

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. 918

S. P. 590

In Senate, March 15, 1933.

Received by unanimous consent and under suspension of rules. Tabled by Senator Page of Somerset pending printing. 500 copies ordered printed.

ROYDEN V. BROWN, Secretary.

S T A T E O F M A I N E

IN THE YEAR OF OUR LORD NINETEEN HUNDRED THIRTY-THREE

AN ACT for the Protection of Savings Banks and Depositors therein.

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, and March 9, 1933, a banking holiday was directed to be maintained and observed indefinitely 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, the Governor of the State of Maine on March 7, 1933, by proclamation made under the authority of 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" did proclaim that a banking emergency exists; 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. Segregation of certain assets. Whenever in the judgment of the bank commissioner it shall be necessary in order to conserve the assets of any savings bank or institution for savings not deemed by him to be in condition to require action under section 52 or section 56 of chapter 57 of the revised statutes, for the benefit of the depositors and other creditors, he may, with the consent of the trustees of such corporation, order that there be segregated and set aside investments which in his judgment are of slow or doubtful value or which on account of unusual conditions cannot be converted into cash at their full fair value; and that, simultaneously with the delivery of said order to the treasurer or other executive officer of such corporation each and every deposit then standing therein be reduced so as to divide pro rata among the depositors the aggregate book value of all of the investments so segregated. After such order has been delivered, no depositor shall demand or receive on account of such deposit more than the amount remaining to the credit thereof after said reduction shall have been made, and dividends shall thereafter be computed only on the amounts so remaining, except as hereinafter provided.

Sec. 2. Treasurer to set up new accounts. The treasurer shall withdraw all investments so segregated and the then book value thereof from his list of investments and his book values of assets as shown on the books of the corporation, and the sum of said reductions of deposits from his statements of amounts due depositors, and thereafter enter said reductions on individual pass books as they are presented, and the investments and amounts due depositors then remaining with changes thereafter made in the usual course of business shall be deemed to be the investments held by and the deposits standing in said corporation for purposes of taxation and all other purposes except as elsewhere in this act provided.

Sec. 3. Treasurer to make list of segregated assets. The treasurer shall make and keep a complete and accurate list of the investment so segregated at said book values and such other records in respect thereof as the bank commissioner may from time to time prescribe.

Sec. 4. Sale of segregated investments. Investments so segregated may be sold, or exchanged for other securities in reorganizations, by vote

of the trustees, and shall be sold when so ordered by the bank commissioner. All moneys received from such sales or as income from such securities shall be entered in a special account, shall be deemed to be held by the corporation for the benefit of the depositors whose deposits were so reduced, and shall be disposed of as hereinafter provided.

Sec. 5. Payment of dividends from avails of such investments. The trustees may from time to time, and when so directed by the bank commissioner shall, declare pro rata dividends of moneys received as provided in section four of this act among the depositors whose deposits were reduced, payable to those who would then have been entitled to receive the sums so deducted if they had continued to be included in the deposits so reduced, and payable as other dividends are paid.

Sec. 6. Savings banks and institutions for savings shall have the right to purchase the preferred stock of any other banking institution incorporated under the laws of the State of Maine or the United States of America.

Sec. 7. Bank Commissioner may make regulations. Certain other statutes applicable. The bank commissioner may make regulations for the carrying out of the provisions of this act not inconsistent herewith. The provisions of this act shall be deemed to be additional to other powers invested by law in the bank commissioner and savings banks and institutions for savings, and shall not be deemed to repeal, alter or amend any existing statute relating to savings banks or institutions for savings unless inconsistent therewith. The provisions of sections fifty-nine and sixty of chapter fifty-seven of the revised statutes are made applicable to this act.

Sec. 8. Definitions. The word "investments" as used in this act shall be deemed to include all assets of the corporation whether real or personal.

Sec. 9. Commissioner's liability limited. The bank commissioner shall be under no liability of any nature whatever for any thing done or omitted to be done under this act, provided only his action or omission to act be in good faith.

Sec. 10. Right of appeal. Any person aggrieved by anything done or omitted to be done under this act may petition any justice of the superior or supreme judicial court sitting in equity for an order annulling, altering or amending such act, or enjoining the performance thereof, or requiring action to be taken under any provision hereof, within ten days after he shall have had notice of such act or failure to act, in person or by publication of a certificate thereof signed by the bank commissioner or by the president or treasurer of the corporation in one issue of a newspaper of general circulation printed and published in the city or town in which the corporation is located, if any, otherwise in the same county. Such

petitions shall be prosecuted according to the usual practice in equity proceedings.

Sec. 11. 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. 12. Emergency Clause. In view of the emergency set forth in the preamble, this act shall take effect when approved.