

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

DECEMBER 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. 68

H. P. 56

House of Representatives, Dec. 5, 1933.

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

HARVEY R. PEASE, Clerk.

Presented by Mr. Drisko of Jonesboro.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND
THIRTY-THREE

AN ACT Defining Unsound Banking Practices.

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

R. S., c. 57, amended. Chapter 57 of the revised statutes is hereby amended by adding thereto a new section to be numbered 79-A and to read as follows:

'Sec. 79-A. Unsound banking practices defined. The following acts by officers, directors, attorneys, agents or employees of any trust and banking company shall be deemed to constitute unsafe and unsound banking practices:

(1) The stipulation for, or agreement or assent to receive, or the receiving of any fee, commission, gift, or other compensation or property of value from any person, firm, syndicate or corporation, for procuring or for endeavoring to procure for such person, firm, syndicate or corporation, any loan from, or any investment by, or any purchase or discount of any paper, note, draft, check, bill of exchange, or other commercial paper by such institution.

(2) The payment by any such trust and banking company to any of its officers, directors, attorneys, agents or employees, or to the officers, directors, attorneys, agents or employees of any affiliate, whatsoever, a greater rate of interest on the deposits of such officer, director, attorney,

agent or employee, than shall be paid other depositors on the same or similar type of deposit.

(3) The granting of loans in any form whatever to any of the classes, or to persons within any of the classes, enumerated in sub-section two hereof, at a rate of interest lower than is charged to other borrowers under similar circumstances on the same types of loans and discounts.

(4) The sale of any property or securities of any nature whatsoever to the bank or any of its affiliates, unless such sale is made in the usual course of business, upon terms not less favorable to the bank than those offered to any other person, firm, syndicate or corporation, and then, only when the purchase of such property or securities is authorized by the vote of a majority of all the members of the board of directors who are interested in such transaction only in their official capacity.

(5) The purchase of any of the property or securities of the bank, or its affiliates, unless the sale is made by the bank, or its affiliates, in the regular course of business upon terms not less favorable to the bank or affiliates than those offered by any other person, firm, syndicate or corporation, and then, only when the sale of such property or securities is authorized by the vote of a majority of all the members of the board of directors who are interested in such transaction only in their official capacity.

(6) The purchase from the bank of any promissory note or other evidence of indebtedness, issued by the bank, for less than its face value.

(7) The declaration of any dividend except from the surplus profits arising from the usual and ordinary earnings of the corporation.

(8) The granting of credits or the making of loans in violation of the banking laws of this state.

(9) Any director, officer, attorney or agent who violates any of the provisions of this section shall be guilty of a misdemeanor and may upon conviction thereof be punished by a fine of not more than \$1,000, or by imprisonment for not more than 11 months, or by both such fine and imprisonment.

(10) The provisions of this chapter shall not be construed as enumerating all unsafe or unsound banking practices; nor shall the punishment for the violation of any such provision prevent the bank commissioner from proceeding against any director or officer as provided by law.'