service of such offer, the said
37 directors may accept such offer and sell such stock to the
38 person making such offer, or to any other person or persons
39 making a larger offer than the amount named in the offer
40 submitted to the stockholder; but such stock shall in no
41 event be sold for a smaller sum than the valuation put on
42 it by the bank commissioner in his determination and requisi-
43 tion as to said assessment, nor for less than the amount of
44 said assessment so called for and the expense of sale. Out
45 of the avails of the stock so sold, the directors shall pay
46 the amount of assessment levied thereon, and the necessary
47 costs of sale, and the balance, if any, shall be paid to the
48 person or persons whose stock has thus been sold. A sale
49 of stock as herein provided shall affect an absolute can-
50 cellation of the outstanding certificate or certificates evi-
51 dencing the stock so sold, and shall make the same null and
52 void, and a new certificate shall be issued by the bank to
53 the purchaser thereof. Any person aggrieved by any action
54 of the bank commissioner, within ten days after receiving
55 notice thereof, may appeal to a justice of the supreme ju-
56 dicial court, whose decision in the premises shall be final.

Sect. 96. *General rights of creditors not impaired.* Noth-
2 ing in the two preceding sections shall be construed to take
3 away the general rights of creditors to enforce the liability
4 of stockholders in such corporation in any manner provided
5 by statute, or the right to proceed against the corporation
6 under the provisions of section eighty-six.

Sect. 97. *Rights and powers under general law possessed*
2 *by companies chartered by special act. Certain rights and*
3 *powers possessed by charter not revoked.* Any trust com-
4 pany chartered by special act of the legislature shall have
5 all the rights and powers and shall be subject to all the pro-
6 visions, regulations and restrictions from time to time con-
7 ferred upon trust companies, or established with reference
8 thereto, by general law, *except, however,* that neither the
9 enumeration of powers in section sixty-two of this chapter
10 nor the provisions governing the number and election of
11 directors or members of the executive committee in section
12 seventy-three, nor the requirements as to eligibility of di-
13 rectors in section seventy-five, shall be construed as revok-
14 ing any rights or powers possessed by such trust company
15 by virtue of the express provisions of its charter.

LOAN AND BUILDING ASSOCIATIONS

Sect. 98. *Organization; powers.* Loan and building as-
2 sociations may be organized in the manner provided herein
3 for the organization of savings banks; and upon the filing
4 of any certificate of authorization of a loan and building
5 association with the secretary of state, as so provided, the
6 persons therein named, their associates, successors, and
7 assigns, shall, thereupon and thereby, be constituted a body
8 corporate and politic, and such body may adopt and use
9 a common seal, hold, manage and convey real and personal
10 property, sue and be sued, prosecute and defend suits in
11 law or in equity, have perpetual succession each by its cor-

12 porate name, and make and ordain by-laws for its govern-
13 ment, not repugnant to the constitution and laws. The sec-
14 retary shall file with the bank commissioner a copy of such
15 by-laws and all amendments thereto. All by-laws and
16 amendments hereafter adopted shall be submitted to the
17 bank commissioner for his approval and shall not take ef-
18 fect until such approval is given. In case of refusal to give
19 such approval the directors of the association may appeal
20 to a justice of the supreme judicial court whose decision
21 shall be final.

Sect. 99. *First meeting.* The certificate of authorization
2 issued by the bank commissioner, shall provide the method
3 of calling the first meeting of the association.

Sect. 100. *Capital stock; shares may be issued in series.*
2 Associations may issue shares upon either the serial or
3 permanent plan, or both. Shares issued upon the permanent
4 plan may be taken out at any time and shall have no matur-
5 ity. Shares issued upon the serial plan shall be of the ulti-
6 mate value of two hundred dollars each and shall be issued
7 in quarterly, half yearly or yearly series, but no shares of
8 a prior series shall be issued after the opening of a new
9 series.

Sect. 101. *Minors may hold shares.* Minors may hold
2 shares by trustees or guardians, and the shares of each
3 shareholder, not exceeding two, shall be exempt from at-
4 tachment and execution.

Sect. 102. *Officers, elections and meetings, determined by*

2 *by-laws; tenure; secretary and treasurer may be same per-*
3 *son.* The number, title, duties and compensation of the offi-
4 cers of the association, their terms of office, the time of
5 their election, as well as the qualifications of electors, and
6 time of each periodical meeting of the officers and members
7 shall be determined by the by-laws, but no member shall be
8 entitled to more than one vote. All officers shall continue
9 in office until their successors are duly elected, and no asso-
10 ciation shall expire from neglect on its part to elect officers
11 at the time prescribed by the by-laws. The office of secre-
12 tary and treasurer may be held by one and the same person,
13 if any association so provides by its by-laws. All officers
14 shall be annually sworn to the faithful performance of their
15 duties.

Sect. 103. *Secretary and treasurer shall give bonds;*
2 *bonds shall be examined annually.* The secretary, treasurer
3 and other persons holding positions of trust in loan and
4 building associations shall give bonds to the corporation for
5 the faithful discharge of the duties of their offices in such
6 sums as the directors decide to be necessary for the safety
7 of the funds, and such bonds shall continue to be valid from
8 year to year so long as they are elected and hold said of-
9 fices, subject to renewal whenever ordered by the bank
10 commissioner or directors. The directors may, in lieu of
11 said bond, insure at the expense of the association with
12 some fidelity or guaranty company which shall be satisfac-
13 tory to the commissioner for the faithful discharge of the

14 duties of the secretary and treasurer and such other clerks
15 as may be employed, in such sums as they may decide to
16 be necessary for the safety of the funds in the custody of
17 the corporation. The commissioner shall annually examine
18 the bonds given, as aforesaid, and inquire into and certify
19 to the sufficiency thereof, and when he deems any such bond
20 insufficient he shall order a new bond to be given, within
21 a time by him specified.

