

MAINE STATE LEGISLATURE

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SEVENTH REVISION

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OF THE
STATE OF MAINE

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CHAPTER 57.

Banking. Loan and Building Associations. Small Loan Agencies. Dealers in Securities.

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The Bank Commissioner. Restrictions Upon Banking.

Sec. 1. Appointment of bank commissioner; bond; duty not to disclose information; penalty. R. S. c. 52, § 1. 1923, c. 144, § 1. 1929, c. 14. The governor, with the advice and consent of the council, shall appoint a bank commissioner, who shall hold his office for four years, and until his successor is appointed and qualified, and who may be removed from office by the governor and council for cause, and shall not during his continuance in office hold any office in any bank in the state, nor receive directly or indirectly any remuneration or fee of any kind from any bank, banking house, corporation, association, or individual for examining any property or properties or securities. He shall give bond with sureties or authorized surety company in the sum of twenty thousand dollars, to be approved by the treasurer of state for the faithful performance of his duties, and the expense of securing said bond shall be paid by the state. No information derived by or communicated to the bank commissioner, deputy bank commissioner, or any examiner or employee of the department in the course of official duty shall be disclosed except, first, to United States government officials charged with the duty of supervising national banks; second, to federal reserve officials; third, to banking departments of other states; fourth, to the governor and treasurer of state. Whoever violates the foregoing provision shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than six months, or by both such fine and imprisonment.

72 Me. 556.

Sec. 2. Deputy bank commissioner; examiners, etc.; expenses, how charged; penalty for bank's failure to pay its portion. R. S. c. 117, § 19. 1917, c. 220. 1923, c. 144, § 139. The bank commissioner may employ at the expense of the state a deputy bank commissioner and as many examiners, assistant examiners, and clerks as the business of the office may require, whose compensation shall be fixed by the governor and council. The deputy bank commissioner shall perform the duties of the commissioner whenever the latter

shall be absent from the state or whenever he shall be directed by the commissioner, or whenever there shall be a vacancy in the office of commissioner. The deputy bank commissioner and all examiners and assistant examiners shall receive their actual expenses incurred in the performance of official duties, subject to the approval of the governor and council.

The expenses of the banking department necessarily incurred in the examination of the institutions under its supervision, including salaries, general office expenses, and verification of savings accounts, shall be chargeable in part to such institutions and shall be appropriated and paid as follows: every savings bank, institution for savings, trust company, loan and building association, industrial bank, credit union, title company, loan society, and other institutions whose affairs the bank commissioner is required by law to examine, shall annually, on or before the first day of January, pay to the treasurer of state a sum equivalent to two dollars and fifty cents for each hundred thousand dollars, or major portion thereof, of the resources, (exclusive of trust assets) of such institution, as shown by its books to have existed on the first day of December preceding. The aggregate of such payments shall be credited to a special account for the use of the banking department, to be available for the payment of expenditures lawfully incurred and regularly audited and chargeable to the appropriations for salaries, general office expenses, or verification of savings accounts, after the regular appropriations therefor shall have been exhausted.

Any institution which shall fail to make such payment within the time specified herein, shall be subject to a penalty of not less than fifty dollars, nor more than two hundred dollars, which, together with the amount due under the foregoing provisions of this section, may be recovered in an action of debt in the name of the state. All institutions so delinquent on the tenth day of January of each year, shall be reported by the treasurer of state to the attorney-general for the purpose of such action.

Sec. 3. Banking business must be authorized; banking defined; penalty. R. S. c. 52, §§ 2, 4. 1923, c. 144, §§ 2, 3. 1925, c. 193. No person, copartnership, association, or corporation shall do a banking business unless duly authorized under the laws of this state or the United States, except as provided by section four. The soliciting, receiving, or accepting of money or its equivalent on deposit as a regular business by any person, copartnership, association, or corporation, or a corporation intended to derive profit from the loan of money except as a reasonable incident to the transaction of other corporate business or when necessary to prevent corporate funds from being unproductive, shall be deemed to be doing a banking business, whether such deposit is made subject to check or is evidenced by a certificate of deposit, a pass-book, a note, a receipt, or other writing; provided that nothing herein shall apply to or include money left with an agent, pending investment in real estate or securities for or on account of his principal.

Whoever violates this section, either individually or as an interested party in any copartnership, association, or corporation, shall be punished by a fine of not less than three hundred dollars nor more than one thousand dollars, or by imprisonment for not less than sixty days nor more than eleven months, or by both such fine and imprisonment.

*118 Me. 257.

Sec. 4. Application of mercantile corporation to the bank commissioner; to file statement of financial condition; license and bond. R. S. c. 52, § 3. 1923, c. 144, § 4. A corporation desiring to encourage thrift among its employees by receiving deposits subject to interest at a specified rate, may apply to the bank

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commissioner for a license to receive such deposits and shall, at the same time, file with the said commissioner a complete statement of its financial condition. If satisfied that the applying corporation is solvent and reputable, the bank commissioner may, at his discretion, issue a license to such corporation, authorizing it to receive such deposits from its employees only, upon filing with the treasurer of state its bond, payable to him and his successors in office for the use of its depositors, and secured by a surety company, authorized to do business in this state, in such amount as the bank commissioner may specify in such license, conditioned for the payment of all such deposits and interest thereon. All such bonds shall at the expiration of five years from the date thereof be deemed insufficient and shall be renewed by the giving of a new bond to be approved as above provided. The bank commissioner may order a new bond to be given at any time when he deems the existing obligation to be insufficient.

Sec. 5. Limitation on use of words "bank," "savings," "trust," and kindred words; penalty; injunction. R. S. c. 52, § 5. 1923, c. 144, § 5. 1927, cc. 57, 150. 1929, c. 119. No person or partnership and no association or corporation unless duly authorized under the laws of this state or of the United States to conduct the business of a bank or trust company shall use as a part of the name or title under which such business is conducted, or as designating such business, the word or words "bank," "banker," "trust," "trust company," "banking," or "trust and banking company," or the plural of any such word or words or any abbreviation thereof in or in connection with any other business than that of a bank or trust company duly authorized as aforesaid. Provided, however, that this restriction shall not apply to any such person, partnership, association, or corporation, conducting business under such name or style prior to the twenty-third day of April, nineteen hundred five. No person, partnership, association, or corporation, bank or trust company, except a mutual savings bank organized under the laws of this state, shall use as a part of its name or title the word or words "saving," "savings," or "savings bank." Provided, however, that this restriction shall not apply to any business being conducted under such name or style prior to the twenty-third day of April, nineteen hundred five, nor to any bank or trust company using such word or words prior to the first day of January, nineteen hundred twenty-nine.

Any person, partnership, association, or corporation violating any of the provisions of this section may be enjoined therefrom by any court having general equity jurisdiction, on application of the bank commissioner or any person, corporation, or association injured or affected by such use; and any such court may further enjoin any attempt on the part of any person, firm, or corporation to mislead or give a false impression to the public that such person, firm or corporation is authorized under the laws of this state to conduct the business of a trust company. Any person or persons violating any of the provisions of this section, either individually, as members of any association or copartnership, or as interested in any such corporation, shall be punished by a fine of not more than one thousand dollars, or by imprisonment for not less than sixty days nor more than eleven months, or by both such fine and imprisonment.

Organization of Savings Banks.

Sec. 6. Powers of savings banks as corporations. R. S. c. 52, § 6. 1923, c. 144, § 6. All savings banks or institutions for savings, lawfully organized, are corporations possessed of the powers and functions of corporations generally, and as such have power:

- I. To have perpetual succession, each by its corporate name.
- II. To sue and be sued, complain and defend, in any court of law or equity.
- III. To adopt and use a common seal.
- IV. To make by-laws not inconsistent with the laws of the state or of the United States, for the management of their property and the regulation of their affairs. The clerk shall file with the bank commissioner a copy of such by-laws and all amendments thereto.
- V. To receive money on deposit, to invest the same, to own, maintain, and let safe deposit boxes and vaults, and further to transact the business of a savings bank, as hereinafter provided.

Sec. 7. Organization. R. S. c. 52, § 7. 1923, c. 144, § 7. Any number of persons, not less than thirteen, may associate themselves for the purpose of organizing a savings bank in accordance with this chapter; three-fourths of such number shall reside in the county where the proposed bank is to be located, and may fill vacancies and add to their number from time to time as they desire. All incorporators shall be residents of the state.

Sec. 8. Certificates to be sent to the secretary of state and bank commissioner. R. S. c. 52, § 8. 1923, c. 144, § 8. Such persons shall execute duplicate certificates, sworn to before a justice of the peace, one of which shall be deposited with the secretary of state for record, and the other sent to the bank commissioner, in which shall be set forth: the name of the bank; the names of all the corporators and the places where they reside; their business occupations; and the place where its business is to be transacted; together with the reasons why a bank is needed in such place.

Sec. 9. Notice of intention to organize. R. S. c. 52, § 9. 1923, c. 144, § 9. A notice of intention to organize such bank, signed by all the corporators, shall be published once a week for three weeks in some newspaper published in said county where said bank is to be located, if any, otherwise in some newspaper published in an adjoining county.

Sec. 10. Duty of bank commissioner. R. S. c. 52, § 10. 1923, c. 144, § 10. When the commissioner receives the certificate, with the published order of notice, if he finds that the foregoing provisions have been complied with, he shall, from the best information at his command, ascertain whether public convenience and advantage will be promoted by the establishment of such savings bank.

Sec. 11. Commissioner to issue certificate of authorization to corporators, and file duplicate with secretary of state. R. S. c. 52, § 11. 1923, c. 144, § 11. If the commissioner is so satisfied, he shall, within sixty days after the same has been received by him for examination, issue under his hand a certificate of authorization to the persons named therein, or to a portion of them, together with such other persons as a majority of those named in such certificate of association, in writing, approve; also a duplicate to the secretary of state; which certificate, so issued by him, shall authorize the persons named therein to open an office for the deposit of savings, as designated in the certificate of association, subject to the five preceding sections.

Sec. 12. Corporation, when authorized to transact business. R. S. c. 52, § 12. 1923, c. 144, § 12. Upon the filing of such certificate with the secretary of state, the persons named therein, and their successors, are, thereupon and thereby, constituted a body corporate and politic, vested with all the powers conferred, and charged with all the liabilities imposed by the six preceding sections.

Management of Savings Banks.

Sec. 13. Savings banks, their powers and liabilities. R. S. c. 52, § 13. 1923, c. 144, § 13. Savings banks and institutions for savings, incorporated under the authority of the state, may exercise the powers and shall be governed by the rules and be subject to the duties, liabilities, and provisions in their charters, in the following sections, and in the general laws relating to corporations, unless otherwise specially provided.

68 Me. 518.

Sec. 14. Institutions, legally organized. R. S. c. 52, § 14. 1923, c. 144, § 14. Savings banks and institutions for savings which have exercised the privileges thereof and done business as such for one year shall be held to be legally organized.

Sec. 15. Membership in corporation. R. S. c. 52, § 15. 1923, c. 144, § 15. Every such corporation shall consist of not less than thirty members, and may, at any legal meeting, by a vote of at least two-thirds of those present, elect by ballot any citizen of the county wherein the corporation is located, or of an adjacent county, to be a member thereof. No person shall continue to be a member after removing from the state. Any member who fails to attend the annual meetings for two successive years ceases to be a member, unless reelected by a vote of the corporation.

