

MAINE STATE LEGISLATURE

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SPECIAL SESSION

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. 3

S. P. No. 3

In Senate, November 14, 1933.

Presented by Senator Weatherbee of Penobscot.

ROYDEN V. BROWN, Secretary.

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

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

AN ACT to Incorporate the Merrill Mortgage Company

Emergency preamble. Whereas the recent world wide financial depression seriously affected the banking situation in this State and resulted in the closing of many banks and consequent hazzard to the peace, health and safety of the public, and whereas, many banks are finding it expedient to make application for membership in the Federal Reserve System as a means of maintaining public confidence, and whereas, the existing capital structure of such banks in many cases must be revised, and whereas, in this regard the Merrill Trust Company, a banking corporation located at Bangor, in the county of Penobscot and state of Maine, has made application for membership in the Federal Reserve System and propose to reorganize its capital structure to meet the requirements of such membership, and whereas, the proposed reorganization requires said Merrill Trust Company to transfer certain assets to a mortgage company with certain corporate powers which are defined as "banking business" under the general laws of the state, and whereas, the organization of said corporation under the general law would result in double liability on the common stock, and whereas, the proposed reorganization requires the holders of present preferred stock without double liability to become holders of common stock in said mortgage company, and whereas, it is therefore the object of this

act to create said mortgage company with said powers but without double liability on its common stock, and whereas, the objects of this corporation cannot otherwise be obtained, and whereas, in order to make membership in said Federal Reserve System immediately available it is necessary that this act become effective forthwith, and whereas, in the judgment of the Legislature these facts create an emergency within the meaning of section 16 of Article XXXI 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. Merrill mortgage company created; powers. Richard H. Palmer, Donald S. Higgins, and George F. Eaton, or such majority of them as may vote to accept this charter, all of Bangor in the county of Penobscot and state of Maine, their associates and successors, are hereby created a corporation by the name of Merrill Mortgage Company, to be located at Bangor in the county of Penobscot, for the purpose of buying, selling, loaning money upon, and dealing in mortgages of real estate, real estate, and also stocks, bonds, and notes, both collateraled and unsecured, and in that connection the corporation, without limiting its general powers, shall specifically have power to (1) loan money upon mortgages on real estate, (2) purchase and take by assignment mortgages of real estate, (3) purchase or loan money upon stocks, bonds, real estate, and notes, both collateraled and unsecured, (4) sell and transfer any and all of its assets, (5) borrow money without limitation as to purpose or amount and to pledge any or all of its assets as security therefor, (6) issue, sell and deal in its bonds or notes, both secured or unsecured, or preferred or debenture stock, (7) hold, manage, sell, and dispose of real estate, (8) transact all business incidental to that ordinarily conducted by a mortgage loan company, and (9) do all things necessary, proper, or incidental to the carrying out of any of the aforesaid purposes and powers.

Sec. 2. Directors. The general control of the business of the corporation shall reside in a board of directors to be composed of not less than 3 nor more than 8 of its stockholders, the precise number to be determined from time to time at any annual meeting of the stockholders of the corporation. The board thus created shall elect one of its members president and such other officers as may be deemed necessary or as may be provided for in the by-laws. All of the directors shall be residents of the state of Maine and no director or officer of the Merrill Trust Company, a banking corporation existing under the laws of Maine and having its principal office at said Bangor, or of any successor thereto, shall be eligible to serve as

officer or director of the Merrill Mortgage Company.

Sec. 3. Capital stock. The capital stock of the corporation shall consist of 30,000 shares having no par or face value, provided, however, that in addition to such capital stock, the corporation may issue preferred or debenture stock as provided in section 1 hereof.

Sec. 4. By-laws, etc. The stockholders of the corporation may establish such by-laws, rules and regulations for conducting its business as they shall deem necessary in accordance with the provisions of this charter and the laws of the state of Maine.

Sec. 5. First meeting of corporation. The first meeting of the corporation may be called by a written notice thereof signed by any one incorporator herein named and served upon each incorporator by giving him the same in hand or by leaving it at his last and usual place of abode 5 days at least before the time of the meeting. Such notice may be waived in writing by any or all of said incorporators. At the first meeting of the incorporators, they or the survivors of them, or a majority thereof shall have the power (1) to vote to accept or reject this charter, and to fill vacancies occurring in their own number, (2) to fix the value for the purpose of original issue of the capital stock having no par or face value, (3) to vote to purchase from the Merrill Trust Company aforesaid, mortgages and other assets and to issue debenture bonds of this company, and/or the whole or any part of the capital stock of this company having no par or face value in such manner as may be determined between the parties in payment therefor, or in any other manner to pay therefor, and the stock so issued shall be full paid stock and not liable to any further call or payment thereon; and the judgment of said incorporators as to the value of the property so purchased shall be conclusive, (4) to call the first meeting of the stockholders of this corporation for purposes of organization.

Sec. 6. Report to bank commissioner. The company shall annually or oftener make full report of its condition to the bank commissioner of the state of Maine in such form as he may prescribe, and he shall examine its books and accounts and securities at least once annually and oftener at his discretion.

Sec. 7. Bonds, etc. to be legal investment for savings banks, etc. The bonds or notes or preferred or debenture stock of the corporation shall be legal investments for savings banks, institutions for savings and for trust funds of any form, and whether in the hands of individuals, trustees, executors, administrators, guardians, savings banks, institutions for savings, trust companies, insurance companies or other institutions shall be exempt from taxation, (other than inheritance taxes) under the laws of the state of Maine, and in computing the values or balances on which taxes shall

be assessed against savings banks, institutions for savings and trust and banking companies, in accordance with the provisions of sections 63, 72 and 73 of chapter 12 of the revised statutes of Maine, and all acts amendatory thereof and additional thereto, the value of such bonds, notes or shares of stock issued by this corporation and owned by such banks, institutions for savings and trust and banking companies is to be deducted in the same manner as the shares of corporation stocks, such as are by law of this state free from taxation to stockholders, owned by such banks, institutions for savings and trust and banking companies.

Sec. 8. Limitation on commencing business. The corporation shall not commence business except as provided in section 5 unless and until at least 10,000 shares of its capital stock have been issued in accordance with the provisions of said section 5. All rights hereunder shall lapse unless within the period of one year the corporation has commenced doing business.

Sec. 9. Constitutionality. The sections and provisions of this act are separable and are not materials of mutual essential inducement, and the objects of the corporation hereby created cannot otherwise be attained. It is the intention to confer the whole or any part of the powers herein provided for, and if any of the sections or provisions or parts thereof are for any reason illegal, it is the intention that the remaining sections or provisions or parts thereof shall remain in full force and effect.

Emergency Clause. The rights and privileges granted by this charter shall extend for the period of one year from the date of enactment and thereafter as it may be extended by legislative enactment. In view of the emergency set forth in the preamble this act shall take effect when approved.