Sect. 104. *Meetings shall be held monthly; payments on
2 shares.* The officers shall hold stated monthly meetings. At
3 or before each of these meetings, every member shall pay
4 to the association, as a contribution to its capital, one dollar,
5 as dues upon each share held by him. Payments on shares
6 issued on the serial plan shall cease when each share shall
7 have reached the ultimate value of two hundred dollars and
8 the payment of dues on each series shall commence from its
9 issue.

Sect. 105. *Shares may be withdrawn; shareholders' ac-
2 counts, how settled; unpledged shares of any series, may be
3 retired.* Shares may be withdrawn after one month's no-
4 tice of such intention, written in a book held and provided
5 by the association for the purpose, or in such other man-
6 ner as the by-laws of the association may provide. Upon
7 such withdrawal, the shareholder's account shall be settled
8 as follows: from the amount then standing to the credit of
9 the shares to be withdrawn, there shall be deducted all fines,
10 a proportionate part of any unadjusted loss, together with
11 such proportion of the profits previously credited to the

12 shares as the by-laws may provide, and such shareholder
13 shall be paid the balance; provided, that at no time shall
14 more than one-half of the funds in the treasury be applicable
15 to the demands of withdrawing members, without the con-
16 sent of the directors. The directors may, under rules made
17 by them, retire any unpledged shares at any time after four
18 years from the date of their issue, by enforcing the with-
19 drawal of the same; provided, that the shareholders whose
20 shares are to be retired shall be determined by lot, and that
21 they shall be paid the full value of their shares less all fines
22 and a proportionate part of any unadjusted loss.

Sect. 106. *When shares reach maturity, holders shall be*
2 *paid value; shares subject to lien for unpaid dues.* When
3 each unpledged share of a given series reaches the value
4 of two hundred dollars, all payment of dues thereon shall
5 cease, and the holder thereof shall be paid out of the funds
6 of the association, two hundred dollars therefor, with inter-
7 est at the rate of five per cent a year from the time of such
8 maturity to the time of payment; provided, that at no time
9 shall more than one-half of the funds in the treasury be
10 applicable to the payment of such matured shares, without
11 the consent of the directors, and that before paying ma-
12 tured shares, all arrears and fines shall be deducted. Every
13 share shall be subject to a lien for the payment of any un-
14 paid dues, fines, interest, premiums and other charges re-
15 ceived thereon, which may be enforced in the manner here-
16 inafter provided. Any association may permit the holders

17 of matured shares issued on the serial plan to allow the same
18 to remain after maturity, giving proper certificates therefor,
19 but the amount due on matured shares so permitted to re-
20 main, may not be demanded except upon one month's notice
21 of such intention, if required by the association.

Sect. 107. *Board of directors shall invest funds and fix*
2 *rates of interest; members may make loans; rate of interest;*
3 *investment of balances.* The board of directors shall see
4 to the proper investment of the funds of the association, as
5 provided in this section. After due allowance for all neces-
6 sary and proper expenses, and for the withdrawal of shares,
7 the moneys of the association shall be loaned to the mem-
8 bers at a rate of monthly premium to be fixed by the di-
9 rectors, which shall in no case exceed forty cents a share.
10 Any member may, upon giving security satisfactory to the
11 directors, receive a loan of two hundred dollars for each
12 share held by him, or such fractional part of two hundred
13 dollars as the by-laws may allow. Any association may pro-
14 vide in its by-laws that instead of the interest and premium,
15 a stated rate of annual interest of not less than five, nor
16 more than eight per cent, may be charged upon the sum
17 desired, payable in monthly instalments. Such rate shall
18 include the whole interest and premium to be paid upon the
19 loan. Any balance remaining unloaned to members may
20 be invested in such securities as are legal for the investment
21 of deposits in savings banks, or with the approval of the
22 bank commissioner may be loaned in whole or in part to

23 other loan and building associations in this state. No loan
24 shall be made on the gross premium plan.

Sect. 108. *Premiums to be received as profits, and dis-*
2 *tributed to shareholders.* Premiums for loans shall consist
3 of a percentage charged on the amount lent in addition to
4 interest, and shall be deemed to be a consideration paid by
5 the borrower for the present use and possession of the fu-
6 ture or ultimate value of his shares, and shall, together with
7 interest and fines, be received by the association as a profit
8 on the capital invested in the loan, and shall be distributed
9 to the various shares and series of said capital as hereinafter
10 provided.

Sect. 109. *Rate of interest to be charged; cancellation of*
2 *shares.* A borrowing member, for each share borrowed
3 upon, shall, in addition to his dues and monthly premium,
4 if such monthly premium be charged, pay monthly interest
5 on his loan at the rate of not less than five, nor more than
6 six per cent a year until the loan has been repaid.

Sect. 110. *Security of loans; condition of note and mort-*
2 *gage; shares alone may be pledged as security; if borrower*
3 *fails to offer security, loan shall be forfeited.* For every
4 loan made, a note secured by first mortgage of real estate
5 shall be given, accompanied by a transfer and pledge of the
6 shares of the borrower. The shares so pledged shall be held
7 by the association as collateral security for the performance
8 of the conditions of the note and mortgage. Said note and
9 mortgage shall recite the number of shares pledged, and

10 the amount of money advanced thereon, and shall be con-
11 ditioned for the payment, at the stated meetings of the cor-
12 poration, of the monthly dues on said shares, and the in-
13 terest and premium upon the loan, together with all fines
14 on payments in arrears, until said loan has been repaid;
15 provided, that the shares, without other security, may, in
16 the discretion of the directors, be pledged as security for
17 loans, to an amount not exceeding their value as adjusted
18 at the last adjustment and valuation of shares before the
19 time of the loan. If the borrower neglects to offer security,
20 satisfactory to the directors, within the time prescribed by
21 the by-laws, his right to the loan shall be forfeited, and he
22 shall be charged with one month's interest and one month's
23 premium at the rate bid by him, together with all expenses,
24 if any, incurred, and the money appropriated for such loan
25 may be re-loaned at the next or any subsequent meeting.