Sec. 16. Officers; trustees, number and restrictions. R. S. c. 52, § 16. 1923, c. 144, § 16. The officers of every such corporation shall consist of a president, treasurer, and, when in the opinion of the trustees necessary, a vice-president and an assistant treasurer, and not less than five trustees, not more than two of whom shall be directors of any one national bank, trust company, or other banking institution, who shall elect from their number or otherwise such other officers as they see fit. All officers shall be annually sworn to the faithful performance of their duties, and shall hold their several offices until others are chosen and qualified in their stead. The trustees, in their discretion, may appoint an investment board to have charge of the loans and investments of the bank, but all doings of such board shall be reported to the trustees at their regular meetings.

72 Me. 227.

Sec. 17. Officers of savings banks not to act as agents for certain corporations; treasurers and trustees, regulations relating to. R. S. c. 52, § 17. 1923, c. 144, § 17. No president, treasurer, clerk, or employee of any savings bank shall act as agent or representative of any corporation engaged in the business of selling or negotiating any bonds, mortgages, notes, or other choses in action, nor receive directly or indirectly any fee, commission, bonus, or other compensation for the sale or transfer of any security. No cashier in a national bank or trust and banking company shall be treasurer of any savings bank, the deposits of which exceed one hundred and fifty thousand dollars; and if the treasurer of a savings bank, having deposits not exceeding one hundred and fifty thousand dollars, is cashier in a national bank or trust and banking company, the board of trustees of such savings bank shall not include more than one director, nor more than two stockholders in the national bank or trust and banking company so connected therewith. No treasurer or assistant treasurer shall, directly or indirectly, engage in any other business or occupation without the consent of the majority of the trustees evidenced by resolution duly recorded.

Sec. 18. Trustees, their election and duties; office, how vacated. R. S. c. 52, § 18. 1923, c. 144, § 18. The members of the corporation shall annually, at such times as may be provided in their by-laws, elect from their number not less than

five trustees, who shall have the entire supervision and management of the affairs of the institution, except so far as may be otherwise provided by their by-laws. Any trustee who becomes a trustee or officer in any other savings bank or institution for savings, thereby vacates his office as such trustee. Trustees shall hold regular meetings at least monthly, and shall cause full and complete records of their proceedings to be kept.

68 Me. 404.

Sec. 19. Officers, their election and term; treasurer, ex officio clerk; bonds of treasurer and assistant treasurer and their annual examination; compensation of officers fixed by trustees; compensation of trustees. R. S. c. 52, § 19. 1923, c. 144, § 19. 1929, c. 131. The trustees, immediately after their election and qualification, shall elect one of their number president, who shall also be president of the corporation. They shall also elect a treasurer, and when deemed necessary, a vice-president and an assistant treasurer, to hold their offices during the pleasure of the trustees. The treasurer, and in his absence, the assistant treasurer, if there is one, shall be, ex officio, clerk of the corporation, and of the trustees. The treasurer, assistant treasurer, trustees, and all other officials and employees designated by said trustees or the bank commissioner as handling or having access to moneys or securities shall give bonds to the corporation, for the faithful discharge of the duties of their office, in such sums as the trustee and bank commissioner decide to be necessary for the safety of the assets, and such bonds shall continue and be valid from year to year, so long as they act in such capacities, subject to renewal whenever ordered by the trustees or commissioner. Each treasurer shall be bonded for a sum not less than fifteen thousand dollars, each assistant treasurer, or other official, trustee, or employee handling or having access to moneys or securities for not less than five thousand dollars. All bonds shall be approved by the bank commissioner and copies furnished the banking department by the clerks of the several banks. Said bonds shall be recorded upon the books of the institutions, and the commissioner shall annually examine the same and inquire into and certify to the sufficiency thereof, and when he deems any such bond insufficient, he shall order a new bond to be given within a time by him specified. All such bonds herein-after given under the provisions of this section shall be executed by the principal and one or more surety companies authorized to transact business in this state, and bonds with personal sureties shall no longer be regarded as complying with the provisions hereof. The trustees may, in lieu of such bonds, insure at the expense of the bank with some surety company which shall be satisfactory to the bank commissioner for the faithful performance of the duties of such officials, trustees, and employees as are required by this section to be bonded, in such sums as they shall decide to be necessary for the safety of the assets in the custody of the corporation, but in no event less than twenty-five thousand dollars; subject, however, to the same right of the bank commissioner, as above provided, to require a new bond if at any time he shall deem the one provided by the corporation to be insufficient and unsatisfactory. The treasurer, assistant treasurer, and clerks shall receive a compensation fixed by the trustees. The trustees may receive such compensation for their services in making examinations and returns required by their by-laws and the state laws, for making examinations of property and for attendance at any regular or special meetings of the board of trustees or any committee thereof as may be fixed by the corporation at any legal meeting thereof, or as may be fixed by the board of trustees and approved by the bank commissioner in writing.

See § 72; 69 Me. 369.

Sec. 20. Clerks to publish list of officers and corporators; to return copy of list to bank commissioner; penalty for neglect. R. S. c. 52, § 20. 1923, c. 144, § 20. Within thirty days after the annual election in the several savings banks, the clerks thereof shall cause to be published in some local newspaper, if any, otherwise in the nearest newspaper, a list of the officers and corporators thereof. They shall also return a copy of such list of officers and corporators to the bank commissioner within said thirty days, which shall be kept on file in his office for public inspection. Any clerk who neglects to give such notice or make such return shall be punished by a fine of fifty dollars.

Sec. 21. Vacancies; meetings of the corporation. R. S. c. 52, § 21. 1923, c. 144, § 21. If any office becomes vacant during the year, the trustees may fill the same until it is filled at the next annual meeting, and vacancies occurring in the board of trustees shall be immediately filled whenever the number of trustees shall fall below the statutory minimum. Special meetings of the corporation may be held at any time by order of the trustees; the treasurer shall also call special meetings upon application in writing of ten members of the corporation. Seven days' notice of all annual meetings shall be given by public advertisement in some newspaper of the county where the corporation is established, if any; otherwise, in the state paper.

Sec. 22. Regulation of deposits, and their amount; deposits in trust. R. S. c. 52, § 22. 1923, c. 144, § 22. 1929, c. 120. Savings banks and institutions for savings may receive on deposit, for the use and benefit of depositors, all sums of money offered for that purpose. Whenever a deposit is made in trust the name and residence of the person for whom it is made, or the purpose for which the trust is created, shall be disclosed in writing to the bank, and the deposit shall be credited to the depositor as trustee for such person or purpose; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may, in the event of the death of the trustee, be paid to the person for whom such deposit was made, or to his legal representative, or to some trustee appointed by the court for that purpose. The trustees of the bank may refuse any deposit at their pleasure.

72 Me. 276; 73 Me. 72; 90 Me. 551.

Sec. 23. Authority to pay any order notwithstanding death of drawer. R. S. c. 52, § 23. 1923, c. 144, § 23. Any bank, institution for savings, or trust company may pay any order drawn by any person who has funds on deposit to meet the same, notwithstanding the death of the drawer in the interval of time between signing such order and its presentation for payment when said presentation is made within thirty days after the date of such order; and at any subsequent period provided the corporation has not received actual notice of the death of the drawer.

Sec. 24. Deposits of married women or minors are property of depositors. R. S. c. 52, § 24. 1923, c. 144, § 24. Money deposited in a bank, institution for savings, or trust company, by a married woman, is her property and she may maintain an action in her own name to recover it. Money deposited in the name of a minor is his or her property, and the corporation may, in the discretion of the officer making the payment, pay the same to such minor or upon his or her order or to his or her guardian, and such payment shall be valid. The foregoing provisions as to ownership do not apply to money belonging to a third person and fraudulently deposited by or in the name of a married woman or minor, but payment to such married woman or minor by said bank, institution for savings, or trust company, without notice of such fraud, shall be valid. The receipt of such

married woman or minor for such deposits and interest, or any part thereof, is a valid release and shall discharge the corporation.

Sec. 25. Deposits, or loan and building shares, in the names of two or more persons. R. S. c. 52, § 25. 1923, c. 144, § 25. 1929, c. 307. (a) When a deposit has been made or shall hereafter be made in any bank, institution for savings, or trust company, or shares have been already issued or shall be hereafter issued in any loan and building association transacting business in this state, in the names of two or more persons, payable to either, or payable to either or the survivor, such deposit, or any part thereof, or the interest or dividends thereon, may be paid to any or either of said persons, whether the other or others be living or not, or to the legal representative of the survivor of said persons, and the receipt or acquittance of the persons to whom said payment is so made shall be a valid and sufficient release and discharge to such bank, institution for savings, trust company, or loan and building association, for any payment so made.

(b) All such accounts opened or such shares in loan and building associations issued on or after the first day of August, nineteen hundred twenty-nine, payable to either of two or more, or the survivor, up to, but not exceeding an aggregate value of three thousand dollars, exclusive of interest and dividends, in the name of the same persons in all banks, institutions for savings, loan and building associations, or trust companies within this state, together with the additions thereto and increment thereof, including interest and dividends, shall, in the absence of fraud or undue influence, upon the death of any of such persons, become the sole and absolute property of the survivor or survivors, even though the intention of all or any one of the parties be in whole, or in part, testamentary, and though a technical joint tenancy be not in law or fact created.

(c) Accounts so opened, and shares so issued, prior to August first, nineteen hundred twenty-nine, may be brought within the provisions of this act by written declaration in form to be prescribed by the bank commissioner, executed by all such depositors or share owners, and delivered to any such bank, institution for savings, trust company, or loan and building association, which declaration shall bind each and every signer thereof, his heirs, executors, administrators and assigns. In case such declaration be signed by one or more, but not all of the depositors named in such account, or share owners, such declaration shall be effective as against the person or persons signing the same, his and their heirs, executors, administrators and assigns; but shall not be effective as against those not so signing.

(d) The provisions of subdivisions (b) and (c) above mentioned apply only to accounts opened in banks, institutions for savings or trust companies, or shares in loan and building associations, made payable to persons or to either or the survivor who are husband or wife, parent or child.

126 Me. *98, 253.

Sec. 26. Duplicate book of deposit, in case of loss of original. R. S. c. 52, § 26. 1923, c. 144, § 26. 1925, c. 105. When the person to whom a book of deposit was issued by any savings bank or by any trust company for a deposit in its savings department, or his executor, or administrator, or guardian, in writing notifies the treasurer of the bank or trust company issuing the same, that such book is lost, and that he desires to have a duplicate book of deposit issued to him, said treasurer shall give public notice of such application by publishing at the expense of such applicant, an advertisement once a week for three weeks successively, in some newspaper published in the town in which said bank or trust

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company is located, if any, otherwise in one published in the county, if any, and if not, then in the state paper. If such missing deposit book is not presented to said treasurer within thirty days after the first advertisement, then he shall issue a duplicate book of deposit to the person thus requesting the same, and such delivery of a duplicate relieves said bank from all liability on account of the original book of deposit so advertised.

Sec. 27. Investment of deposits. R. S. c. 52, § 27. 1923, c. 144, § 27. 1927, cc. 20, 30, 34, 35, 66. 1929, cc. 102, 112, 118, 123, 329. Savings banks and institutions for savings may hereafter invest their funds as follows, and not otherwise:

68 Me. 404; 71 Me. 52.

I. Government obligations. a—In the bonds and other interest-bearing obligations of the United States, including those for the payment of the principal and interest of which the faith and credit of the United States government is pledged.

b—In bonds constituting a direct and primary obligation of the Dominion of Canada, the principal and interest of which are payable in United States funds.

