

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)

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

Legislative Document

No. 530

H. P. 1485

House of Representatives, February 16, 1937.

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

HARVEY R. PEASE, Clerk.

Presented by Mr. Philbrick of Cape Elizabeth.

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

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
THIRTY-SEVEN

AN ACT Relating to Investment of Deposits of Mutual Saving Banks.

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

Sec. 1. R. S., c. 57, § 27, sub-§ VI, subdivision b, ¶ 3, amended. Sub-section VI of section 27 of chapter 57 of the revised statutes is hereby amended by striking out all of paragraph 3 of subdivision b of said sub-section and inserting in place thereof the following:

'3. Such corporation shall have earned and received for a period of 3 successive calendar or fiscal years next preceding the investment a net income of not less than $1\frac{1}{2}$ times its currently accruing fixed charges, and also shall have earned and received for a period of 12 consecutive months within the 15 months next preceding the investment a net income of not less than $1\frac{1}{2}$ times its currently accruing fixed charges. The term "net income" as used herein shall be construed as the equivalent of "gross income" under the regulations of the interstate commerce commission. It shall be determined for the purposes of this paragraph after deducting all operating expenses, taxes, maintenance and depreciation charges. Rentals accruing under leases shall be treated as fixed charges.'

Sec. 2. R. S., c. 57, § 27, sub-§ VI, subdivision b, ¶ 4, amended. Said subsection VI is further amended by striking out paragraph 4 of subdivision b and inserting in place thereof the following:

‘4. The total funded indebtedness of said corporation shall not exceed 3 times its outstanding capital stock at the date of investment.’

Sec. 3. R. S., c. 57, § 27, sub-§ VI, subdivision c, ¶ 2, amended. Said subsection VI is further amended by striking out paragraph 2 of subdivision c and inserting in place thereof the following:

‘2. In such other obligations issued or assumed by any steam railroad corporation organized under the laws of any state in the United States, secured by first mortgage, or trust indenture which is in effect a first mortgage, on standard gauge railroad operated by such corporation, as the bank commissioner, upon the written recommendation of a special committee of the savings banks association of Maine, appointed or elected for such purpose, may deem suitable for savings bank investment, having regard primarily to the strategic importance of such mileage, or its density or revenue producing characteristics per dollar of debt secured thereby.’

Sec. 4. R. S., c. 57, § 27, sub-§ VI, subdivision d, amended. Said subsection VI is further amended by striking out subdivision d and inserting in place thereof the following:

‘d. In the first mortgage bonds of any terminal or bridge company guaranteed as to principal and interest by any railroad corporation, any of whose mortgage obligations are eligible under the provisions of paragraphs a and b of this section.’

Sec. 5. R. S., c. 57, § 27, sub-§ VI, subdivision e, amended. Said subsection VI is further amended to read as follows:

‘e. Not more than ~~25%~~ 30% of the deposits of any 1 bank shall be invested in steam railroad obligations and not more than 2% of such deposits in the obligations of any single railroad corporation whose mileage is located principally outside the state of Maine.’

Sec. 6. R. S., c. 57, § 27, sub-§ VII, subdivision b, amended. Subsection VII of said section 27 is hereby amended by striking out the words “electric railroad” in the 3rd line of subdivision b.

Sec. 7. R. S., c. 57, § 27, sub-§ VIII, amended. Subsection VIII of said section 27 is hereby amended by striking out the word “mortgage” and the words “secured by mortgage” in the 1st and 2nd lines of subdivision a of said subsection.

Sec. 8. Subparagraph 3 of subdivision a and subdivision b of said subsection VIII are hereby repealed.

Sec. 9. Subsection IX of said section 27 is hereby repealed.

Sec. 10. Subsection XI of said section 27 is hereby amended by inserting after the word "section" in the 7th line thereof the following:

'Such findings may be based upon information derived from any source which, in the judgment of the bank commissioner, is reliable, and need not include information furnished directly by the officers of the company issuing or assuming the obligations.'

Sec. 11. Subsection XIII of said section 27 is hereby amended by substituting a comma for the period at the end of said subsection and adding the following:

'nor to any of such capital stock acquired subsequent to the making of the original loan in good faith for the sole purpose of improving the security for such loan.'

Sec. 12. Purchase of securities prior to certificate. The trustees of any savings bank may, in good faith, purchase securities believed to be legal, in advance of the issuance of a certificate of legality by the bank commissioner, without responsibility for loss ensuing from such purchase, provided such purchase is expressly conditioned upon the subsequent issuance of a certificate of legality, or there is an agreement by the seller to repurchase such securities in the event such certificate is not issued within 60 days from the date of sale.