Sect. III. *Borrower may repay loan at any time; settle-
2 ment of accounts, how made.* A borrower may repay a
3 loan at any time, upon application to the association, where-
4 upon, on settlement of his account, he shall be charged with
5 the full amount of the original loan, together with all month-
6 ly instalments of interest, premium and fines in arrears, and
7 shall be given credit for the withdrawing value of his shares
8 pledged and transferred as security, and the balance shall
9 be received by the association in full satisfaction and dis-
10 charge of said loan; provided, that all settlements made at
11 periods intervening between stated meetings of the directors,
12 shall be made as of the date of the stated meeting next suc-

13 ceeding such settlement; and provided, that a borrower de-
14 siring to retain his shares and membership may, at his op-
15 tion, repay his loan without claiming credit for his shares,
16 whereupon said shares shall be re-transferred to him and
17 shall be free from any claim by reason of said canceled loan.

Sect. 112. *Members failing to pay dues, etc., shall be*
2 *fined; shares in arrears more than six months, shall be for-*
3 *feited.* Members who make default in the payment of their
4 monthly dues, interest and premiums, shall be charged a
5 fine not exceeding two per cent a month on each dollar in
6 arrears. No fines shall be charged after the expiration of
7 six months from the first lapse in any such payment, nor
8 upon a fine in arrears. The shares of a member who con-
9 tinues in arrears more than six months shall, at the option
10 of the directors, if the member fails to pay the arrears with-
11 in thirty days after notice, be declared forfeited, and the
12 withdrawing value of the shares at the time of the first de-
13 fault shall be ascertained, and after deducting all fines and
14 other legal charges, the balance remaining shall be trans-
15 ferred to an account to be designated the forfeited share
16 account, to the credit of the defaulting member. Said mem-
17 ber, if not a borrower, shall be entitled, upon thirty days'
18 notice, to receive the balance so transferred, without interest
19 from the time of the transfer, in the order of his turn, out
20 of the funds appropriated to the payment of withdrawals.
21 All shares so forfeited or transferred shall cease to partici-
22 pate in any profits of the association accruing after the last
23 adjustment and valuation of shares before said default.

Sect. 113. *Forfeiture of shares of borrowing members; balance of account enforced against security.* If a borrowing member is in arrears for dues, interest, premiums or fines for more than six months, the directors may declare the shares forfeited after one month's notice, if the arrears continue unpaid. The account of such borrowing member shall then be debited, with the arrears of interest, premiums and fines to date of forfeiture, and the shares shall be credited upon the loan at their withdrawing value. The balance of the account may, and after six months shall be enforced against the security by any legal method, or by proceedings in equity, for sale and foreclosure, jurisdiction therefor being hereby specially given to the supreme judicial and superior courts, to be exercised upon bill or petition in a summary manner. The shares, the value whereof has been so applied in payment, shall revert to the corporation, and be held by it free from all interest, claim or demand on the part of the borrower, or any person claiming from or under him.

Sect. 114. *Unpledged shares of deceased shareholders; distribution.* Upon the death of a shareholder, his legal representatives shall be entitled to receive the amount of his unpledged shares, to be ascertained as provided in section one hundred and five for withdrawal of shares. No fines shall be charged, or profits credited to a deceased member's account from and after his decease, unless his legal representatives assume the future payments on such shares,

9 which they may assume under the same rights and liabilities
10 of the deceased. Moneys received for the shares of a de-
11 ceased shareholder, or the shares themselves, as the case
12 may be, shall descend to the same persons and be distrib-
13 uted in the same manner as money received from a policy of
14 life insurance on the life of a deceased person.

Sect. 115. *Accounts, how kept, and business, how trans-*
2 acted. The general accounts of every such association shall
3 be kept by double entry. The secretary shall at least once
4 each month make and declare a trial balance, which shall
5 be recorded in a book provided for that purpose, and it
6 shall at all times be open to the inspection of the directors
7 and shareholders of the association. All moneys received
8 from the members shall be receipted for by persons desig-
9 nated by the directors in a pass book provided by the asso-
10 ciation for the use of and to be held by the member, and
11 said pass book shall be plainly marked with the name and
12 residence of the holder thereof, the number of shares held
13 by him and the number or designation of the series of issue
14 of such series if issued upon the serial plan. All moneys
15 so received shall be originally entered by the proper officer
16 in a book to be called the cash book, and the entries therein
17 shall be so made as to show the name of the payer, the num-
18 ber of the shares, the number or designation of the series,
19 or issues of the particular share, or shares so entered, to-
20 gether with the amount of dues, interest, premiums and
21 fines paid thereon, as the case may be. Each payment shall

22 be classified and entered in a column devoted to its kind.
23 Said cash book shall be closed on the last day of the month
24 in which each stated meeting is held, and shall be an exhibit
25 of the receipt of all moneys paid by shareholders during said
26 month. All payments made by the association for any pur-
27 pose whatsoever, shall be by order, check or draft, signed
28 by the president and secretary, and endorsed by the persons
29 in whose favor the same are drawn. The name of the payee,
30 the amount paid, and the purpose, object or thing for which
31 the payment is made, together with its date, shall be entered
32 on the margin of said order, check or draft. The treasurer
33 shall dispose of and secure the safe-keeping of all moneys,
34 securities and property of the corporation, in the manner
35 designated by its by-laws.