II. Obligations of states and provinces of Canada. In the bonds or other interest-bearing obligations of any state in the United States, and in the bonds constituting a direct and primary obligation of any province of the Dominion of Canada, the principal and interest of which are payable in United States funds, provided the above mentioned bonds or interest-bearing obligations of any state and bonds of any province, have not, for a period of more than ninety days, defaulted in the payment of the principal or interest of any obligation within a period of ten years immediately preceding the investment.

III. Obligations of counties. a—In the bonds or other interest-bearing obligations of any county in this state.

b—In the bonds or other interest-bearing obligations of any county in any other state in the United States which at the date of the investment has more than fifty thousand inhabitants and whose net debt does not exceed three per cent of the last preceding valuation of the taxable property therein; provided, however, that neither such county nor the state in which it is situated shall have defaulted for more than ninety days in payment of principal or interest of any obligation within a period of ten years immediately preceding the investment, that all issues for highway purposes shall be payable serially to mature in not more than twenty years, and that the principal and interest are payable from a direct tax to be levied on all the taxable property within such county; provided, however, that only such portion of such highway issue shall be legal as will be due and payable in not less than fifteen years from date of issue.

c—The term "net debt" shall be construed to include all bonds which are a direct obligation of the county, less the amount of any sinking fund available in the reduction of such debt.

IV. Municipal obligations. a—In the bonds or other interest-bearing obligations of any municipal or quasi-municipal corporation of this state, provided such securities are a direct obligation on all the taxable property thereof.

b—In the bonds or other interest-bearing obligations of any city or town in any other state in the United States, incorporated at least twenty-five years prior to the date of investment, and having according to each of the last two censuses of the Federal Government, a population of not less than ten thousand; provided that neither such municipality nor the state in which it is situated shall, for more than ninety days, have defaulted in the payment of principal or interest of any obligation within a period of ten years immediately preceding the investment, that the net debt of any such municipality whose population is less than five

hundred thousand shall not exceed five per cent of the assessed valuation of the taxable property therein, and that the net debt of any such municipality whose population is in excess of five hundred thousand shall not exceed eight per cent of the assessed valuation of the taxable property therein. The obligations of any municipality which comply with the provisions of this section except for the fact that such municipality has been incorporated within twenty-five years of the date of the investment shall be held to be legal for the purposes of this section if the territory comprising such municipality shall for more than twenty years have had a population of not less than ten thousand, and have been during said time a part of one or more towns or cities having a population of not less than ten thousand, or have contained within its limits a municipality having a population of not less than ten thousand.

c—In the bonds or other interest-bearing obligations of any quasi-municipal corporation, other than an irrigation or drainage district, within the territorial limits of any city or town whose obligations are eligible under the provisions of subsection b, of this section, or comprising within its limits one or more such municipalities; provided, however, that the population and valuation of any such quasi-municipal corporation incorporated within a single city or town shall be at least seventy-five per cent of the population and valuation of the city or town in which it is located; and provided, further, that such obligations shall be enforceable by a direct tax levied on all the taxable property within such corporation.

d—The term "net debt" as applied to a municipality shall be construed to include not only all bonds which are a direct obligation of the municipality, but also all bonds of quasi-municipal corporations within the same, exclusive of any such debt created for a water supply and of the amount of any sinking fund available in reduction of such debt. The securities of any municipality or quasi-municipal corporation shall not be held to be a direct obligation on all the taxable property thereof within the meaning of the foregoing provisions in any state which by statute or constitutional provision prevents the levying of sufficient taxes to meet such obligations.

V. Federal land banks. In the bonds or other interest-bearing obligations of any federal land bank or joint stock land bank organized under any act of congress enacted prior to the fourth day of April, nineteen hundred twenty-three.

VI. Obligations of steam railroads. a—In the bonds, notes, or other interest-bearing obligations of any Maine corporation owning and operating a steam railroad located principally within this state, having a mileage of not less than five hundred miles of road, exclusive of sidings, including all obligations assumed or guaranteed by such corporation and issued by any lessor, subsidiary, or affiliated corporation, provided that the assumption or guaranty thereof shall have been authorized and approved in the manner and to the extent required by state or federal law at the time of such assumption or guaranty.

b—In the bonds or notes issued, or assumed, by any steam railroad corporation organized under the laws of any other state in the United States; provided,

1. Such corporation shall own in fee not less than five hundred miles of standard-gauge railroad, exclusive of sidings, within the United States, or shall own not less than one hundred miles and have received each year for a period of five successive years next preceding the investment a gross operating income of not less than ten million dollars.

2. Such obligations shall be secured (a) by a first mortgage, or a mortgage or trust indenture which is in effect a first mortgage, on at least

seventy-five per cent of all the mileage of such corporation owned in fee, or (b) by a refunding mortgage providing for the retirement of all prior lien bonds outstanding at the date of issue and covering at least seventy-five per cent of the mileage owned in fee by said corporation; provided, however, that all bonds secured by said refunding mortgage shall mature at a later date than any bond which it is given to refund, or if any such bonds are to mature at an earlier date the mortgage must provide that such bonds shall be retired by a like amount reissued under said mortgage, or (c) by a mortgage prior to a refunding mortgage above described covering some part of the railroad property included in such refunding mortgage, if the bonds secured by such prior mortgage are to be refunded by said refunding mortgage and the property covered by such prior mortgage is operated by the corporation issuing the refunding mortgage, or (d) by a first mortgage on the property of a leased road forming a substantial portion of the system of the operating company.

3. Such corporation shall have earned and received for a period of five successive calendar or fiscal years next preceding the investment a net income of not less than one and one-half times the annual interest on its debts outstanding during that period and secured by the mortgage under which the bonds in question are issued and all prior liens, and also shall have earned and received for a period of twelve consecutive months within the fifteen months next preceding investment a net income of not less than one and one-half times the annual interest on its debt outstanding at the time of investment, secured as aforesaid. The time during which any railroad may have been operated by the government of the United States under the provisions of any act or acts of congress heretofore enacted, and a period of two years thereafter, may be excluded in determining whether the bonds of any railroad corporation are able to qualify under the provisions of this paragraph.

In determining the income of any corporation for the purposes of the foregoing paragraph there shall be included the income of any corporation or corporations out of which it shall have been formed through consolidation or merger, and of any corporation whose business and income-producing property has been wholly acquired by the corporation issuing, assuming, or guaranteeing the bonds in question. The net income of a railroad for the purposes of the foregoing paragraph shall be determined after deducting all operating expenses, maintenance charges, depreciation, rentals, taxes, and guaranteed interest and dividends paid by or due from it.

4. The total of the bonds and notes issued under the mortgage securing the bonds in question and all prior liens, exclusive of those issued for refunding or otherwise retiring prior lien obligations, shall not exceed three times the outstanding capital stock of such corporation at the date of investment.

c—1. In equipment bonds or notes issued under the Philadelphia plan, so-called, and secured by standard equipment leased to any steam railroad corporation in the United States any of whose mortgage bonds are eligible under the provisions of this section; provided, however, that the amount of such securities outstanding shall at no time exceed eighty per cent of the cost of the equipment by which they are secured.

2. In the prior lien equipment obligations or equipment trust certificates issued by the National Railway Service Corporation in pursuance of any equip-

ment trusts financed in whole or in part through a loan or loans made or approved by the Interstate Commerce Commission, provided such securities are issued for not exceeding in par value sixty per cent of the cost of standard railway equipment and that such obligations shall mature in approximately equal annual or semi-annual instalments over a period not exceeding fifteen years; provided, however, that not more than two per cent of the deposits of any bank be invested in the foregoing obligations.

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 this section.

e—Not more than twenty-five per cent of the deposits of any one bank shall be invested in steam railroad obligations and not more than two per cent of such deposits in the obligations of any single railroad corporation whose mileage is located principally outside the state of Maine.

f—In the bonds or notes, issued or assumed by any steam railroad corporation organized under the laws of the Dominion of Canada, the principal and interest of which are payable in United States funds without exchange, and the principal and interest of which are guaranteed directly or indirectly by the Dominion of Canada.

Not more than five per cent of the deposits of any one bank shall be invested in these obligations issued and guaranteed by the Dominion of Canada, and not more than one per cent of such deposits in the obligations of any single railroad corporation above described.

VII. Public utility obligations. a—In the bonds or notes issued or assumed by any Maine corporation subject to the jurisdiction of the Maine public utilities commission and carrying on in this state the business for which it was organized; provided, however, that such securities shall first have been duly authorized by said commission under the laws of Maine, if at the time of their issue such authorization was required by law.

b—In the mortgage bonds, or other interest-bearing obligations secured by mortgage, issued or assumed by any corporation, at least seventy-five per cent of whose gross income is derived from the operation of an electric railroad, electric light and power business, artificial gas business, or a combination thereof, or from furnishing municipal and domestic users with a water supply; provided,

1. Such corporation shall be subject to the jurisdiction of a public utilities commission, public service commission or some other tribunal exercising supervisory functions, ordinarily incident to such commission, and the issuance of the securities in question shall have been duly authorized by such commission, if at the time of their issue such authorization was required by law.

2. At least fifty-one per cent of the corporation's property shall be located in, and fifty-one per cent of its business transacted within the United States.

3. Such corporation shall own in fee not less than fifty-one per cent of the property used by it in the carrying on of its business.

4. Such corporation shall have received average gross earnings of at least five hundred thousand dollars per year in each of its three fiscal years, or three nearer periods of one year next preceding investment.

5. Such corporation shall have earned and received an average net income, including income from investments, for a period of three fiscal years, or a nearer period of three years next preceding such investment, of not

less than twice the annual interest on its debt outstanding during that period and secured by the mortgage under which the bonds in question are issued and all prior liens, and also shall have earned and received for a period of twelve consecutive months within the fifteen months next preceding investment a net income of not less than one and one-half times the annual interest on its debt outstanding at the time of investment, secured as aforesaid, and shall not have defaulted on any of its obligations during the same period. The net income of such corporation for the purposes of this section shall be determined after deducting all operating expenses, maintenance charges, depreciation, rentals, taxes, and guaranteed interest and dividends paid by or due from it.

6. Such obligations shall mature at least three years before the expiration of the principal franchise or franchises under which such corporation is operating, or there shall exist some statute or definite agreement or contract with the grantors whereby such franchise or franchises may be renewed or extended from time to time throughout and beyond the life of the bonds in question, under which statute, agreement or contract the security of such obligation is adequately protected, except where such company is operating under an indeterminate franchise granted by a public utilities commission or public service commission.

7. Such obligations shall be secured (a) by a first mortgage, or a mortgage or trust indenture which is in effect a first mortgage, on at least seventy-five per cent of all the property of such corporation owned in fee, or (b) by a refunding mortgage providing for the retirement of all prior lien bonds outstanding at the date of investment and covering at least seventy-five per cent of the property owned in fee by said corporation; provided, however, that all bonds secured by said refunding mortgage shall mature at a later date than any bond which it is given to refund, or if any such bonds are to mature at an earlier date the mortgage must provide that such bonds shall be retired by a like amount reissued under said mortgage, or (c) by a mortgage prior to a refunding mortgage above described covering some part of the public utility property included in such refunding mortgage, if the bonds secured by such prior mortgage are to be refunded by said refunding mortgage and the property covered by such prior mortgage is operated by the corporation issuing the refunding mortgage, or (d) by a first mortgage on the property of a lessor public utility forming a substantial portion of the system of the operating company.

8. The total of the bonds and notes issued under the mortgage securing the bonds in question and all prior liens, exclusive of those authorized for refunding or otherwise retiring prior lien obligations, shall not exceed three times the outstanding capital stock of such corporation at the date of investment.

c—Not more than thirty-five per cent of the deposits of any one bank shall be invested in the obligations of the above specified public utility corporations and not more than two per cent of such deposits in the obligations of any single utility whose business is transacted principally outside the state of Maine.

