

MAINE STATE LEGISLATURE

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EIGHTY-THIRD LEGISLATURE

House Document

No. 87

H. P. 333

House of Representatives, Feb. 9, 1927.

Referred to Committee on Banks and Banking and 500 copies ordered printed. Sent up for concurrence.

CLYDE R. CHAPMAN, Clerk.

Presented by Mr. Sargent of Brewer.

STATE OF MAINE

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

AN ACT to Amend Sections Thirty-four and Thirty-six of Chapter One Hundred and Forty-four of the Public Laws of Nineteen Hundred and Twenty-three, Relating to Savings Banks and Savings Institutions, so as to Permit a Savings Bank to Pay Dividends to Its Depositors, Quarterly, Instead of Semi-annually, if Said Savings Bank Shall, by Its By-laws, so Provide.

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

Section 1. Section thirty-four, of chapter one hundred 2 and forty-four, of the public laws of nineteen hundred and 3 twenty-three, is amended by striking out all of said section 4 thirty-four, and substituting, in place thereof, the following:

'Sect. 34. *Dividends from earnings; maintenance of re-*

2 *serve fund; excess, when to be divided. Dividends, declared*
3 *only by vote of trustees; not to exceed earnings of bank.*
4 The trustees, after passing to the reserve fund an amount
5 equal to the percentage of deposits hereinafter required to
6 be set apart for such reserve fund, not subject to be divided,
7 shall quarterly, or semi-annually, as the corporation may
8 by its by-laws provide, declare dividends at a rate not ex-
9 ceeding five per cent, per annum, among depositors of three
10 months' standing, at least, before dividend day. The cor-
11 poration may by its by-laws include deposits of less standing.
12 If dividends are declared quarterly, the amount passed to
13 the reserve fund, as hereinbefore provided, shall be one-
14 eighth of one per cent of the average amount of deposits
15 for the three months previous to declaring the dividend;
16 and, if dividends are declared semi-annually, the amount
17 passed to the reserve fund shall be one-quarter of one per
18 cent of the average amount of deposits for the six months
19 previous to declaring the dividend. The reserve fund shall
20 be kept constantly on hand, to secure against losses and
21 contingencies, until it amounts to five per cent of the de-
22 posits. All losses shall be passed to the debit of said account.
23 And when said reserve fund amounts to ten per cent of the
24 average amount of deposits for the interest period previous
25 to declaring a dividend, all net profits not otherwise divided,
26 thereafter made by said banks, may be divided every three
27 years, ratably, among the depositors of one, two and three
28 full years' standing, as extra dividends. No dividend or

29 interest shall be declared, credited or paid, except by a vote
30 of the board of trustees entered upon their records, whereon
31 shall be recorded the yeas and nays upon such vote. Trus-
32 tees of savings banks and savings institutions are forbidden
33 to declare any dividend of a rate per cent which will make
34 the aggregate amount of a semi-annual dividend, or of two
35 quarterly dividends, greater than the actual earnings of the
36 bank or institution actually collected in the six months period
37 covered by such semi-annual, or two quarterly dividends:
38 provided, however, that a temporary deficiency in actual
39 collections may be supplemented by taking from the reserve
40 fund, with the written consent of the bank commissioner,
41 an amount sufficient to maintain the customary dividend
42 rate.'

Sect. 2. Section thirty-six, of said chapter one hundred
2 and forty-four, of the public laws of nineteen hundred and
3 twenty-three, is amended by inserting, after the word "semi-
4 annual," in the third line of said section, the words 'or
5 quarterly,' so that said section, as amended, shall read as
6 follows:

'Sect. 36. *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 or quarterly and extra dividends; provided, however, that
5 savings banks may contract, on terms to be agreed upon,
6 for the deposit at intervals within a period of twelve months,
7 of sums of money in the aggregate not in excess of the

8 statutory limit on deposits in savings banks, and for the
9 payment of interest on the same, at a rate not more than
10 the rate of their last regular dividend on savings deposits.
11 A sum thus accumulated, if left in such depository as a
12 regular savings deposit, within fifteen days after the date on
13 which money ordinarily begins to draw interest, may, if the
14 depository so provides, draw interest from such prior date.'