Sect. 116. *Profits and losses, when and how distributed;*
2 *guaranty fund.* The profits and losses may be distributed
3 annually, semi-annually or quarterly, to the shares then ex-
4 isting, but shall be distributed at least once in each year.
5 Profits and losses shall be distributed to the various shares
6 existing at the time of such distribution, in proportion to
7 their value at that time, and shall be computed upon the
8 basis of a single share, fully paid to the date of distribution.
9 No dividend shall be made at a rate per cent which will
10 make the aggregate amount of said dividend greater than
11 the actual earnings of the association, actually collected;
12 provided, however, that a temporary deficiency in actual
13 collections may be supplemented by taking from the guar-

14 anty fund, with the written consent of the bank commis-
15 sioner, an amount sufficient to maintain the customary divi-
16 dend rate. At each periodical distribution of profits, the
17 directors shall reserve as a guaranty fund a sum not less
18 than three, nor more than ten per cent of the net profits ac-
19 cruing since the last adjustment, until such fund amounts
20 to five per cent of the dues capital, which fund shall there-
21 after be maintained and held, and said fund shall be at all
22 times available to meet losses in the business of the associa-
23 tion from depreciation in its securities or otherwise.

Sect. 117. *May purchase real estate upon which it has a
2 lien; sale within five years.* Any association may purchase,
3 at any sale, public or private, any real estate upon which
4 it may have a mortgage, judgment, lien or other encum-
5 brance, or in which it may have an interest, and may sell,
6 convey, lease or mortgage at pleasure, the real estate so pur-
7 chased, to any person or persons whatsoever. All real estate
8 in whatever manner acquired shall be sold within five years
9 from the acquisition of title thereto; but the bank commis-
10 sioner, upon application of any association, may extend said
11 time in which said real estate may be sold.

Sect. 118. *Directors shall insure all real estate.* Di-
2 rectors shall cause all real estate of an insurable character
3 held by them absolutely or in mortgage, to be fully insured
4 against loss by fire or lightning and the expense of such in-
5 surance in case of mortgage shall be added to the amount of
6 the mortgage debt, to be refunded in case of payment or
7 redemption.

Sect. 119. *Examinations by bank commissioner.* The
2 bank commissioner shall perform, in reference to all loan
3 and building associations, the same duties and shall have
4 the same powers as are required of him or given to him in
5 reference to savings banks; and shall, annually make a re-
6 port to the governor and council of the general conduct and
7 condition of each of the associations visited by him, making
8 such suggestions as he deems expedient or the public in-
9 terest requires. The officers of such associations shall
10 answer truly all inquiries made, and shall make all returns
11 required by the bank commissioner. The bank commission-
12 er, at least once in every three years, shall cause the pass-
13 books of shareholders in loan and building associations to
14 be verified by such methods and under such rules as he may
15 prescribe.

Sect. 120. *Business of loan and building associations re-*
2 *stricted.* Except as hereinafter provided, no person, asso-
3 ciation or corporation shall carry on the business of accu-
4 mulating and loaning or investing the savings of its mem-
5 bers or of other persons in the manner of loan and building
6 associations or carry on any business similar thereto within
7 this state, unless incorporated under the laws thereof for
8 such purpose.

Sect. 121. *Foreign associations authorized to do business*
2 *in this state; deposit of securities in trust for benefit of cred-*
3 *itors; duty of bank commissioner to make examinations.* The
4 bank commissioner may authorize any such association or

5 corporation duly established under the laws of another state
6 to carry on such business in this state, but said association
7 or corporation shall not transact such business in this state
8 unless it shall first deposit with the treasurer of state, the
9 sum of twenty-five thousand dollars and thereafter a sum
10 equal to fifteen per cent of the deposits made in such asso-
11 ciation or corporation by citizens of the state, the amount
12 of percentage of deposits so required to be determined from
13 time to time by the bank commissioner; or in lieu thereof
14 the whole or any part of said sum may consist of any of
15 the securities in which savings banks may invest, as regu-
16 lated in section twenty-seven of this chapter, at their par
17 value, and the said deposit shall be held in trust by said
18 treasurer for the protection and indemnity of the residents
19 of the state with whom such associations or corporations
20 respectively have done or may transact business. Said
21 moneys or property shall be paid out or disposed of only
22 on the order of some court of competent jurisdiction, made
23 on due notice to the attorney-general of the state, and
24 upon such notice to the creditors and shareholders of such
25 association or corporation as the court shall prescribe. For
26 the purpose of ascertaining the business and financial con-
27 dition of any such association or corporation doing or de-
28 siring to do such business, the bank commissioner may make
29 examinations of such associations or corporations, at such
30 times and at such places as he may desire, the expense of
31 such examinations being paid by the association or corpo-

32 ration examined, and may also require returns to be made
33 in such form and at such times as he may elect. When-
34 ever, upon examination or otherwise, it is the opinion of
35 the bank commissioner that any such association or cor-
36 poration is transacting business in such manner as to be
37 hazardous to the public, or its condition is such as to ren-
38 der further proceedings by it hazardous to the public, said
39 bank commissioner shall revoke or suspend the authority
40 given to said association or corporation; but this section
41 shall not prevent such association, corporation or institu-
42 tion incorporated under the laws of another state, from
43 loaning money upon mortgages of real estate located within
44 the state.

Sect. 122. *Penalty for violation.* Whoever violates any
2 provision of the two preceding sections, shall be punished by
3 a fine not exceeding one thousand dollars; and any pro-
4 vision thereof may on petition, be enforced by injunction
5 issued by a justice of the supreme judicial court or of either
6 superior court.

REGISTRATION OF DEALERS IN SECURITIES

(“Blue Sky Law”)

Sect. 123. *Dealers in securities shall be registered; sales-*
2 *men shall be registered.* No dealers in securities shall in
3 this state, by direct solicitation or through agents or sales-
4 men, or by letter, circular or advertising, sell, offer for sale,
5 or invite offers for or inquiries about, securities unless reg-
6 istered as a dealer under the provisions of the following

7 sections. No salesman or agent shall in this state, in be-
8 half of any dealer, sell, offer for sale, or invite offers for
9 or inquiries about, securities unless registered as a sales-
10 man or agent of such dealer, under the provisions of the
11 following sections.