VIII. Obligations of telephone companies. a—In the mortgage bonds, and other interest-bearing obligations secured by mortgage, issued or assumed by any telephone company incorporated under the laws of any state of the United States whose property is located chiefly in the United States; provided,

1. Such corporation shall have received gross revenues of at least five million dollars per year in each of its three fiscal years, or three nearer periods of one year, next preceding such investment.

2. Such corporation shall have earned and received a net income, including income from investments, in each of its three fiscal years, or three nearer periods of one year, next preceding such investment, not less than twice the annual interest on its debt secured by the mortgage under which the bonds in question are issued and all prior liens, and shall not have defaulted on any of its obligations during the same period. The net income of such corporation for the purpose of this section shall be determined after deducting all operating expenses, including maintenance and depreciation charges, rentals, taxes, and guaranteed interest and dividends paid by or due from it.

3. Such obligations shall be secured (a) by a first mortgage on at least seventy-five per cent of all the property of such corporation owned in fee, or (b) by a refunding mortgage providing for the retirement of all prior lien bonds outstanding at the date of investment and covering at least seventy-five per cent of the property owned in fee by said corporation; provided, however, that all bonds secured by said refunding mortgage shall mature at a later date than any bond which it is given to refund, or if any bonds are to mature at an earlier date the mortgage must provide that such bonds shall be retired by a like amount reissued under said mortgage, or (c) by a mortgage prior to a refunding mortgage above described covering some part of the telephone company property included in such refunding mortgage if the bonds secured by such prior mortgage are to be refunded by said refunding mortgage and the property covered by such prior mortgage is operated by the corporation issuing the refunding mortgage, or (d) by a first mortgage on the property of a lessor company forming a substantial portion of the system of the operating company.

b—Collateral trust bonds of any such telephone company secured by the deposit with a trust company or national bank of bonds and/or of shares of stock of subsidiaries or other telephone companies, under an indenture of trust which limits the amount of bonds so secured to not more than seventy-five per cent of the value of the securities deposited as stated and determined in said indenture, and provided that the company issuing such collateral trust bonds shall have received average gross revenues of not less than seventy-five million dollars in each of its three fiscal years or three nearer periods of one year, next preceding such investment, and provided, further, that such telephone company shall for the same period have earned and received a net income, including income from investments, not less than three times the annual interest on the bonds in question and all prior liens.

c—Not more than ten per cent of the deposits of any one bank shall be invested in obligations of telephone companies, and not more than two per cent in the obligations of any single telephone company.

IX. Guaranteed mortgage bonds. In bonds or notes which are the obligations of a mortgage company having a capital and surplus of not less than two hundred thousand dollars organized under the laws of any state of the United States and engaged in the real estate mortgage business within the United States, subject to the following conditions:

The total amount of such bonds or notes shall not exceed fifteen times the com-

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bined capital and surplus of the mortgage company, and such bonds or notes shall mature within ten years of the date of issue.

Such bonds or notes shall be guaranteed as to principal and interest by endorsement on each bond or note by a banking or surety company organized either under the banking or insurance laws of any state of the United States (hereinafter called the guaranteeing company) authorized to do business in this state and having a combined capital and surplus of not less than ten million dollars and independent of the mortgage company.

No bonds shall be qualified under this subsection which bear the guarantee of any company which has outstanding bonds guaranteed by it in excess of fifteen times its combined capital and surplus.

Such bonds or notes shall be secured by a deposit with a bank or trust company as trustee of either (a) a closed first mortgage or closed first mortgages on improved real estate owned in fee and capable of producing income, or (b) cash, obligations of the United States or other bonds legal for savings banks in the New England States, New York, or New Jersey.

The aggregate of the mortgages at face value, the cash, and securities at market value shall be not less than one hundred per cent of the principal amount of said bonds or notes outstanding.

The mortgages deposited as security to secure said bonds or notes shall mature before the maturity of the bonds or notes which they secure and shall constitute a closed first mortgage or closed first mortgages on improved real estate, (improved real estate as herein defined shall consist of land owned in fee and the buildings actually constructed thereon and shall not include farm property, churches, factories, clubs, business garages, hotels, theaters, or hospitals); the face value of each mortgage deposited shall be in amount not more than sixty per cent of the market value of the property upon which it is secured, such value to be established by independent appraisers approved by the guaranteeing company, and no one mortgage shall exceed one hundred thousand dollars.

The guaranteeing company shall inspect and approve each mortgage before it is deposited as security for said bonds or notes.

The trustee shall be a bank or trust company in the United States having a combined capital and surplus of not less than one million dollars, and be independent of the mortgage or guaranteeing company.

The mortgage company shall have the right to make changes or substitutions in the collateral deposited as security to secure said bonds or notes, the guaranteeing company and trustee first inspecting and approving the change or substitution in the collateral.

Policies of insurance adequately covering each mortgaged building against damage by fire shall be deposited with the trustee, and tornado and earthquake insurance policies shall be deposited with the trustee on mortgages secured by property in states where such insurance is customarily required.

Titles to the mortgage properties shall be guaranteed by a title insurance company approved by the bank commissioner of Maine.

Not more than ten per cent of the deposits of any one bank shall be invested in the bonds or notes authorized by this subsection, and said bonds or notes legalized hereunder are subject to the provisions relating to certificates of legality as set forth in subsection eleven.

X. In bonds or notes of industrial corporations whose property is located principally within the United States and issued or assumed by companies of which the net income in each year of the five years next preceding such investment shall have been either:

1. Not less than ten million dollars and not less than twice the annual interest on the entire funded debt, or
2. Not less than two million dollars and not less than four times such interest.

Not more than ten per cent of the deposits of any one bank shall be invested in the bonds or notes authorized by this subdivision, and said bonds or notes legalized hereunder are subject to the provisions relating to certificates of legality as set forth in subsection eleven.

XI. Department certificates of legality. The bank commissioner shall ascertain what bonds and other interest-bearing obligations are legal investments under the provisions of subsections I to X, inclusive, of this section, and within the first ten days of May and November of each year shall send to each savings bank a certificate stating, over his signature, that upon investigation, he finds the obligations specified in said certificate are legal investments under the provisions of this section. Said certificate shall be prima facie evidence of the correctness of the findings of said commissioner and shall so continue until the issuance of the next certificate of said commissioner, or of an intermediate certificate correcting and changing the list of legal investments in the certificate last issued. Nothing herein contained shall be construed to require any action by the bank commissioner as a condition precedent to the right of any savings bank to purchase any security conforming to the requirements of the provisions of this section at the time of investment.

Any person or corporation financially interested in any such finding of the bank commissioner may take an appeal therefrom to any justice of the superior court, who, after such notice and hearing as he deems proper, may inquire into and render a judgment whether such obligation is a legal investment for savings banks under the provisions of this section.

The proper and necessary expenditures incurred by the bank commissioner in carrying out the provisions of this section, including the compensation of any person or persons specially employed for that purpose, shall be chargeable to the fund created by the payment of registration fees by dealers in securities and their agents and salesmen.

XII. Bonds of Maine corporations. In the bonds or other interest-bearing obligations of any Maine corporation, other than those hereinbefore specifically mentioned, actually conducting in this state the business for which such corporation was created, which for a period of three successive fiscal years, or three nearer periods of one year, next preceding the investment, has earned and received an average net income of not less than twice the interest on the obligations in question and all prior liens. Not more than twenty-five per cent of the deposits of any one bank shall be invested in the obligations of such corporations and not more than two per cent of such deposits in the obligations of any single corporation.

XIII. Stocks of Maine corporations. a—In the stock of any Maine corporation other than a banking corporation actually conducting in this state the business for which such corporation was created, provided such corporation has for a period of three years next preceding the investment earned and received an average net income equivalent to at least six per cent upon the entire outstanding issue of the stock in question.

b—The aggregate of all investments made by any bank in stock shall at no time exceed five per cent of its deposits and not more than one per cent of the deposits of such bank shall be invested in the stock of any single corporation. No such bank shall hold by way of investment or as security for loans, or both,

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more than one-fifth of the capital stock of any corporation; but this limitation shall not apply to assets acquired in good faith upon judgments for debts or in settlements to secure debts.

XIV. Mortgage loans. In notes or bonds secured by first mortgages of real estate in Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, and Vermont, to an amount not exceeding sixty per cent of the market value of such real estate. No bank shall have more than sixty per cent of its deposits invested in such mortgages.

XV. Collateral loans. a—In notes with a pledge as collateral of any securities which the institution itself may lawfully purchase under the provisions of this section, provided the market value of such collateral is at least ten per cent in excess of the amount of the loan.

b—In notes with a pledge as collateral of any savings deposit book issued by any savings bank, trust company, or national bank in this state or in any of the other New England states or the state of New York, or of a pass-book or share certificate issued by any loan and building association in this state.

c—In notes with a pledge as collateral of such funds, bonds, notes, or stocks, as in the judgment of the trustees, it is safe and for the interests of the bank to accept to an amount not exceeding eighty per cent of the market value of such funds, bonds, notes or stocks.

d—In war veterans' compensation certificates issued in accordance with the provisions of the world war adjusted compensation act of the United States as amended, to an amount not in excess of the value of said certificates, at the time of the loan, according to the United States table of values as stated in said certificates.

e—The aggregate of all collateral loans made by any bank, other than those secured by obligations of the United States government, shall at no time exceed ten per cent of its deposits and not more than one per cent of its deposits shall be loaned on the obligations and stock of any single corporation.

XVI. Loans to municipal corporations. In loans to any municipal or quasi-municipal corporation in this state when duly authorized by such municipality or corporation.

XVII. Loans to Maine corporations. In loans to any religious, charitable, educational, or fraternal corporation organized under the laws of this state, or to the trustees of any unincorporated religious, charitable, educational, or fraternal association in this state, or to any log-driving company incorporated under the laws of this state, and in loans to any corporation whose stock may be purchased under the provisions of subsection XIII of this section; provided, however, that the total amount of loans to any corporation and of the par value of its stock owned by the bank shall at no time exceed two per cent of the deposits of said bank.

XVIII. Acceptances. a—In bankers' acceptances and bills of exchange of the kind and maturities made eligible by law for rediscount with federal reserve banks, provided the same are accepted by a trust and banking company incorporated under the laws of this state, or a member of the federal reserve system located in any of the New England states or the state of New York.

b—In bills of exchange drawn by the seller on the purchaser of goods sold and accepted by such purchaser of the kind and maturities made eligible by law for rediscount with federal reserve banks, provided the same are indorsed by a trust and banking company incorporated under the laws of this state, or a member of the federal reserve system located in any of the New England states or the state of New York.

c—Not more than ten per cent of the assets of any savings bank or institution for savings shall be invested in such acceptances. The aggregate amount of the liability of any trust and banking company or of any national bank to any savings bank or institution for savings, whether as principal or indorser, for acceptances held by such savings bank or institution for savings, shall not exceed twenty per cent of the paid-up capital and surplus of such trust and banking company or national bank, and not more than five per cent of the assets of any savings bank or institution for savings shall be invested in the acceptances of a trust and banking company or of a national bank of which a trustee of such savings bank or institution for savings is a director.

XIX. Personal loans. In a note or notes of a responsible individual borrower with two substantial sureties or endorsers, approved by the board of trustees, in an amount not exceeding one thousand dollars directly or indirectly for any one individual, and the aggregate of such loans shall not exceed five per cent of its deposits.

