

MAINE STATE LEGISLATURE

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N I N E T Y - S E C O N D L E G I S L A T U R E

Legislative Document

No. 88

H. P. 202

House of Representatives, January 24, 1945.

Referred to the Committee on Banks and Banking, sent up for concurrence and ordered printed.

HARVEY R. PEASE, Clerk.

Presented by Mr. Peirce of Augusta.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FORTY-FIVE

AN ACT Relating to Cash Reserve in Trust and Banking Companies.

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

R. S., c. 55, § 110, repealed and replaced. Section 110 of chapter 55 of the revised statutes is hereby repealed and replaced to read as follows:

‘Sec. 110. Cash reserve. Every trust company having authority to receive money on deposit shall at all times have on hand in the lawful money or national bank-notes of the United States, as a cash reserve, an amount equal to at least 15% of the aggregate amount of its deposits which are subject to withdrawal upon demand or within 10 days; and said reserve may consist of balances payable on demand due from any national bank, or trust company created under the laws of this state, or from any trust company located in any of the other New England states or in the state of New York, and approved by the bank commissioner in writing. Provided that no banking organization not a member of the federal reserve system should be required to maintain reserves against war loan deposits (that is, deposits payable to the United States arising solely as a result of subscriptions made by or through banking organizations for United States government securities) which are not required by federal reserve member banks. Whenever said reserve shall be below said percentage of such deposits, such corporation shall not further diminish the amount of its legal reserve by

making any new loans until the required proportion between the aggregate amount of such deposits and its cash reserve shall be restored. The bank commissioner is hereby authorized and empowered to raise or lower said cash reserve requirements on demand deposits and to establish reserves which shall be maintained on time deposits as in his judgment banking conditions may justify, provided such power to raise and establish reserves shall be limited to a percentage of such deposits not in excess of reserve requirements which may be from time to time established by the federal reserve board. Provided further, that any trust company may become a stockholder in a federal reserve bank within the federal reserve district where said trust company is situated, and while such trust company continues as a member bank under the provisions of the United States "Federal Reserve Act," approved December 23, 1913, or any acts in amendment thereof, shall be subject to the provisions of said "Federal Reserve Act" and any amendments thereof relative to bank reserves in substitution for the requirements of this section. Every such trust company may have and exercise any and all of the corporate powers and privileges which may be exercised by member banks under provisions of the "Federal Reserve Act" or any acts in amendment thereof or in addition thereto. All provisions of charters in conflict with this section are void.'