Sect. 124. *Application for registration; non-resident deal-
2 ers shall file power of attorney; notice and proceedings on
3 application; issue of certificate and changes therein.* Any
4 dealer desiring registration shall file written application
5 therefor with the bank commissioner, which shall be in
6 such form as may be prescribed by the commissioner, and
7 shall state the principal place of business, the name or style
8 of doing business, and the address of the dealer, the names,
9 residences and business addresses of all persons interested
10 in the business as principals, officers, directors or managing
11 agents, specifying as to each his capacity and title, and the
12 length of time during which the dealer has been engaged
13 in the business. Each application shall be accompanied by
14 certificates or other evidence of the dealer's good repute,
15 and if required by the commissioner, a copy of the securi-
16 ties to be sold, a statement in detail of the assets and lia-
17 bilities of the issuer of such securities, a statement in such
18 form as the commissioner may prescribe of the general
19 affairs of the dealer and issuer, copies of any mortgage or
20 instrument creating a lien by which such securities are se-
21 cured, a full statement of the earnings and expenses of
22 each issuer for three years prior to the filing of the appli-

23 cation, a copy of any contract to underwrite the securities
24 to be offered for sale, the names and addresses of all per-
25 sons holding ten per cent or more of the capital stock of
26 the issuer, a statement in detail of the plan on which the
27 business of the dealer is to be conducted, and such other
28 information as the commissioner may deem necessary in
29 considering the application.

Every non-resident shall file a power of attorney, irre-
2 vocable, properly authorized, and with satisfactory certifi-
3 cates or other evidence of the authorization, appointing the
4 commissioner agent for the service of legal process upon
5 the dealer in any actions in the courts of this state, based
6 upon or arising in connection with any sale of, attempt to
7 sell, or advertising of, securities in this state, or any viola-
8 tion of sections one hundred twenty-three to one hundred
9 thirty-five, both inclusive.

Upon the filing of the application, the commissioner shall
2 forthwith give notice of the fact and date of such applica-
3 tion, and of the name, principal place of business and
4 address of the dealer, by advertisement inserted once in the
5 state paper, and once in a newspaper of general circulation
6 where the dealer's place of business is located, if it is
7 elsewhere in this state than in the city of Augusta. The
8 registration certificates shall not be issued before the expira-
9 tion of two weeks from the last publication. Any person
10 may, within such period of two weeks, file objection to the
11 proposed registration.

1 If the commissioner is satisfied that the dealer is of good
2 repute, and that the proposed plan of business of the dealer
3 is not unfair, unjust or inequitable, and that the dealer
4 intends to honestly and fairly conduct its business, with dis-
5 closure of pertinent facts sufficient to enable intending pur-
6 chasers to form a judgment of the nature and value of the
7 securities, and without intent to deceive or defraud, and
8 that the securities that it proposes to issue or sell are not
9 such as in his opinion will work a fraud upon the pur-
10 chasers thereof, he shall register the dealer unless objection
11 to such registration shall be filed with the commissioner
12 within the period of two weeks succeeding the publication
13 of the dealer's application.

1 If the commissioner is not so satisfied, or if, within the
2 period of two weeks succeeding the publication aforesaid,
3 objection shall be made to the proposed registration, the
4 commissioner shall give notice of either fact to the dealer,
5 and upon request from the dealer shall fix a time and place
6 for hearing, and at such hearing opportunity shall be given
7 to said dealer, and to any other persons interested or object-
8 ing, to offer further evidence relating to the dealer's applica-
9 tion. If satisfied, as aforesaid, as a result of such hearing,
10 the commissioner shall thereupon register the dealer. . Regis-
11 tration may be granted upon such reasonable conditions as
12 may be imposed by the commissioner.

1 Upon registration of any dealer, a registration certificate
2 shall be issued stating the name, principal place of business

3 and address of the dealer, the names, residences and busi-
4 ness addresses of all the persons interested in the business
5 as principals, officers, directors or managing agents, and the
6 fact that the dealer has been registered for the current
7 calendar year as a dealer in securities. The certificates
8 shall in other respects be in such form as the commissioner
9 may determine, but shall state in bold type that the com-
10 missioner does not recommend, and assumes no responsi-
11 bility for, securities offered by the dealer. Changes in the
12 certificate, necessitated by changes in the personnel of a
13 partnership, or in the principals, officers, directors or man-
14 aging agents of any dealer, may be made at any time upon
15 written application to the commissioner, accompanied by
16 statement of the facts necessitating the change. Upon the
17 issue of the amended certificates, the original certificate and
18 the certified copies thereof outstanding shall be promptly
19 surrendered to the commissioner.

Sect. 125. *Registration of agents or salesmen.* Upon
2 written application by a registered dealer, the commissioner
3 may register, as agents or salesmen of such dealer, such
4 persons as the dealer may request. The application shall
5 be in such form as the commissioner may prescribe, and
6 shall state the residences and addresses of the persons
7 whose registration is requested. The commissioner shall
8 issue to each person so registered a registration certificate,
9 stating his name, residence and address, the name, principal
10 place of business and the address of the dealer, and the fact

11 that he is registered for the current calendar year as agent
12 or salesman, as the case may be, of the dealer. The certi-
13 ficate shall in other respects be in such form as the com-
14 missioner shall determine, but shall state in bold type that
15 the commissioner does not recommend, or assume any
16 responsibility for, securities offered by the dealer, or the
17 dealer's agents or salesmen. Upon application by the dealer,
18 the registration of any agent or salesman shall be cancelled.