Sec. 28. May acquire and hold stocks, bonds, and other securities not authorized by law, to avoid loss. 1923, c. 144, § 28. Savings banks and institutions for savings may acquire and hold stocks, bonds, and other securities not authorized by law, hereafter acquired in settlements and reorganizations and accepted to reduce or avoid loss on defaulted loans and investments held by said banks and institutions, and may continue to hold such stocks, bonds, and other securities heretofore so acquired, and all other investments lawfully acquired, and shall not be obliged to sell or dispose of the same except at such times and in such manner as will prevent unnecessary loss or embarrassment to the business of the bank or institution.

Sec. 29. Investments, value as carried on books; authority of commissioner; financial reports; penalty for false reports. R. S. c. 52, § 29. 1923, c. 144, § 29. All investments having a fixed maturity, shall be charged and entered on the books of the bank at their cost to the bank. The bank commissioner may require any investment charged down to such sum as in his judgment represents its fair value. He may at any time call for a report of the financial condition of any corporation offering, or likely to offer, its bonds, stocks, or notes to any savings bank in the state, or whose notes are held by any such savings bank, as much in detail as he may require, verified by the oath of such officers of said corporation as he may specify. He may communicate any such report, or an abstract thereof, to the officers of any of said savings banks. If such report is not furnished the bank commissioner within the time specified in his call therefor, or within such extension of time as he may grant, the bonds, stocks, and notes of such corporation shall thereupon cease to be a legal investment for savings banks and shall not again become a legal investment until a report in all respects satisfactory to the bank commissioner is furnished. Any officer of a corporation who wilfully makes a false report hereunder, and any officer, trustee, director, clerk, or employee of a savings bank, trust company, or loan and building association who wilfully and knowingly undertakes in any manner to deceive or mislead the bank commissioner, or any officer or representative of the state banking department, as to the true condition or value of any of the investments of such savings bank, trust company, or loan and building association, or wilfully conceals any material fact connected therewith, shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than two years, or by both such fine and imprisonment.

Sec. 30. Limitation of real estate holding. R. S. c. 52, § 30. 1923, c. 144, § 30. Any such bank or institution may hold real estate in the city or town in

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which such bank or institution is located, to an amount not exceeding five per cent of its deposits or to an amount not exceeding its reserve fund, but these limitations shall not apply to real estate acquired by the foreclosure of mortgages thereon, or upon judgments for debts, or in settlements to secure debts.

Sec. 31. May deposit on call in banks and may deposit collateral for time loans, made without the state. R. S. c. 52, § 33. 1919, c. 89. 1923, c. 144, § 31. Savings banks and institutions for savings may deposit on call in banks or banking associations incorporated under the authority of this state, or the laws of the United States, or in any member bank of the federal reserve system located in any of the New England states or the state of New York, and receive interest for the same; and may deposit, subject to the approval of the bank commissioner, with such banks or banking associations any securities received as collateral for time loans made to any person or corporation without the state.

Sec. 32. Authority to borrow money and pledge securities. R. S. c. 52, § 34. 1923, c. 144, § 32. Savings banks and institutions for savings may, by vote of the trustees of such corporation, when in the judgment of said trustees such action is necessary to pay depositors and to prevent loss by sales of assets, borrow money within or without the state and may pledge bonds, notes, or other securities as collateral therefor. The trustees of such corporation shall cause a copy of said vote to be sent forthwith to the bank commissioner, and shall also notify him of any action taken thereunder.

Sec. 33. Trustees to invest; no loan to be made to any officer. R. S. c. 52, § 35. 1923, c. 144, § 33. The trustees shall see to the proper investment of deposits and funds of the corporation, in the manner hereinbefore prescribed. No loan shall be made directly or indirectly to any officer of the corporation, or to any firm of which such officer is a member.

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Sec. 34. Dividends from earnings; maintenance of reserve fund; dividends, declared only by vote of trustees; not to exceed earnings of bank. R. S. c. 52, § 36. 1923, c. 144, § 34. 1929, c. 117. Every savings bank and saving institution shall establish a reserve fund by setting aside from its net income, and before the declaration of each dividend, an amount which, together with other amounts so set aside for this purpose during the year, shall be equal to one-half of one per cent, at least, of its deposits; and such reservations shall be continued until the fund shall be equal to five per cent, at least, of its deposits. The fund shall be kept constantly on hand as a security against losses and contingencies, and all losses shall be charged to it. If, and whenever, the fund shall become impaired below five per cent of the deposits, it shall be restored in the manner provided for its accumulation.

After passing to the reserve fund that part of the income required to be set aside by the provisions of the previous paragraph, the trustees may declare such dividends as are permitted or required by their by-laws; provided that the rate of the dividends shall not be more than five per cent per annum; and provided, also, that the trustees are forbidden to declare any dividend of a rate per cent that will make its aggregate amount greater than the income actually collected in the period covered by it, except that for the purpose of maintaining the rate of the dividend, the trustees may deduct from the earnings and carry as a special fund such sums as they may deem wise.

The dividend or interest shall be declared, and credited and paid to depositors, only as authorized by a vote of the board of trustees, entered upon their records, whereon shall be recorded the yeas and nays upon such vote.

Sec. 35. Dividends to be credited within sixty days. R. S. c. 52, § 37. 1923, c. 144, § 35. The treasurer of every savings bank or institution for savings shall, within sixty days after a dividend is declared, credit the same to the deposit account. Any treasurer neglecting or refusing so to do shall be punished by a fine of not less than one hundred dollars nor more than two hundred dollars.

Sec. 36. Interest on deposits. R. S. c. 52, § 38. 1923, c. 144, § 36. 1929, cc. 111, 213. Trust companies and savings banks organized under the laws of Maine, and national banks, shall, in computing dividends on savings deposits, figure interest on the balance that has remained on deposit for the full dividend period, with additions for all deposits, less the withdrawals remaining in the bank from their respective monthly dates, to the dividend date. Withdrawals shall be deducted from the last deposit made in each case. Deposits made on other than the first day of each month, may draw interest from the first or last day of the month or from date of deposit, as the bank shall determine. Savings banks may contract, on terms to be agreed upon, for the deposit at intervals within a period of twelve months, of sums of money and for the payment of interest on the same at a rate not more than the rate of their last regular dividend on savings deposits.

Sec. 37. Notice of withdrawal of deposits. R. S. c. 52, § 39. 1923, c. 144, § 37. No savings bank shall be required to pay any depositor more than fifty dollars at any one time or in any one month until after ninety days' notice.

Sec. 38. Treasurer may assign, discharge, and foreclose mortgages. R. S. c. 52, § 40. 1923, c. 144, § 38. The treasurer may, under the direction of the trustees, assign, discharge, and foreclose mortgages, and convey real estate held as security for loans, or the title of which accrued from foreclosure of mortgages, or judgments of courts.

Sec. 39. Trustees to effect insurance. R. S. c. 52, § 41. 1923, c. 144, § 39. The trustees shall cause all real estate of an insurable character held by them absolutely, or in mortgage, to be fully insured, and the expense of such insurance in case of mortgage, if paid by the bank, shall be added to the amount of the mortgage debt to be refunded in case of redemption.

Sec. 40. Assets of bank, connected with other bank, to be kept separate. R. S. c. 52, § 42. 1923, c. 144, § 40. All coins, bills, notes, bonds, securities, and evidences of debt, comprising the assets of any savings bank connected with a national or stock bank, shall be kept separate and apart from the assets or property of such national or stock bank, and also separate and apart from the assets or property of any other bank, banker, corporation, partnership, individual, or firm.

Sec. 41. Securities to be kept within the state. R. S. c. 52, § 43. 1923, c. 144, § 41. All securities owned or held by savings banks shall be kept within the state, except as provided in sections thirty-one and thirty-two of this chapter, and except when a sale or exchange thereof shall require delivery out of the state, or when necessary to send any of them out of the state temporarily for purposes incident to the business of owning or managing such securities by savings banks; and the place of their deposit shall be selected with reference to insuring the greatest possible security for their safe-keeping, and shall be subject to the approval of the bank commissioner.

Sec. 42. Treasurer to make trial balance weekly; annually to record net sum of each deposit. R. S. c. 52, § 44. 1923, c. 144, § 42. The treasurer of every savings bank, shall, every Saturday, make and declare a trial balance, which shall be recorded in a book kept for that purpose; and shall also, at least once

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in each year, cause to be entered on a suitable book, the net sum of each individual deposit at a fixed date, and ascertain the aggregate of all such deposits, and whether it agrees with the other books of said bank; and said books shall be open at all times for the inspection of the trustees, corporators and bank commissioner.

Sec. 43. Treasurer to make annual return to the bank commissioner. R. S. c. 52, § 45. 1923, c. 144, § 43. The treasurer of every savings bank and institution for savings shall annually, and as much oftener as the bank commissioner may require, make return of the condition and standing thereof at such time as the bank commissioner designates, which return shall be made to said commissioner within fifteen days after the day designated in the blank form of such return furnished to every such bank or institution by the said commissioner.

Sec. 44. Treasurer to annually publish statement of inactive accounts; penalty for neglect. R. S. c. 52, § 46. 1923, c. 144, § 44. The treasurer of every savings bank and institution for savings shall on or before the first day of November annually cause to be published in a newspaper in the place where the bank or institution is located, if any, otherwise in a newspaper published in the nearest place thereto, a statement containing the name, the amount standing to his credit, the last known place of residence or post-office address, and the fact of death, if known, of every depositor in said bank who shall not have made a deposit therein or withdrawn therefrom any part of his deposit or any part of the dividends thereon, for a period of more than twenty years next preceding; provided, however, that this section shall not apply to the deposits of persons known to the treasurer to be living, to a deposit the deposit book of which has during such period been brought into the bank to be verified or to have the dividends added, or to a deposit which, with the accumulations thereon, shall be less than ten dollars. Said treasurer shall also transmit a copy of such statement to the bank commissioner to be placed on file in his office for public inspection. Any treasurer neglecting to comply with the provisions of this or the preceding section shall be punished by a fine of fifty dollars.

Sec. 45. Annual examinations by trustees. R. S. c. 52, § 47. 1923, c. 144, § 45. Two of the trustees, at least, shall once in each year, thoroughly examine the affairs of the corporation, and report under oath to the bank commissioner, and to the board of trustees, the standing of the corporation, the situation of its funds, and all other matters which the said commissioner requires, in the manner and according to the form that he prescribes. And the said commissioner shall seasonably give notice of the time and furnish blanks for said examination and return.

Sec. 46. No officer to receive gift, fee, or commission; penalty; borrower to pay expenses. R. S. c. 52, § 48. 1923, c. 144, § 46. No gift, fee, commission, or brokerage shall be received by any officer of a savings bank, on account of any transaction to which the bank is a party, under a penalty, for each offense, of one hundred dollars, to be recovered in an action of debt, in the name, and to the use of the state, provided, that nothing herein contained applies to any expenses of examining titles, and making conveyances upon loans made by savings banks. Parties making a loan from a savings bank shall pay all expenses incurred by reason thereof.

Sec. 47. Funds not to be used by officer; penalty. R. S. c. 52, § 49. 1923, c. 144, § 47. No officer of the corporation shall use or appropriate any of its funds for his own private purposes, under the penalties for embezzlement.

See c. 131, §§ 1-10.

Sec. 48. Verification of depositors' books; examiner to have full access to institutions under examination; penalty for imparting information obtained by audit or verification. R. S. c. 52, § 50. 1923, c. 144, § 48. The bank commissioner, at least once in every three years, shall cause the books of the savings depositors in savings banks or institutions for savings, and in every trust and banking company, to be verified, by such methods and under such rules as he may prescribe.

