

# MAINE STATE LEGISLATURE

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**Legislative Document**

**No. 860**

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H. P. 1142

House of Representatives, February 13, 1947.

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

HARVEY R. PEASE, Clerk.

Presented by Mr. Haskell of Portland.

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**STATE OF MAINE**

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FORTY-SEVEN

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**AN ACT Relating to Industrial Banks.**

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

**Sec. 1. R. S., c. 55, § 181, amended.** Section 181 of chapter 55 of the revised statutes is hereby amended to read as follows:

**'Sec. 181. Organization.** Industrial banks may be organized in the same manner as is provided for the organization of trust companies, so far as applicable and not inconsistent with the provisions of sections 180 to 188, inclusive. In the agreement of association provided in section 92 of this chapter the subscribers shall also specifically state whether the corporation shall exercise the powers only of subsections I, II, III, IV, V, and VI of section 185 hereof, or whether said corporation shall exercise all the powers granted under section 185 hereof. Any industrial bank in existence on the effective date of this act, or any industrial bank organized thereafter, may amend its charter as provided by law to include powers granted under the provisions of subsections VII, VIII, IX, X, and XI of said section 185, and such amendment shall be subject to the provisions for the organization of trust companies, so far as applicable and not inconsistent with the provisions of sections 180 to 188, inclusive.'

**Sec. 2. R. S., c. 55, § 183, amended.** Section 183 of chapter 55 of the revised statutes is hereby amended to read as follows:

**'Sec. 183. Capital stock and shares.** The capital stock of an industrial bank shall not be less than ~~\$25,000~~ \$50,000 in any town or city having a population of less than 50,000 inhabitants, and shall not be less than ~~\$50,000~~ \$100,000 in any town or city having 50,000 or more inhabitants and less than 150,000 inhabitants, and shall not be less than ~~\$100,000~~ \$150,000 in any town or city having 150,000 inhabitants or more, according to the last official census. The capital stock of every such corporation shall be divided into shares of the par value of **not less than \$25 each or more than \$100 each, and may be changed any time by vote of the stockholders with the approval of the bank commissioner;** at least 25% of ~~which~~ **the required capital and 25% additional as a surplus** shall be paid into the treasury of the corporation in cash **or an equivalent as determined by the bank commissioner** before such corporation shall be authorized to transact any business other than such as relates to its formation and organization, and such payment shall be certified to the bank commissioner under oath by the president and ~~manager~~ **treasurer** of said corporation. The balance of the capital stock shall be paid to the corporation in cash at the rate of not less than ~~10%~~ 25% per month following the initial payment. ~~No~~ **Any** corporation organized under the provisions of sections 180 to 188, inclusive, ~~shall~~ **may increase its capital stock and create more than one class of stock with the written permission of the bank commissioner in the manner provided for trust companies; and sections 100 and 101 shall apply to every industrial bank; provided, however, that any industrial bank which elects to operate under the powers granted by the provisions of subsections VII, VIII, IX, X, and XI of section 185 shall not issue any shares of stock until the par value of such shares and 50% additional as a surplus shall have been actually paid in in cash or an equivalent as determined by the bank commissioner. When the whole capital stock has been issued, a complete list of the stockholders, with the name, residence, and post-office address of each, and the number of shares held by each, shall be filed with the bank commissioner, which list shall be verified by the president and the treasurer of the corporation. Upon receipt of such statement said commissioner shall cause an examination to be made, and if, after such examination, it appears that the whole capital stock and surplus has been paid in in cash or an equivalent as determined by the bank commissioner, and that all requirements of law have been complied with, said commissioner shall issue a certificate authorizing such corporation to begin the transaction of business. Such certificate shall be conclusive as to the facts stated therein.**

It shall be unlawful for any such corporation to begin the transaction of business until such a certificate has been granted.'

Sec. 3. R. S., c. 55, § 185, sub-§§ VII, VIII, IX, X, XI, additional. Section 185 of chapter 55 of the revised statutes is hereby amended by adding thereto new subsections to be numbered VII, VIII, IX, X and XI, to read as follows:

VII. To receive on deposit, in savings account and upon certificates of deposit or on deposit subject to check, money, coin, bank notes, evidences of debt, accounts of individuals, companies, corporations, municipalities and states, allowing interest thereon, if agreed, or as the by-laws of said corporation may provide; provided, however, that such deposits shall not increase its net deposit liabilities to an aggregate amount of more than 10 times the capital, surplus fund and undivided profits of such industrial bank. The term "deposit" as used in this subsection shall not be deemed to include payments made on account of bonds, notes, certificates or other evidences of indebtedness hypothecated to secure loans.

VIII.

(a) To borrow money, to loan money on credit or real estate or personal security and to negotiate loans and sales for others.

(b) To hold and enjoy all such estate, real, personal, and mixed, as may be obtained by the loan of its capital stock or any other moneys and funds that may come into its possession in the course of its business and dealings, and the same sell, grant and dispose of.