Sect. 126. *Definition of terms "dealer" and "securities."*

2 Under sections one hundred twenty-three to one hundred
3 thirty-five, both inclusive, the term "dealer" shall mean
4 any individual, partnership, association or coporation en-
5 gaging in the business of selling or offering for sale securi-
6 ties, except to, or through the medium of, or as agent or
7 salesman of, a registered dealer. But sales made by, or in
8 behalf of, a vendor in the ordinary course of bona fide
9 personal investment, or change of investment, shall not
10 constitute such vendor, or the agent of such vendor, if not
11 otherwise engaged either permanently or temporarily in
12 selling securities, a dealer in securities. Nor shall the offer
13 of or sale of its own securities by an association or a
14 corporation to its own members or stockholders constitute
15 such association or corporation a dealer in securities.

The term "securities" shall include all stocks, bonds, debentures, or certificates of participation, and all other forms of securities, except that it shall not be held to include commercial paper or other evidence of debt running not more

5 than nine months, or securities legal for purchase by savings
6 banks under the statutes of any New England state, or
7 notes secured by mortgage of real estate in this state, or
8 the shares of loan and building associations organized under
9 the laws of this state, or securities whose issue has been
10 authorized by the Maine Public Utilities Commission.

Sect. 127. *Registrations shall expire at close of calendar
2 year; renewals.* All registrations shall expire at the close
3 of the calendar year, but new registrations for the succeed-
4 ing year shall be issued as of course, upon written applica-
5 tion of the dealer, and payment of the fee hereinafter pro-
6 vided, without the filing of further statements or furnish-
7 ing any further information, unless specifically requested
8 by the commissioner; provided, that applications for re-
9 newal of registration shall be made on or before the first
10 day of March in each year, and if not so made, applications
11 thereafter received shall be treated as, and be subject to
12 the same fees provided for, original registrations.

Sect. 128. *List of dealers shall be published.* The com-
2 missioner shall, at least twice during each year, publish in
3 the state paper a list of the then registered dealers, and of
4 their registered agents or salesmen, and shall also at any
5 time, on request by mail or otherwise, inform any inquirer
6 as to whether or not any individual, partnership, corporation
7 or association is registered either as dealer, agent or sales-
8 man.

Sect. 129. *Certificate shall be shown to prospective pur-*

2 *chasers.* Any dealer may, and any person named in a
3 registration certificate as above provided may, in behalf
4 of any dealer, sell, offer for sale, or invite offers for or
5 inquiries about securities in this state, but shall at all times
6 when so engaged carry with him the registration certificate,
7 or a copy thereof, certified by the commissioner, which
8 shall at any time be shown to any prospective customer upon
9 request. No dealer, agent or salesman shall advertise pub-
10 licly the fact of his registration with any sale or effort to
11 sell securities, except by statement of the fact or by ex-
12 hibiting the certificate or a certified copy thereof.

Sect. 130. *Commissioner may require dealer to file list of*
2 *securities, and statements of assets and earnings.* The com-
3 missioner may at any time require a dealer to file with him
4 a list of the securities which he has offered for sale or
5 advertised within the preceding six months, or which he is
6 at the time offering for sale or advertising, or any portion
7 thereof; and may require the filing of statements of assets
8 or earnings, or any other facts he may deem pertinent in
9 relation to any of the securities offered or to be offered by
10 the dealer, or the associations or corporations issuing them;
11 and may require the filing of copies of any or all printed
12 or otherwise reduplicated circulars or printed advertise-
13 ments relating to securities which the dealer has within six
14 months offered for sale or which the dealer shall there-
15 after offer for sale; and, thereupon, unless satisfied that all
16 such offerings of the dealer have been and are to be made

17 honestly and in good faith, and with disclosure of pertinent
18 facts sufficient to enable intending purchasers to form a
19 judgment of the nature and value of the securities, and
20 without intent to deceive or defraud, and that such securities
21 will not work a fraud upon the purchasers thereof, may
22 prohibit the dealer from selling or offering the securities,
23 or any of them, or in any way advertising them.

Sect. 131. *Dealer's registration may be revoked; registra-*
2 *tion of agent or salesman thereby revoked.* The commis-
3 sioner may, unless furnished with satisfactory evidence as
4 provided in the preceding section, or in case of violation of
5 any provision of sections one hundred twenty-three to one
6 hundred thirty-four, both inclusive, or in case of dishonest,
7 deceitful or fraudulent conduct, on the part of the dealer in
8 connection with the carrying on of the business, revoke the
9 dealer's registration; and may, having reasonable cause to
10 believe that the dealer may have been guilty of violation of
11 the provisions of said sections, or of dishonest, deceitful or
12 fraudulent conduct in connection with the carrying on of
13 the business, suspend the dealer's registration until satisfied
14 to the contrary. In either case, the dealer shall not be re-
15 garded as registered under the provisions hereof, until re-
16 stored to registration by the commissioner, either on his own
17 initiative or upon order of court as hereinafter provided.

The revocation or suspension of the dealer's registration
2 shall constitute a revocation or suspension of the registra-
3 tion of any agent or salesman of the dealer. *

Sect. 132. *Agent's registration may be revoked.* The
2 commissioner may, in case of violation of any provision of
3 sections one hundred twenty-three to one hundred thirty-
4 four, both inclusive, or in case of dishonest, deceitful or
5 fraudulent conduct, on the part of any agent or salesman
6 in connection with the business, revoke the agent's or sales-
7 man's registration; and may, having reasonable cause to
8 believe that the agent or salesman may have been guilty of
9 violation of the provisions of said sections, or dishonest,
10 deceitful or fraudulent conduct in connection with the busi-
11 ness, suspend the agent's or salesman's registration until
12 satisfied to the contrary. In either case, the agent or sales-
13 man shall not be regarded as registered under the provisions
14 hereof, until restored to registration by the commissioner,
15 either on his own initiative or upon order of court as here-
16 inafter provided.