All necessary expenses for the purpose of such verification, publication, or printing of the results of such verification, as may be necessary for the purpose of this chapter, shall be appropriated and paid out of the fund received by the state from the tax upon savings banks, institutions for savings, and trust companies.

The bank commissioner, deputy bank commissioner, and all examiners and employees of the department acting under the foregoing provisions, shall have full access to every part of the bank, institution for savings, or trust company under examination, and to all books, papers, vouchers, resources, and all other records and property belonging to said bank, institution for savings, or trust company, whether in its immediate possession or otherwise, for the purpose of facilitating such verification.

If any representative of the banking department designated to make such audit or verification as herein specified shall communicate or impart to any person or persons, except to said bank commissioner or as witness in court, any information obtained by said audit or verification, he shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than eleven months or by both said fine and imprisonment.

Sec. 49. Annual examinations by bank commissioner; proceedings, and statement of condition to be published; joint examinations. R. S. c. 52, § 51. 1923, c. 144, § 49. Savings banks and institutions for savings are under the charge of the bank commissioner for the purposes of examination. He shall visit every savings bank and institution for savings, incorporated by authority of the state, once in every year and as much oftener as he deems expedient. At such visits he shall have free access to the vaults, books, and papers, and thoroughly inspect and examine all the affairs of each of said corporations, and make such inquiries as are necessary to ascertain its condition and ability to fulfil all its engagements, and whether it has complied with the law, and its officers shall, whenever required to do so by the bank commissioner, furnish him with statements and full information relating to the condition and standing of their institution, and of all matters pertaining to its business affairs and management. He may prescribe the manner and form of keeping the books and accounts of said corporations, which, however, need not be uniform. He shall preserve, in a permanent form, a full record of his proceedings, including a statement of the condition of each of said corporations, a copy of which statement shall be published by such corporation immediately after the examination of the same, in a newspaper in the place where it is established, if any, otherwise in a newspaper published in the nearest place thereto. Joint examinations of state and national banking institutions occupying the same rooms shall be made at least once in each year at such times and under such conditions as the two departments may, from time to time, agree upon.

*113 Me. 533.

Sec. 50. Voluntary liquidation; jurisdiction of court; proceedings. R. S. c. 52, § 52. 1923, c. 144, § 50. Whenever in the opinion of the bank commissioner and a majority of the trustees of any savings bank, or institution for savings,

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it is inexpedient, for any reason, for said bank to continue the further prosecution of its business, said trustees may join with the bank commissioner in an application to any justice of the supreme judicial court or of the superior court for the liquidation of the affairs of such corporation. Upon presentation of such application, such justice may issue an injunction wholly or partially restraining further payment of deposits until further order of court. If, after notice and hearing on such application, such justice is of the opinion that it is inexpedient for said bank to continue the further prosecution of its business, he may make such orders and decrees in the premises as seem proper for liquidating the affairs of said bank, the distribution of its assets and the protection of its depositors. Further proceedings on such application may be in the manner provided for the liquidation of an insolvent savings bank; or such justice may authorize the president and trustees of such bank then in office to liquidate its affairs under the direction of the court. The provisions of section fifty-seven are hereby made applicable to such applications.

Sec. 51. Commissioner may summon officers and witnesses; penalty for refusal to testify. R. S. c. 52, § 53, 1923, c. 144, § 51. The bank commissioner may summon all trustees, officers, or agents of any such corporation, and such other witnesses as he thinks proper, in relation to the affairs, transactions, and condition thereof, and for that purpose may administer oaths; and whoever, without justifiable cause, refuses to appear and testify when thereto required, or obstructs said commissioner in the discharge of his duty, shall be punished by a fine of not more than one thousand dollars, or by imprisonment for not more than two years.

See § 85.

Sec. 52. Commissioner may apply for injunction to restrain insolvent corporation; powers and duties of the justice in such cases; may appoint receivers, who shall report annually; duties of commissioner and attorney-general. R. S. c. 52, § 54. 1923, c. 144, § 52. If, upon examination of any such corporation, the bank commissioner is of the opinion that it is insolvent, or that its condition is such as to render its further proceedings hazardous to the public or to those having funds in its custody, he shall apply, or if, upon such examination, he is of the opinion that it has exceeded its powers or failed to comply with any of the rules, restrictions, or conditions provided by law, he may apply to one of the justices of the supreme judicial court or of the superior court to issue an injunction to restrain such corporation in whole or in part from proceeding further with its business until a hearing can be had. Such justice may forthwith issue process for such purpose, and after a full hearing of the corporation, may dissolve or modify the injunction or make the same perpetual, and make such orders and decrees to suspend, restrain, or prohibit the further prosecution of its business as may be needful in the premises, according to the course of proceedings in equity; and he may appoint one or more receivers or trustees to take possession of its property and effects, subject to such rules and orders as are from time to time prescribed by the supreme judicial court or the superior court, or by any justice thereof in vacation. Such receivers or trustees shall annually, in May, and at such other times as the commissioner requires, make a report to him of the progress made in the settlement of the affairs of said corporation; and the commissioner shall seasonably give notice of the time and furnish blanks for the report. The court in its discretion may appoint the bank commissioner or deputy bank commissioner, receiver for such purpose, in which case no commission, fee, or other perquisite shall be allowed such official for his services in said capacity, but his expenses

incurred in the performance of his duty as said receiver, shall be chargeable against the assets of the institution and allowed in his account as receiver. The attorney-general shall render such legal services in connection with such receivership as the commissioner or deputy bank commissioner may require, without additional compensation.

66 Me. 244; *68 Me. 400; 93 Me. 305; *109 Me. 126; *113 Me. 533; 124 Me. 292; 125 Me. 152.

Sec. 53. After decree of sequestration, commissioners appointed; their duties and powers; payment of claims. R. S. c. 52, § 55. 1923, c. 144, § 53. After a decree of sequestration is passed as provided in the preceding section, the court or any justice thereof, in vacation, shall appoint commissioners who shall give such notice of the times and places of their sessions as the court or such justice orders; receive and decide upon all claims against the institution, and make report to the court at such time as the court orders of the claims allowed and disallowed and of the amount due each depositor, which shall be subject to exception and amendment, as reports of masters in chancery. On application of any person interested, the court may extend the time for hearing claims by the commissioners, as justice may require. When the amount due each person is established, the court shall cause others than depositors to be paid in full, and after deducting expenses the balance to be ratably distributed among depositors. When it appears upon the settlement of the account of the receiver of such an institution that there is remaining in his hands funds due depositors who cannot be found and whose heirs or legal representatives are unknown, the court may order such unclaimed funds to be paid into the state treasury, together with a statement giving the names of such depositors and the amount due each; the same to be held subject for twenty years thereafter to be paid to the person or persons having established a lawful right thereto when made to appear upon proper proceedings instituted in the court ordering such disposition of such unclaimed funds; provided, however, that whenever any such unclaimed fund is in an amount less than two hundred dollars, the claimant thereto may make application to any justice of the supreme judicial court, or of the superior court, who may after identification to him satisfactory, issue an order under the seal of the supreme judicial court or of the superior court directing the treasurer of state to pay said fund to the claimant therein named and said fund shall be paid as directed.

*109 Me. 126; 125 Me. 152.

Sec. 54. Attachments dissolved, and suits discontinued; judgment recovered, to be added to claims. R. S. c. 52, § 56. 1923, c. 144, § 54. All attachments of the property of the bank shall be dissolved by the decree of sequestration, and all pending suits discontinued and the claim in suit presented to the commissioners, unless the court, or some justice thereof in vacation, on application of the plaintiff within three months from said decree, passes an order allowing the receiver to be made a party to the suit, and that the same may be prosecuted to final judgment. After a decree of sequestration, no action at law shall be maintained on any claim against the bank, unless the court or a justice thereof in vacation, on application therefor within the time above named, authorizes it, and in such case the receiver shall be made a party; any judgment recovered as herein provided shall be added to the claims against the bank.

Sec. 55. Claims, when barred. R. S. c. 52, § 57. 1923, c. 144, § 55. All claims not presented to the commissioners within the time fixed by the court, or litigated as aforesaid, are forever barred.

109 Me. 127.

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Sec. 56. Court may reduce deposit accounts. R. S. c. 52, § 58. 1923, c. 144, § 56. Whenever a savings bank or institution for savings, is insolvent by reason of loss on, or depreciation in the value of any of its assets, without the fault of its trustees, the supreme judicial court, or the superior court, in term time, or any justice thereof, in vacation, shall, on petition in writing, of a majority of the trustees, and the bank commissioner, setting forth the facts, appoint a time for the examination of the affairs of such corporation, and cause notice thereof to be given to all parties interested, in such manner as may be prescribed; and, if upon examination of its assets and liabilities, and from other evidence, he is satisfied of the facts set forth in said petition, and that the corporation has not exceeded its powers, nor failed to comply with any of the rules, restrictions, and conditions provided by law, he may, if he deems it for the interest of the depositors and the public, by proper decree, reduce the deposit account of each depositor, so as to divide such loss pro rata among the depositors, thereby rendering the corporation solvent, so that its further proceedings will not be hazardous to the public, or those having or placing funds in its custody; and the depositors shall not draw from such corporation, a larger sum than is thus fixed by the court, except as hereinafter authorized; provided, however, that its treasurer shall keep an accurate account of all sums received for such assets of the corporation held by it at the time of filing such petition; and if a larger sum is realized therefrom than the value estimated as aforesaid by the court, he shall, at such times as the court prescribes, render to the court a true account thereof, and thereupon the court, after due notice to all parties interested, shall declare a pro rata dividend of such excess among the depositors at the time of filing the petition. Such dividend may be declared by the court, whenever the court deems it for the interest of the depositors and the public, whether all, or only a portion, of such assets has been reduced to money; and any such dividend may at any time, in the discretion of the court, be declared to be a final one. No deposit shall be paid or received by such corporation after the filing of the petition until the decree of the court, reducing the deposits as herein provided. If the petition is denied, the bank commissioner shall proceed to wind up the affairs of the corporation as provided in section fifty-two.

*68 Me. 399, 402.

Sec. 57. Court may restrain payment to preserve assets or to protect depositors; order may be revoked or modified. R. S. c. 52, § 59. 1923, c. 144, § 57. Whenever it may become necessary to preserve the assets or protect depositors in a savings bank, the supreme judicial court or the superior court in equity, on application of the bank commissioner or trustees of such bank, may, after due notice, make an order restraining the bank from paying out its funds or any portion thereof, or from declaring or paying any dividends or deposits for such time as the court shall deem advisable. The court may at any time revoke or modify the original order and authorize the bank to pay dividends upon its deposits, or pay any portion of its deposits to such as may desire to withdraw the same, or make any other or further order that may be necessary to protect the depositors in such institution. Nothing in this section shall be construed to take away the rights of the parties in interest to proceed under the provisions of sections fifty-two and fifty-six of this chapter.

Sec. 58. Commissioner to make annual report; distribution. R. S. c. 52, § 60. 1923, c. 144, § 58. The bank commissioner shall, annually, make a report to the governor and council, of the general conduct and condition of each of the banks visited by him, making such suggestions as he deems expedient. Such report

shall be printed and laid before the legislature at its next session, and one copy sent to each savings bank in the state.

