

MAINE STATE LEGISLATURE

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E I G H T Y - S I X T H L E G I S L A T U R E

Legislative Document

No. 826

S. P. 567

House of Representatives, Mar. 7, 1933.

Ordered, That there be printed in document form 2000 copies of S. P. No. 567 Bill "An Act Authorizing the Governor to Proclaim a Banking Emergency and Providing for the Further Protection of Depositors in Banks and Banking Institutions and Maintenance of the Banking Structure of the State".

HARVEY R. PEASE, Clerk.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY
THREE

AN ACT Authorizing the Governor to Proclaim a Banking Emergency and Providing for the Further Protection of Depositors in Banks and Banking Institutions and Maintenance of the Banking Structure of the State.

Emergency preamble. Whereas, as a result of the existing world-wide depression, there has arisen in the United States a business and financial emergency hitherto unforeseen, with which existing laws are inadequate to deal; and

Whereas in recognition of such emergency, by proclamation of the President of the United States, issued on March 5, 1933, a banking holiday from Monday, March 6, 1933, to Thursday, March 9, 1933, both dates inclusive, was directed to be maintained and observed by all banking institutions in the United States, and all branches thereof, said proclamation having further directed that during said period all banking transactions should be suspended; and

Whereas in like recognition of such emergency, the Governor of the State of Maine, on March 4, 1933, directed that a similar holiday be observed by all banking institutions in the State of Maine, on March 4, 1933 and March 6, 1933, both dates inclusive; and

Whereas in the judgment of this Legislature the facts hereinbefore set forth create an emergency, within the meaning of Article XXXI, Section 16, of the Constitution of Maine, and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now therefore,

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

Sec. 1. Banking emergency may be proclaimed. Whenever it shall appear to the governor that the welfare of the state or any section thereof, or the welfare and security of banking institutions under the supervision of the bank commissioner, in this act referred to as banks, or their depositors, require, the governor may proclaim that a banking emergency exists, and that any bank or banks shall be subject to special regulation as hereinafter provided, until the governor, by a like proclamation, declares the period of such emergency to have terminated. The action of the governor in declaring Saturday, March 4, 1933, and Monday, March 6, 1933, banking holidays is hereby ratified, confirmed and approved, and Tuesday, Wednesday and Thursday, March 7, 8, and 9, 1933, are also declared banking holidays. The governor may likewise declare such other banking holidays as in his judgment such emergency may require.

Sec. 2. Bank commissioner authorized to restrict banking business. During the period of any such banking emergency so declared, the bank commissioner, in addition to all other powers conferred upon him by law, shall have authority to order any one or more banks or banking institutions as hereinafter defined to restrict all or any part of their business and to limit or postpone for any length of time the payment of any amount or proportion of the deposits in any of the departments thereof as he may deem necessary or expedient and may regulate further payments therefrom as to time and amount, as the interest of the public or of such bank or banks or the depositors thereof may require, and any order or orders made by him hereunder may be amended, changed, extended or revoked, in whole or in part, whenever in his judgment circumstances warrant or require. After the termination of any such bank emergency, any such order may be continued in effect as to any particular bank or banks as aforesaid if in the judgment of the commissioner circumstances warrant or require and the governor approves.

Sec. 3. New deposits shall be specially segregated. The bank commissioner may by order authorize banking institutions thereafter to receive new deposits, and such new deposits shall be special deposits and designated as new deposits, shall be segregated from all other deposits and may be invested only in assets approved by the commissioner as being suffi-

ciently liquid to be available when needed to meet any demands on account of such new deposits, which assets shall not be merged with other assets but shall be held in trust for the security and payment of such new deposits, except that income from such assets may to the extent authorized by the commissioner be used by the bank for other proper purposes of the institution; and the withdrawal of such new deposits shall not be subject in any respect to restriction or limitation under this act. The provisions of this section shall not apply to loan and building associations.

Sec. 4. Special rules and regulations authorized; penalties. Whenever the commissioner shall make any order hereunder, he may adopt such rules and regulations as he may deem proper for the protection of any bank or banks subject thereto or the depositors thereof, and any person violating any provision of such a rule or regulation shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than one year, or both.

Sec. 5. Assets may be valued. In determining action to be taken under this act, the bank commissioner may place such fair value on the assets of any bank as in his discretion seems proper under the conditions prevailing and circumstances relating thereto.

Sec. 6. Cost and expense assessed banks. Any costs and expenses incurred by the commissioner in the exercise of the powers given under this act may be assessed by him against the banks concerned and, when so assessed, shall be paid by such banks.

Sec. 7. Banks may become members clearing house associations. Notwithstanding any provisions of law now or hereafter enacted any banking institution may, subject to the approval of the commissioner, join any clearing house association or similar organization however formed, including such as issue clearing house certificates, scrip, or other evidences of claims against assets of banking institutions or other emergency currency, or substitute therefor, and any banking institution joining such association or organization may pledge any of its assets, whether segregated or not, except those segregated under section 3 hereof, as security for the discharge of its obligations as a member of or to such association or organization or to the holders of the instruments issued thereby. Such authority to join clearing house associations or similar organizations and pledge assets shall exist whether or no the other members of such association are banking institutions under the laws of this state or of other states, or national banking associations located in this state or in other states, or one or more of each of the above specified types of banking institutions.

Sec. 8. Definitions. The words "bank" and "banking institutions," as used in this act, shall be held to include loan and building associations,

Morris Plan banks, credit unions, and all other financial institutions under the supervision of the bank commissioner, and the word "deposits" so far as applicable, shall be held to apply to the interests of shareholders in loan and building associations.

Sec. 9. Commissioner's liability limited. The bank commissioner shall be under no liability of any nature whatever for any act or failure to act under the provisions hereof, provided only his action or failure to act be in good faith.

Sec. 10. Transactions during banking holidays legalized. The provisions of section 194 of chapter 164 of the revised statutes of Maine shall apply to all said banking holidays already or hereafter declared by the governor of the state or by the President of the United States of America. Any or all banking transactions on Saturday, March 4, 1933, shall be valid, notwithstanding the proclamation of the governor or the provisions of this act, unless the same were not done in good faith.

Sec. 11. Provisions of act enforceable in equity. Upon application of the bank commissioner, any justice of the supreme judicial or superior courts shall have jurisdiction in equity to enforce by appropriate decrees the provisions of this act or any order, rule or regulation issued by the commissioner hereunder.

Sec. 12. Validity. If any provision of this act is held invalid by any court of final jurisdiction, no other provisions shall be affected by such decision, but the same shall remain in full force and effect.

Sec. 13. Emergency clause. In view of the emergency set forth in the preamble, this act shall take effect when approved.