

MAINE STATE LEGISLATURE

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N I N E T I E T H L E G I S L A T U R E

Legislative Document

No. 913

(Transmitted from the Revisor of Statutes Under Joint Order)

H. P. 1571

House of Representatives, February 19, 1941.

Referred to Committee on Banks and Banking and sent up for concurrence. 650 copies ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Bowers of Sherman.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-ONE

AN ACT to Establish a Banking Board, and Define Its Powers and Duties.

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

Sec. 1. Banking board established. There shall be in the banking department of this state a banking board consisting of 9 members, one of whom shall be the state bank commissioner who shall act as chairman and executive head of the board. The remaining 8 members shall be appointed by the governor with the advice and consent of the council; 3 of whom shall, in the first instance, be appointed for 1 year, 3 for 2 years, and 2 for 3 years. All shall be eligible for reappointment, and after the first appointment, all shall be appointed for 3 years. Any member of the board may be removed from office by the governor with the advice and consent of the council whenever in their joint judgment the public interest requires such removal.

Sec. 2. Qualifications of members. The 8 members, other than the bank commissioner, shall have had banking experience, and of these 8 there shall be 3 members whose banking experience shall have been gained in Group 1; 2 in Group 2; and 3 in Group 3 of the following groups:

Group 1, Trust Companies

Group 2, National Banks

Group 3, Mutual Savings Banks

The members specified to have had the aforesaid banking experience shall be selected by the governor from a list of 6 qualified nominees submitted by the trust company section of the Maine Bankers' Association; 4 qualified nominees submitted by the National Bank section of the Maine Bankers' Association; and 6 qualified nominees submitted by the Savings Banks Association of Maine.

Sec. 3. Organization. The members, other than the bank commissioner, shall receive no salary, but their expenses incurred in attending meetings shall be paid out of the state treasury, on certificate of the bank commissioner, upon the audit and warrant of the controller. The board may make provision for the holding of regular meetings and shall meet at any time on call by the bank commissioner upon 2 days' notice. The bank commissioner shall call a meeting upon 2 days' notice upon the written request of any 2 members. The board may by resolution provide for a shorter notice of meeting. The board shall elect a secretary and such other officers as it deems necessary. The secretary and other officers so elected need not be members. The board shall cause a record of its proceedings to be kept. For the purpose of considering questions before it, the board shall have access to all books and papers in the banking department, including all reports and communications, and the members shall treat such reports and communications as confidential, provided however that access to confidential records affecting Savings Banks shall be limited to the representatives of Savings Banks on the board and access to confidential records affecting trust companies shall be limited to representatives of trust companies on the board.

Sec. 4. Powers, rules and regulations. The banking board shall have power to make, alter and amend rules and regulations not inconsistent with law, binding upon all savings banks and institutions and trust companies subject to supervision by the banking department, to insure the safe and sound conduct of their business, to conserve the assets of such institutions, to prevent hoarding of money, to eliminate unsound and destructive competition among such institutions, and thus to maintain confidence in such business and to protect the public interest and the interests of depositors, creditors and stockholders. Provided that such power shall not be exercised on any matters affecting savings banks and institutions unless first considered by the members of the board representing the savings bank group and unanimously recommended by them to the full board for action,

and such power shall not be exercised on any matters affecting trust companies unless first considered by the members of the board representing trust companies and unanimously recommended by them to the full board for action.

Without limiting the foregoing power, resolutions or rules or regulations may be so adopted for the following specific purposes:

(a) To prescribe the methods and standards to be used: (1) In making examinations of state chartered banking institutions, and (2) in valuing the assets of banking institutions.

(b) To prescribe from time to time (1) the maximum rates of interest which may be paid on deposits with any banking institution; (2) the maximum rates of dividends which may be paid on deposits with any savings bank, and to prohibit the payment of such interest or such dividends by any banking institution. Interest or dividend rates so prescribed need not be uniform.

(c) To postpone or omit the calling and rendering of reports of banking institutions if the board shall find that such postponement or omission is necessary because of the existence of unusual and extraordinary circumstances. The board shall enter such findings on its records.

(d) To prescribe the form and contents of periodical reports of condition to be rendered to the bank commissioner by banking institutions, and the manner of publication of such reports.

(e) To prescribe from time to time reserves against deposits to be maintained by banks and trust companies, in addition to the reserves required by section 80 of chapter 57 of the revised statutes.

(f) To define what is an unsafe manner of conducting the business of banking institutions.

(g) To define what is a safe or unsafe condition of a banking institution.

(h) To establish safe and sound methods of banking and safeguard the interests of depositors, creditors and stockholders generally in times of emergency.

(i) To exercise any other power conferred upon the board by law.

Sec. 5. Recommendations. The board shall consider and make recommendations upon any matter which the bank commissioner may submit to it for recommendations, and pass upon and determine any matter which he shall submit to it for determination, and shall submit to the bank commissioner proposals for any amendments to the banking law which it deems advisable.

Sec. 6. Powers; removal of directors and officers. Whenever, in the

opinion of the bank commissioner, any director, trustee, or officer of any savings bank or institution or trust company which is subject to supervision by the banking department, shall have continued to violate any law or duly enacted regulation of the banking board relating to such corporation, or shall have continued unsafe or unsound practices in conducting the business of such corporation, after having been warned by the bank commissioner to discontinue such violations or such unsafe or unsound practices, the bank commissioner may certify the facts to the banking board. In any such case, the banking board may cause notice to be served upon such director, trustee or officer to appear before such board to show cause why he should not be removed from office. A copy of such order shall be sent to each director or trustee of the corporation affected, by registered mail. If, after granting the accused director, trustee or officer a reasonable opportunity to be heard, the banking board by two-thirds vote of all its members finds that he has continued to violate any law or duly enacted regulation of the banking board relating to such corporation, or has continued unsafe or unsound practices in conducting the business of such corporation after having been warned by the bank commissioner to discontinue such violation or such unsafe or unsound practices, the banking board, in its discretion, by two-thirds vote of all its members, may order that such director, trustee or officer be removed from office. A copy of such order shall be served upon such director, trustee or officer. A copy of such order shall also be served upon the corporation of which he is a director, trustee or officer, whereupon such director, trustee or officer shall cease to be a director, trustee or officer of such corporation; provided, that such order and the findings of fact upon which it is based shall not be made public or disclosed to anyone except the director, trustee or officer involved and the directors or trustees of the corporation involved, otherwise than in connection with the proceedings for a violation of this section. No such directors, trustees or officers removed from office as herein provided shall thereafter participate in the management of any banking or trust company without special permission of the banking board and any corporation knowingly permitting such action shall be subject to payment of a fine of \$1000 to be recovered in an action of debt brought by the bank commissioner for the benefit of the state of Maine. The superior court shall have jurisdiction of such actions.

Sec. 7. Limitation of actions of members. No member of the board shall vote upon any question which affects exclusively any financial institution or proposed financial institution of which he is an officer, director or employee, or to which he is indebted, or in which he may be otherwise interested.