

# 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)

---

---

# 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. 129**

---

---

S. P. 86

In Senate, January 25, 1945.

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

ROYDEN V. BROWN, Secretary.

Presented by Senator Cross of Kennebec.

---

---

## STATE OF MAINE

---

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FORTY-FIVE

---

### **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. R. S., c. 55, §§ 16-A - 16-J, additional.** Chapter 55 of the revised statutes is hereby amended by adding thereto 10 new sections to be numbered 16-A to 16-J, to read as follows:

**'Sec. 16-A. Creation; members; chairman; qualifications.** There is hereby established in the department of banks and banking of this state a banking board which shall consist of 9 members.

The state bank commissioner shall be a member of the board and its chairman. The remaining 8 members shall be appointed by the governor with the advice and consent of the council.

Of the 8 members appointed other than the bank commissioner, 5 shall have had experience in trust companies, 1 in a national bank, and 2 shall be chosen from the public at large. Of the 8 members appointed, 3 of the members representing the trust companies shall have had at least 15 years' experience as an active executive officer in a banking institution. The 5 members specified to have had the aforesaid practical banking experience in trust companies shall be selected by the governor from a list of 10 qualified nominees submitted by the trust company section of the

Maine Bankers' Association. The 1 member representing the national banks shall be selected from a list of 4 qualified nominees submitted by the national bank section of the Maine Bankers' Association.'

'Sec. 16-B. Term; vacancy; removal; salary. Three of the members shall be designated by the governor to serve until January 1, 1946, and 3 members until January 1, 1947, and 2 members until January 1, 1948, and thereafter each appointed member shall serve for a term of 3 years and until his successor has been appointed and qualified.

Upon the expiration from time to time of the term of office of any member of the board whose appointment by the governor shall have been recommended as above provided, said member's successor may be appointed by the governor, by and with the consent of the council, upon recommendation in like manner as said member.

In case of a vacancy for any reason in the office of any member, the governor, by and with the advice and consent of the council, shall appoint a member to fill the unexpired term of such vacant office in the same manner as the regular appointment to that office was made.

Any of the appointive members may be removed from office by the governor, with the advice and consent of the council, for cause shown, after reasonable notice and a hearing.

The members of the banking board shall receive no salary, but all 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.'

'Sec. 16-C. Meeting; quorum. The banking board shall meet semiannually on such date and at such place as the board may appoint, and shall meet at such other times as the board may deem necessary or when called by the chairman of the board or any 2 members thereof upon 2 days' notice. The board may, by resolution, provide for a shorter notice of meeting by telegraph, telephone, or otherwise.

The presence at any meeting of at least 5 members of the board shall be necessary to constitute a quorum, and the concurring votes of not less than a majority of the members present at any meeting shall be necessary to the decision of any question or issue, or the authorization of any action.'

'Sec. 16-D. 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 trust companies subject to supervision by the

department of banking, to insure the safe and sound conduct of such business, to conserve the assets of such institutions, to prevent the hoarding of money, to eliminate unsound and destructive competition among such institutions, and thus to maintain public confidence in such business and protect the public interest and the interest of depositors, creditors and stockholders. In addition, the banking 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 relating to trust companies.'

'Sec. 16-E. Powers; removal of trustees and officers. Whenever in the opinion of the bank commissioner, any director, trustee, or officer of any trust company which is subject to supervision by the department of banking shall have continued to violate any law or duly enacted regulation by the banking board relating to such trust company, or shall have continued unsafe or unsound practices in conducting the business of such trust company, after having been warned by the commissioner of banking 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 by registered mail to each director or trustee of the trust company affected. If, after granting the accused director, trustee or officer a reasonable opportunity to be heard, the banking board by 2/3 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 trust company, or has continued unsafe or unsound practices in conducting the business of such trust company after having been warned by the commissioner to discontinue such violation or such unsafe or unsound practices, the banking board, in its discretion, by 2/3 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 trust company 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 trust company; 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 trust company involved, otherwise than in connection with the proceedings for a violation of this section. Any such director, trustee or officer removed from office as herein provided who thereafter

participates in any manner in the management of any trust company shall be guilty of a misdemeanor, and any trust company knowingly permitting such action shall be subject to payment of a fine of \$1,000 to be recovered in 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. 16-F. Powers; chartering. No trust company shall hereafter be organized or incorporated under the laws of this state to engage in business as such in this state unless and until the application for the organization or incorporation of such proposed trust company shall have been submitted to, and shall have been approved by the banking board, and unless the banking board shall approve the organization and establishment of such trust company in the city or town in which the incorporators propose to establish such trust company; nor shall a branch office of any trust company be established until a similar procedure is followed.'

'Sec. 16-G. Powers; miscellaneous. The banking board is authorized to order the bank commissioner to close any trust company under the supervision of the department of banking whenever the bank commissioner fails or refuses to do so in accordance with the law of this state.

The banking board shall make a thorough and intensive study of the banking statutes of the state, with a view to so strengthening said statutes as to attain and maintain the maximum degree of protection to depositors and stockholders. The board every 4 years shall report to the legislature the results of its study of the bank statutes, together with its recommendations.

Without limiting the powers specified in section 16-D, the banking board may adopt rules or regulations for the following specific purposes:

I. To prescribe methods and standards to be used:

- A. In making examinations of state chartered trust companies, and
- B. In valuing assets of trust companies.

II. To prescribe from time to time the maximum rates of interest which may be paid on deposits with any trust companies, and to prohibit the payment of such interest by any trust company. Interest rates so prescribed need not be uniform.

III. To postpone or omit the calling and rendering of reports of trust companies 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.

IV. To prescribe the form and contents of periodical reports of condition to be rendered to the bank commissioner by trust companies, and the manner of publication of such reports.

V. To prescribe from time to time reserves against deposits to be maintained by trust companies, in addition to the reserves required by section 110 of this chapter.

VI. To define what is an unsafe manner of conducting the business of trust companies.

VII. To define what is a safe or unsafe condition of a trust company.

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

IX. To exercise any other power conferred up the board by law.'

'Sec. 16-H. Records. The banking board shall keep a record of all proceedings, and shall elect a secretary and such other officers as it deems necessary. The secretary and other officers so elected need not be members. For the purpose of considering questions before it, the board shall have access to all the books and papers of the department of banking relating to trust companies, including all reports and confidential communications.

Sec. 16-I. Disclosure of information. The members of said board shall not disclose any facts or information which came to them by reason of their membership on said board or in performance of their duties on said board. Whoever violates the foregoing provision shall be punished by a fine of not more than \$1,000 or by imprisonment for not more than 6 months, or by both such fine and imprisonment.

Sec. 16-J. Personal interest of members. No member of the board shall vote on any question which affects exclusively any trust company of which he is an officer, trustee or employee, or to which he is indebted, or in which he may be otherwise interested.'

Sec. 2. Repealing clause. This act supersedes any previous legislation with which it may conflict.