In case of suspension or revocation of registration, all
2 certificates shall at once be surrendered to the commissioner
3 upon his request.

Sect. 133. *Service of notices.* Notice of any require-
2 ment or decision of the commissioner shall be sufficient if
3 sent by mail addressed to the dealer, agent or salesman, as
4 the case may be, at the address designated in the application
5 for registration.

Sect. 134. *Appeals; proceedings thereon.* Appeals may
2 be taken by any person aggrieved by any decision of the
3 commissioner to a justice of the supreme judicial court, by

4 petition addressed to that court, stating the decision com-
5 plained of. No such appeal from a refusal to grant regis-
6 tration shall lie until after formal hearing, which formal
7 hearing, however, the commissioner in his discretion may
8 waive for the purpose of expediting the appeal.

Sect. 135. *Penalties.* Any dealer or any person violating
2 any provision of sections one hundred twenty-three to one
3 hundred thirty-four, both inclusive, or knowingly filing with
4 the commissioner or furnishing to him any false or mis-
5 leading statements or information, shall be punished upon
6 conviction thereof by a fine of not more than one thousand
7 dollars, or by imprisonment for not more than sixty days,
8 or by both such fine and imprisonment, and municipal and
9 police courts shall have original and concurrent jurisdic-
10 tion with the supreme judicial and superior courts. The
11 foregoing penalties shall be in addition to, and not a sub-
12 stitute for, any civil or criminal liability now or hereafter
13 existing. Authorization is hereby conferred upon the su-
14 preme judicial court in equity to enjoin, upon application
15 by the bank commissioner, or any party in interest, any
16 violation or threatened violation of any of the foregoing
17 provisions of this chapter.

The bank commissioner is authorized to appoint an ex-
2 aminer who shall, under his directions, have charge of the
3 enforcement of the provisions of sections one hundred
4 twenty-three to one hundred thirty-four, both inclusive, and
5 make any necessary investigations thereunder; the amount

6 of his compensation to be subject to the approval of the
7 governor and council. The salary and traveling expenses
8 of such examiner and all expenses of administration and
9 enforcement of sections one hundred twenty-three to one
10 hundred thirty-four, both inclusive, shall be paid out of the
11 registration fees received from dealers in securities. Deal-
12 ers in securities shall pay to the bank commissioner, for
13 the use of the state, fees as follows: to wit, for registra-
14 tion or renewal of dealers in securities, twenty-five dollars;
15 for registration or renewal of registration of salesman or
16 agent of dealer in securities, ten dollars each; for certified
17 copy of dealer's certificate, fifty cents each.

TAXATION OF SAVINGS BANKS

Sect. 136. Section fifty-nine of chapter nine of the re-
2 vised statutes is hereby amended so as to read as follows:

‘Sect. 59. *Return of assets, loans, investments and de-*
2 *posits; bank commissioner shall fix values and return to*
3 *state assessors.* Every savings bank and institution for
4 savings incorporated under the laws of the state, shall, semi-
5 annually, on the last Saturdays of March and September,
6 make a return, signed and sworn to by its treasurer, of the
7 average amount of its deposits, reserve fund and undivided
8 profits for the six months ending on each of said days,
9 together with a statement in detail of its assets, loans and
10 investments and its deposits within and without the state,
11 in separate columns. Such return shall also include a state-
12 ment of the par value, cost to the bank and the book value

13 of each item of assets claimed to be deductible under
14 the provisions of the following section. Said return
15 shall be made to the bank commissioner on or before the
16 first Saturdays of April and October and within thirty days
17 thereafter, he shall fix and determine the book values of
18 the investments aforesaid and transmit the same with such
19 values so determined, to the board of state assessors for
20 the assessment required by the following section.'

TAXATION OF TRUST COMPANIES

Sect. 137. Section seventy-one of chapter nine of the re-
2 vised statutes is hereby amended to read as follows:

'Sect. 71. *Trust and banking companies shall semi-annu-
2 ally return the amount of certain deposits; penalties for
3 false returns; valuation of securities.* Every trust and
4 banking company incorporated under the laws of this state,
5 shall, semi-annually on the last Saturdays of March and
6 September, make a return signed and sworn to by its treas-
7 urer, of the average amount of its time deposits and its
8 deposits bearing interest at the rate of three per cent or
9 more per annum for the six months preceding each of said
10 years, together with a statement in detail of the amount
11 of United States bonds, the shares of corporation stocks
12 such as are by law of this state free from taxation to the
13 stockholders. Such return shall also include a statement
14 of the par value, cost to the bank and the book value of
15 each item of assets claimed to be deductible under the pro-
16 visions of the following section. For wilfully making a

17 false return, the treasurer of the corporation forfeits not
18 less than five hundred, nor more than five thousand dol-
19 lars. Said return shall be made to the bank commissioner,
20 on or before the first Saturdays of April and October, and
21 within thirty days thereafter, he shall fix and determine the
22 cost to such company of the United States bonds, and the
23 shares of corporation stocks returned as aforesaid, and
24 transmit said returns with such cost so determined to the
25 board of state assessors for the assessment required by the
26 following section.'