Sec. 59. Commissioner to report violations of law; penalty for violations not otherwise prescribed. R. S. c. 52, § 61. 1923, c. 144, § 59. If, in the opinion of the bank commissioner, any savings bank or its officers or trustees have persistently violated any provision of this chapter, he shall forthwith report the same, with such remarks as he deems expedient, to the attorney-general, who shall forthwith institute a prosecution therefor in behalf of the state. The penalty for such violation, unless otherwise prescribed, is not less than one hundred dollars, nor more than five hundred dollars.

Sec. 60. Powers, privileges, duties, and restrictions, conferred by charters, modified. R. S. c. 52, § 62. 1923, c. 144, § 60. The powers, privileges, duties, and restrictions conferred and imposed upon any savings corporation, by whatever name known, in its charter or act of incorporation, are so far abridged, enlarged, or modified, that every such charter or act shall conform to this chapter; and every such corporation possesses the powers, rights, and privileges, and is subject to the duties, restrictions, and liabilities herein conferred and imposed, anything in their respective charters or acts of incorporation to the contrary notwithstanding.

Trust and Banking Companies.

Sec. 61. Organization of trust companies; their powers. R. S. c. 52, § 63. 1923, c. 144, § 61. Five or more persons, a majority of whom shall be residents of the state, who associate themselves by an agreement in writing for the purposes of forming a trust company, may, upon compliance with the provisions of sections sixty-one to seventy, both inclusive, of this chapter, become a corporation, subject to all the duties, restrictions, and liabilities set forth in all general laws now or hereafter in force relating to such corporations, with power; first, to receive on deposit, 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; second, to borrow money, to loan money on credits, or real estate, or personal security, and to negotiate loans and sales for others; third, 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, and documents, and other property susceptible of being deposited therein, and may receive on deposit for safe-keeping property of any kind entrusted to it for that purpose; fourth, to hold and enjoy all such estate, real, personal, and mixed, as may be obtained by the investment 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; fifth, to act as agent for issuing, registering, and countersigning certificates, bonds, stocks, and all other evidences of debt or ownership in property; sixth, to hold by grant, assignment, transfer, devise, or bequest, any real or personal property, or trusts duly created, and to execute trusts of every description; seventh, to act as assignee, receiver, executor, administrator, conservator, or guardian; provided, however, that any such appointment as guardian shall apply to the estate of the ward only and not to the person; eighth, subject to such restrictions as may be imposed by the bank commissioner, to accept for payment at a future date drafts and bills of exchange drawn upon it, and to issue letters of credit authorizing holders thereof to draw drafts upon it, or its correspondents, at sight or on time; provided, that such acceptances or drafts be based upon actual values, but no trust company

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shall accept such bills or drafts to an aggregate amount exceeding at any one time one-half of its paid-up capital and surplus, except with the approval of the bank commissioner, and in no case to an aggregate amount in excess of its capital and surplus; ninth, to do in general all the business that may lawfully be done by trust and banking companies. No surety shall be necessary upon the bond of the corporation in its capacity as trustee, executor, administrator, conservator, guardian, assignee, or receiver, or in any other capacity, unless the court or officer approving such bond shall require it.

See c. 56, § 84; c. 76, § 11; c. 84, § 30.

Sec. 62. Authority to engage in business of issuing surety bonds. 1923, c. 144, § 62. No trust company shall engage in the business of acting as surety on official bonds or bonds for the performance of other obligations, or guaranteeing the fidelity of persons in positions of trust, private or public, and at the same time engage in the business of receiving on deposit money, coin, banknotes, evidences of debt, accounts of individuals, companies, corporations, municipalities, or states, subject to check or payable on demand, other than deposits for the payment of bonds and interest thereon and for sinking funds. But nothing in this section shall be construed as enlarging any of the corporate powers of any trust company. No trust company organized under the laws of this state shall be authorized to guarantee the fidelity of persons in positions of trust, private or public, and to act as surety on official bonds and for the performance of other obligations, unless it shall have a capital stock, fully paid in, of not less than two hundred and fifty thousand dollars.

Sec. 63. Agreement of association. R. S. c. 52, § 64. 1923, c. 144, § 63. The agreement of association shall set forth that the subscribers thereto associate themselves with the intention of forming a corporation, and shall specifically state:

First, the name by which the corporation shall be known.

Second, the purpose for which it is formed.

Third, the city or town, which shall be within this state, where its business is to be transacted.

Fourth, the amount of its capital stock, and the number of shares into which the same is to be divided.

Each associate shall subscribe to the articles his name, residence, post-office address, and the number of shares of stock which he agrees to take.

Sec. 64. Notice of intention to organize. R. S. c. 52, § 65. 1923, c. 144, § 64. A notice of the intention of the subscribers to form such a trust company shall be given to the bank commissioner. A notice in such form as said commissioner shall approve shall be published at least once a week, for three successive weeks, in one or more newspapers designated by said commissioner and published in the county in which it is proposed to establish the company. Such notice shall specify the names of the proposed incorporators, the name of the corporation, and the location of the same, as set forth in the above mentioned agreement of association. Within thirty days after the first publication of said notice the subscribers to said agreement shall apply to said commissioner for a certificate that public convenience and advantage will be promoted by the establishment of such trust company. If the commissioner refuses to issue such certificate, no further proceedings shall be had, but the application may be renewed after one year from the date of such refusal, without further notice or publication unless the commissioner shall order the same.

Sec. 65. First meeting of subscribers, how called; notice; election of officers and adoption of by-laws. R. S. c. 52, § 66. 1923, c. 144, § 65. The first meet-

ing of the subscribers to the agreement of association shall be called by a notice signed either by that subscriber to the agreement who is designated therein for the purpose, or by a majority of the subscribers; and such notice shall state the time, place and purposes of the meeting. A copy of the notice shall, seven days at least before the day appointed for the meeting, be given to each subscriber or left at his residence or usual place of business, or deposited in the post-office, postage prepaid, and addressed to him at his residence or usual place of business, and another copy thereof and an affidavit of one of the signers that the notice has been duly served shall be recorded with the records of the corporation. If all the incorporators shall, in writing, endorsed upon the agreement of association, waive such notice and fix the time and place of the meeting, no notice shall be required. The subscribers to the agreement of association shall hold the franchise until the organization has been completed. At such first meeting, or at any adjournment thereof, the incorporators shall organize by the choice by ballot of a temporary clerk, by the adoption of by-laws and by the election in such manner as the by-laws may determine, of directors, a president, a clerk, and such other officers as the by-laws may prescribe. All the officers so elected shall be sworn to the faithful performance of their duties. The temporary clerk shall make and attest a record of the proceedings until the clerk has been chosen and sworn, including a record of such choice and qualification.

Sec. 66. Articles of agreement; to be submitted to bank commissioner and attorney-general, and filed in office of secretary of state; certificate issued; has force and effect of special charter; evidence of existence of corporation. R. S. c. 52, § 67. 1923, c. 144, § 66. The president, and a majority of the directors who are elected at such first meeting, shall make, sign and make oath to, in duplicate, articles setting forth:

a—A true copy of the agreement of association, the names of the subscribers thereto, and the name, residence and post-office address of each of the officers of the company;

b—The date of the first meeting and the successive adjournments thereof, if any.

One of such certificates shall be submitted to the bank commissioner and the other, together with the records of the proposed corporation, to the attorney-general, who shall examine the same, and who may require such amendment thereof or such additional information as he may consider necessary. If he finds that the articles conform to the provisions of the preceding sections relative to the organization of the corporation and that the provisions of section sixty-four have been complied with, he shall so certify and endorse his approval thereon. Thereupon the articles shall be filed in the office of the secretary of state, who shall cause the same, with the endorsement thereon, to be recorded, and shall thereupon issue a certificate of incorporation in the following form:

STATE OF MAINE

Be it known that whereas (the names of the subscribers to the agreement of association) have associated themselves with the intention of forming a corporation under the name of (the name of the corporation), for the purpose (the purpose declared in the agreement of association), with a capital stock of (the amount fixed in the agreement of association), and have complied with the provisions of the statutes of this state in such case made and provided, as appears from the articles of organization of said corporation, duly approved by the attorney-general, and recorded in this office; now, therefore, I (the name of the secretary), secretary of the State of Maine, do hereby certify that said (the

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names of the subscribers to the agreement of association), their associates and successors, are legally organized and established as, and are hereby made, an existing corporation under the name of (name of corporation), with the powers, rights and privileges, and subject to the limitations, duties and restrictions, which by law appertain thereto.

Witness my official signature hereunto subscribed, and the great seal of the State of Maine hereunto affixed, this day of in the year (the date of the filing of the articles of organization).

The secretary shall sign the certificate of incorporation and cause the great seal of the state to be thereto affixed, and such certificate shall have the force and effect of a special charter. The existence of every corporation which is not created by special law shall begin upon the filing of the articles of organization in the office of the secretary of state. The secretary of state shall also cause a record of the certificate of incorporation to be made, and such certificate, or such record, or a certified copy thereof, shall be conclusive evidence of the existence of such corporation.

Sec. 67. Issue of shares; list of stockholders; examinations by bank commissioner. R. S. c. 52, § 68. 1923, c. 144, § 67. Such corporation shall not issue any shares of stock until the par value of such shares shall have been actually paid in in cash. 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 has been paid in in cash, 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. It shall be unlawful for any such corporation to begin the transaction of business until such a certificate has been granted.

Sec. 68. One-third of proposed capital stock to be subscribed for. R. S. c. 52, § 69. 1923, c. 144, § 68. The written articles of association mentioned in section sixty-one shall not be regarded as sufficient unless they show that at least one-third of the proposed amount of capital stock has been subscribed for, and when filed with the bank commissioner they shall be accompanied by satisfactory evidence that the sum of fifty dollars has been paid to the treasurer of state to be credited to an account for expense of organizing trust companies, so much thereof to be paid out for expenses of the several departments as the governor and council shall find to have been actually incurred.

See c. 126.

Sec. 69. Minimum amount of capital stock authorized to begin business; par value of shares. R. S. c. 52, § 70. 1923, c. 144, § 69. The minimum amount of paid-in capital stock on which a trust company may be authorized to begin business shall be twenty-five thousand dollars for a town or city of not more than five thousand inhabitants, fifty thousand dollars for a town or city having from five thousand to ten thousand inhabitants, seventy-five thousand dollars for a town or city having from ten thousand to twenty thousand inhabitants, one hundred thousand dollars for a town or city having from twenty thousand to thirty thousand inhabitants, and one hundred and fifty thousand dollars for a town or city of more than thirty thousand inhabitants. The bank commissioner, in ascertaining the number of inhabitants of such town or city for the

purpose of determining the sufficiency of the capital stock, may require such proof in addition to the last preceding United States census as he may deem necessary; but no charter once granted shall ever be deemed void for any error in computing the population. The par value of the shares of stock shall be one hundred dollars each.

Sec. 70. Forfeiture of charter. R. S. c. 52, § 71. 1923, c. 144, § 70. Every such company shall forfeit its charter unless it shall actually commence to do business as a trust company within one year from the date thereof.

Sec. 71. May increase capital stock. R. S. c. 52, § 72. 1923, c. 144, § 71. Any company organized under sections sixty-one to seventy, both inclusive, or any company organized under special act of the legislature, may increase its capital stock from time to time to an amount not exceeding in the aggregate one million dollars, at any stockholders' meeting at which a majority of shares issued and outstanding is represented, notice of the intention so to do having been given in the call therefor. Provided, however, that before actually issuing such capital stock a certified copy of the vote authorizing the same shall be filed with the bank commissioner within ten days after its passage, and thereupon he shall issue his approval or disapproval of the action so taken and shall thereupon issue a certificate allowing such increase, a copy of which shall be filed in the office of the secretary of state.