IX. To own and maintain safe deposit vaults, with boxes, safes, and other facilities therein, to be rented to other parties for the safe-keeping of moneys, securities, stocks, jewelry, plate, valuable papers, documents, and other property.

X. Any industrial bank of deposit which is or hereafter may become a member in the federal reserve bank within the federal reserve district where such industrial bank of deposit is situated under the United States "Federal Reserve Act" or any acts in amendment thereof, may acquire and hold shares of stock of said federal reserve bank. Such industrial banks of deposit may also acquire and hold membership, insurance and stock of the "Federal Deposit Insurance Corporation" under the United States "Banking Act of 1933", and while such industrial bank continues as a member bank, is authorized to exercise such power and to do any and all things necessary to avail itself of the benefits of said "Banking Act of 1933" and any acts in amendment thereof, and any other acts of

congress granting powers to or conferring benefits on such member bank now or hereafter passed, without otherwise limiting or impairing in any way the authority conferred upon the bank commissioner under the laws of this state; in the manner provided for trust companies.

**XI. Guaranteed loans for veterans; minors.** Without regard to any other provision of law, industrial banks of this state are authorized to make or buy and sell any loan secured or unsecured, which is insured or guaranteed in any manner in part or in full by the United States or any instrumentality thereof, or by this state or instrumentality thereof, or for which there is a commitment to so insure or guarantee or for which a conditional guarantee has been issued. Any veteran of World War II otherwise eligible for a loan under the Servicemen's Readjustment Act of 1944, but who is a minor, and his or her spouse are hereby empowered to contract and bind themselves for a loan to be guaranteed under said act and upon any loan approved by a federal agency to be made or guaranteed or insured by it.'

Sec. 4. R. S., c. 55, § 185-A, additional. Chapter 55 of the revised statutes is hereby amended by adding thereto a new section to be numbered 185-A, to read as follows:

'Sec. 185-A. Administrators, etc., may deposit. An administrator, executor, assignee, guardian, conservator, receiver, or trustee, any court of law or equity, including courts of probate and insolvency, officers and treasurers of towns, cities, counties, and savings banks of the state, may deposit any moneys, bonds, stocks, evidences of debt or of ownership in property, or any personal property, with said corporation, and any of said courts may direct any person deriving authority therefrom to so deposit the same.'

Sec. 5. R. S., c. 55, § 186, sub-§§ I, II, amended. Subsections I and II of section 186 of chapter 55 of the revised statutes are hereby amended to read as follows:

I. Hold at any one time the direct obligation or obligations of any one person, firm, or corporation for more than ~~4%~~ 10% of the amount of capital ~~and unimpaired surplus and net undivided profits~~ of such industrial bank or the indirect obligation or obligations of any one person, firm, or corporation for more than ~~15%~~ 20% of the amount of capital ~~and unimpaired surplus and net undivided profits~~ of such industrial bank; provided, however, that nothing in this subsection shall be construed to limit the holdings of an industrial bank in the obligations of the United States or the state of Maine, and in amounts authorized by a

vote of a majority of the directors or the executive committee. For the purpose of this subsection bills of exchange, including trade acceptances, shall be deemed to be the direct obligations of the acceptors thereof, and the indirect obligations of the drawers thereof.

**II.** Make any **personal** loan for a period longer than 2 years from the date thereof, except in the case of loans that are eligible for insurance under the National Housing Act and for the insurance of which under that act, seasonable application is made pursuant to the provisions of Title I of the National Housing Act **and except in the case of loans secured by first mortgages on real estate.**

**Sec. 6.** R. S., c. 55, § 186, sub-§§ V, VI, VII, additional. Section 186 of chapter 55 of the revised statutes is hereby amended by adding thereto new subsections V, VI and VIII, to read as follows:

**V.** Hold by grant, assignment, transfer, devise, or bequest, any real or personal property, or trusts duly created, or to execute trusts of any description;

**VI.** Act as assignee, receiver, executor, administrator, conservator, or guardian;

**VII.** Pledge or hypothecate any of its assets as security for deposit made with it, except for the following:

- (a) Federal, state, county, municipal, United States postmaster funds, postal savings funds, or other public funds.
- (b) Funds deposited by the bank commissioner as receiver of an institution of which he, pursuant to the provisions of law, has taken possession.

**Sec. 7.** R. S., c. 55, §§ 186-A, 186-B, additional. Chapter 55 of the revised statutes is hereby amended by adding thereto 2 new sections to be numbered 186-A and 186-B, to read as follows:

**Sec. 186-A.** Cash reserve. Every industrial bank having authority to receive money on deposit shall at all times have on hand in 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 for such industrial banks shall be subject to all other provisions for trust companies; and section 110 of this chapter shall apply to every such industrial bank.

**Sec. 186-B.** Any industrial bank which elects to operate under the provisions and authority of subsections VII, VIII, IX, X, and XI of section 185 shall be subject to all the provisions relating to the regulation and conduct of trust companies except as otherwise specifically provided in sections 180 to 188, inclusive, of this chapter.