Sect. 138. Section seventy-two of chapter nine of the
2 revised statutes as amended by chapter two hundred twen-
3 ty-one of the public laws of nineteen hundred and nineteen,
4 is hereby further amended by striking out the word "value"
5 in the third line of said section and inserting in place there-
6 of the word 'cost,' so that said section as amended shall
7 read as follows:

'Sect. 72. *Assessment of tax; when payable.* The board
2 of state assessors shall thereupon deduct from the average
3 amount of the time and interest bearing deposits so returned,
4 an amount equal to the cost so determined of the United
5 States obligations, all bonds, notes and other obligations
6 issued after the first day of February, nineteen hundred
7 and nine, by this state, or any county, municipality, village
8 corporation, light and power district or water district there-
9 in, the shares of corporation stocks such as are by law of
10 this state free from taxation to stockholders, and upon the

11 balance so found, assess an annual tax of one-half of one
12 per cent; one-half of said tax shall be assessed on or be-
13 fore the fifteenth day of May on the balance of said de-
14 posits so ascertained for the six months ending on and
15 including the last Saturday of March, and one-half on or
16 before the fifteenth day of November on the balance of
17 said deposits so ascertained for the six months ending on
18 and including the last Saturday of September. The board
19 of state assessors shall thereupon certify said assessment
20 to the treasurer of state, who shall forthwith notify the
21 several trust and banking companies interested, and all taxes
22 so assessed shall be paid semi-annually within ten days
23 after the fifteenth days of May and November.'

Sect. 139. Section seventy-three of chapter nine of the
2 revised statutes is hereby amended by striking out the word
3 "value" in the fourth line of said section and inserting in
4 place thereof the word 'cost,' so that said section as amend-
5 ed shall read as follows:

'Sect. 73. *Additional deductions after July 1, 1916.* On
2 and after the first day of July, nineteen hundred and six-
3 teen, the board of state assessors in making the assessment
4 required by the preceding section shall also deduct from
5 the average amount of the time and interest bearing de-
6 posits so returned, an amount equal to the cost so deter-
7 mined of investments in such notes and bonds secured by
8 mortgages on real estate in this state as are exempt from
9 taxation in the hands of individuals.'

Sect. 140. Section nineteen of chapter one hundred and
2 seventeen of the revised statutes as amended by chapter
3 two hundred and twenty of the public laws of nineteen
4 hundred and seventeen, is hereby further amended by strik-
5 ing out the whole of said section as amended and inserting
6 in place thereof the following:

‘The bank commissioner shall receive an annual salary of
2 five thousand dollars; he shall receive his actual traveling
3 expenses incurred in the performance of his official duties,
4 and the reasonable and necessary expenses of his office, the
5 payment of which shall be subject to the approval of the
6 governor and council. He may employ at the expense of
7 the state a deputy bank commissioner and as many exam-
8 iners, assistant examiners and clerks as the business of the
9 office may require, whose compensation shall be fixed by
10 the governor and council. The deputy bank commissioner
11 shall perform the duties of the commissioner whenever the
12 latter shall be absent from the state or whenever he shall
13 be directed by the commissioner, or whenever there shall
14 be a vacancy in the office of commissioner. The deputy
15 bank commissioner and all examiners and assistant exam-
16 iners shall receive their actual expenses incurred in the
17 performance of official duties subject to the approval of
18 the governor and council.

‘The expenses of the banking department necessarily in-
2 curred in the examination of the institutions under its su-
3 pervision, including salaries, general office expenses, and

4 verification of savings accounts, shall be chargeable in part
5 to such institutions and shall be appropriated and paid as
6 follows: Every savings bank, institution for savings, trust
7 company, loan and building association, industrial bank,
8 credit union, title company, loan society, and other insti-
9 tution whose affairs the bank commissioner is required by
10 law to examine, shall annually, on or before the first day
11 of January, pay to the state treasurer a sum equivalent to
12 two dollars and fifty cents for each hundred thousand dol-
13 lars, or major portion thereof, of the resources of such
14 institution, as shown by its books to have existed on the
15 first day of December preceding. The aggregate of such
16 payments shall be credited to a special account for the use
17 of the banking department to be available for the payment
18 of expenditures lawfully incurred and regularly audited
19 and chargeable to the appropriations for salaries, general
20 office expenses, or verification of savings accounts, after
21 the regular appropriations therefor shall have been ex-
22 hausted.

‘Any institution which shall fail to make such payment
2 within the time specified herein, shall be subject to a pen-
3 alty of not less than fifty, nor more than two hundred dol-
4 lars, which, together with the amount due under the fore-
5 going provisions of this section, may be recovered in an
6 action of debt in the name of the state. All institutions
7 so delinquent on the tenth day of January of each year,
8 shall be reported by the state treasurer to the attorney-
9 general for the purpose of such action.’

Sect. 141. Section six of chapter two hundred and ninety-eight of the public laws of nineteen hundred and seventeen is hereby amended by adding after the word "observed" in the third line of said section the words 'and shall report to the bank commissioner monthly all outstanding loans, the principal of which shall exceed ten dollars,' so that said section as amended shall read as follows:

'Sect. 6. The licensee shall keep such books and records as in the opinion of the bank commissioner will enable the commissioner to determine whether the provisions of this act are being observed, and shall report to the bank commissioner monthly all outstanding loans, the principal of which shall exceed ten dollars. Every such licensee shall preserve the records of final entry used in such business, including cards used in the card system, if any, for a period of at least two years after the making of any loan recorded therein.'

Sect. 142. Section eight of chapter two hundred and ninety-eight of the public laws of nineteen hundred and seventeen is hereby amended by adding after the word "month" in the sixth line of said section the words 'provided, however, that a minimum charge of not exceeding twenty-five cents shall be allowable in all cases,' so that said section as amended shall read as follows:

'Sect. 8. Every person, copartnership and corporation licensed hereunder may loan any sum of money, goods or choses in action not exceeding in amount or value the sum

4 of three hundred dollars, and may charge, contract for and
5 receive thereon interest at a rate not to exceed three and
6 one-half per centum per month; provided, however, that a
7 minimum charge of not exceeding twenty-five cents shall
8 be allowable in all cases. No person shall owe any licensee
9 at any time more than three hundred dollars for principal.'

Sect. 143. Chapter fifty-two of the revised statutes, sec-
2 tions eleven to twenty-three, inclusive, of chapter forty of
3 the revised statutes, and all other acts and parts of acts
4 inconsistent with the provisions hereof are hereby repealed.