Sec. 72. Board of directors; executive committees; vacancies among directors; election of president, clerk, and treasurer; penalty for false return; bonds of officials. R. S. c. 52, § 73. 1923, c. 144, § 72. All the corporate powers of any such company shall be exercised by a board of not less than five directors, two-thirds of whom shall be residents of this state, whose number and term of office shall be determined, and who shall be elected by a vote of the stockholders at the first meeting held by the incorporators and at each annual meeting thereafter. Directors shall hold a regular meeting at least once each month. The stockholders at any annual meeting may elect from the full board of directors an executive committee of not less than five members, two-thirds of whom shall be residents of this state, and delegate to such committee the powers of the directors in regard to the ordinary operations of the business of the company; such powers to be exercised by such committee at all times when said board of directors are not in session, subject always, however, to any specific vote of said board of directors. All such committees shall keep full minutes of all business transacted by them and shall make such reports of their transactions at each monthly meeting of the board as said board or the bank commissioner may require. The directors shall be annually sworn to the proper discharge of their duties, and they shall hold office until others are elected and qualified in their stead. If any vacancy occurs in the board of directors or executive committee through death, resignation, or otherwise, the remaining directors may elect a person to fill the vacancy until the next annual meeting of the corporation. The oath of office of any director shall be taken within thirty days of his election, or his office shall become vacant. The clerk of such company shall, within ten days, notify such directors of their election and within thirty days shall publish the list of all persons who have taken the oath of office as directors. The removal of any director from this state shall immediately vacate his office if such removal leaves less than two-thirds of the membership resident in the state. The board of directors shall elect a president from its number, a clerk who shall be sworn to the faithful performance of his duties, a treasurer and such other officers as they may deem necessary. Any officer or employee of any trust

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company who shall wilfully or knowingly make a false return to the bank commissioner, in response to any call for information issued by said commissioner, or by the deputy bank commissioner, or upon making or filing of any regular or special report, shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than eleven months, or by both such fine and imprisonment. The president, treasurer, assistant treasurer, and all other officials and employees having access to moneys or securities shall be bonded as in the case of similar officials in savings banks, and the provisions of section nineteen, so far as applicable, shall apply to the bonds of trust company officials and employees.

Sec. 73. Duties of board of directors and executive committee; to keep a record of loans; to submit lists of demand obligations. R. S. c. 52, § 74. 1923, c. 144, § 73. The directors or executive committee shall keep or cause to be kept in a book or books appropriate therefor, a record of all loans and investments of every description made by said company, substantially in the order of time when such loans or investments are made. Such record shall show that such loans or investments have been made with the approval of the directors or executive committee of said company and shall indicate such particulars respecting such loans and investments as the bank commissioner shall direct. Whenever requested, such record shall be submitted to the bank commissioner or to any meeting of the directors or stockholders. Such loans and investments shall be classified in said book or books of record as the bank commissioner shall direct. The treasurer or other officer having charge of such loans shall submit to the directors or executive committee at intervals of not more than six months a full and complete list of all outstanding demand obligations owed to the company.

Sec. 74. Qualification of director. R. S. c. 52, § 75. 1923, c. 144, § 74. No person shall be eligible to the position of a director of any such company who is not the actual owner of ten shares of stock, free from encumbrance.

Sec. 75. Trust assets. R. S. c. 52, § 76. 1923, c. 144, § 75. All securities, money, and property received by any such company to be held in trust shall be kept separate and apart from the other assets of the company, in a trust department to be established and maintained by such company; the assets belonging to each trust being listed and kept separate from those belonging to any other trust. A proper record of all matters relating to each such trust shall be separately kept in said trust department and shall indicate such particulars respecting each such trust as the bank commissioner shall direct. Provided, however, that nothing herein contained shall be construed to prohibit any such company from depositing, subject to proper rates of interest, in its commercial or savings department, in an account specifically stating the trust to which the same belongs, any cash income or cash principal received and held by it pending distribution or permanent investment in accordance with the terms of the trust under which the same is held; or such cash balances may be included in an aggregate deposit including like balances for other trusts, the books of the trust department showing the specific interest of each trust in such general deposit. The trust assets held by any such company shall not be subject to any other liabilities of said company.

Sec. 76. Administrators, etc., may deposit. R. S. c. 52, § 77. 1923, c. 144, § 76. 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. 77. Regulation of loans. R. S. c. 52, § 78. 1923, c. 144, § 77. No trust company shall loan to any person, firm, business syndicate, or corporation, an amount or amounts, at any time outstanding in excess of ten per cent of its total capital, unimpaired surplus and net undivided profits, except on approval of a majority of its entire board of directors or executive committee, unless secured by collateral which shall be of value equal to the excess of said loans above said ten per cent, and the total amount of loans to any person, firm, business syndicate or corporation, shall at no time exceed twenty-five per cent of said total capital, unimpaired surplus and net undivided profits; provided, that in determining said amount every person, firm, syndicate, or corporation appearing on any loan as endorser, guarantor, or surety, shall be regarded as an original promissor. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed. In all cases where loans in excess of said ten per cent are granted, without collateral, the records of the company shall show who voted in favor thereof, and said records and those required by section seventy-eight shall constitute prima facie evidence of the truth of all facts stated therein in prosecutions and suits to enforce the several provisions and penalties enumerated in section seventy-nine.

Sec. 78. Loans to officers; approval of loan to be recorded; records to show vote of directors; credit expires in six months. R. S. c. 52, § 79. 1923, c. 144, § 78. No trust company shall make any loan to any of its directors, officers, agents, or to any other person in its employ, or on which any such director, officer, agent, or employee is an endorser, guarantor, or surety, or to any firm or business syndicate of which such director, officer, agent, or employee is a member, or to any person or on the endorsement or guaranty of any person who is a partner of, or member of a business syndicate with, such director, officer, agent, or employee, or to any corporation of which any such director, officer, agent, or employee is a director, officer, superintendent, or manager, until the proposition to make such loan shall have been submitted by the person desiring the same to the board of directors of such company, or to the executive committee thereof, if any, and accepted and approved by a majority of the entire membership of such board or committee; provided, however, that no director of such company who is interested in said loan in any of the above capacities, or who is connected or associated with the borrower in any of the above ways, shall be regarded as voting in the affirmative on such loan. For the purposes of this section each renewal shall be considered as an original loan. Such approval, if the loan is made, shall be spread upon the records of the company; and this record shall, in every instance, give the names of the directors authorizing the loan. Nothing in this section or section seventy-seven shall make it unlawful for a trust company to give any person, firm, syndicate, or corporation a line of credit to an amount not exceeding twenty-five per cent of its total capital, unimpaired surplus and net undivided profits, subject to the several restrictions as to percentage of entire board and right of interested persons to vote on same contained in said sections. The records of the company shall show how every director voted on the same, and when such line of credit is given, the treasurer or other authorized officer may pay out loans in accordance therewith without further

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approval. A line of credit so given shall expire in six months unless renewed in the same manner in which it is originally given. No loan shall hereafter be made to the treasurer, assistant treasurer, or any employee of the company upon the security of corporation stocks as collateral; provided, however, that this provision shall not apply to the renewal of existing loans.

Sec. 79. Directors and officers personally responsible and guilty of misdemeanor, for violation of §§ 77-78. R. S. c. 52, § 80. 1923, c. 144, § 79. Every director, officer, agent, and employee of such company, who authorizes, or assists in procuring, granting, or causing the granting of, a loan in violation of section seventy-seven of this chapter, or pays, or wilfully permits the payment of, any funds of the company on such loan, and every director of a company who votes on a loan in violation of any of the provisions of section seventy-eight of this chapter, and every director, officer, agent, or employee who wilfully and knowingly permits or causes the same to be done, shall be personally responsible for the payment thereof, and shall be guilty of a misdemeanor. All loans granted in violation of either of said sections shall be due and payable immediately and without demand, whether they appear on their face to be time loans or otherwise. When the bank commissioner shall find any loans outstanding in violation of either of said sections, he shall notify the president or treasurer of the company to cause the same to be paid forthwith. And if they are not paid within thirty days or such further time as said bank commissioner shall determine, he shall report the facts to the attorney-general, who shall commence suit in the name and for the benefit of such company for the collection of the same. The attorney-general may employ special counsel to prosecute said suit, and said company shall pay all expenses thereof, to be recovered in an action of debt in the name of the state.

Sec. 80. Cash reserve. R. S. c. 52, § 81. 1923, c. 144, § 80. Every trust and banking 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 fifteen per cent of the aggregate amount of its deposits which are subject to withdrawal upon demand or within ten days; provided, that in lieu of such cash reserve, two-thirds of said fifteen per cent 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; and one-third of said fifteen per cent may consist of the bonds of the United States or of the state of Maine. 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. 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 twenty-third, nineteen hundred thirteen, 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.

Sec. 81. Surplus which shall be kept to secure against loss. R. S. c. 52, § 82. 1923, c. 144, § 81. Every trust and banking company shall set apart as a surplus not less than ten per cent of its net earnings in each and every year until such surplus, together with any unimpaired surplus paid in, shall amount to one-half of the capital stock of the company. The said surplus shall be kept to secure against losses and contingencies, and whenever the same becomes impaired it shall be reimbursed in the manner provided for its accumulation.

Sec. 82. Not to make loans on shares of its capital stock. R. S. c. 52, § 83. 1923, c. 144, § 82. Such corporations shall not make loans or discounts on the security of the shares of their own capital stock, nor be the purchasers or holders of any such shares unless necessary to prevent loss upon a debt previously contracted in good faith, and all stock so acquired shall, within one year after its acquisition, be disposed of at public or private sale; provided, however, that the time for such disposition may be extended by the bank commissioner, for good cause shown upon application to him in writing.

Sec. 83. Borrowing capacity limited. 1923, c. 144, § 83. No trust company not a member of the Federal Reserve System shall be at any time indebted for borrowed money to an amount in excess of its capital, surplus and net undivided profits, except that by vote of a majority of its entire board of directors or executive committee, setting forth the reasons therefor, it may borrow to meet withdrawals of depositors or to prevent loss by sales of assets. Copies of all votes authorizing such excess borrowings shall be promptly forwarded by the clerk to the bank commissioner. Rediscounts, other than those of drafts or bills of exchange secured by bills of lading of agricultural products and payable at sight or upon arrival, shall be considered as borrowed money for the purpose of this section.

Sec. 84. Report to bank commissioner; penalty for neglect. R. S. c. 52, § 85. 1923, c. 144, § 84. Every trust and banking company shall make such report of its condition from time to time as the bank commissioner shall require, and shall cause the same to be published as he may direct. Each return shall be rendered within fifteen days after the day designated in the blank form furnished for the purpose. Any treasurer who shall wilfully or negligently fail to comply with the provisions hereof shall be subject to a fine of not more than fifty dollars.

Sec. 85. Authority of bank commissioner over trust and banking companies; to make annual report. R. S. c. 52, § 86. 1923, c. 144, § 85. The bank commissioner shall at all times have the same authority over all trust and banking companies incorporated under the laws of this state that he now has over savings banks or savings institutions, and shall perform, in reference to such companies, the same duties as are required of him in reference to savings banks. He shall, annually, make a report to the governor and council of the general conduct and condition of each of said companies, making such suggestions as he deems expedient or the public interest requires. Such report shall be printed and laid before the legislature at its next session and one copy sent to each trust and banking company in the state. The provisions of sections forty-nine, fifty-one, fifty-two, fifty-three, fifty-four, fifty-five and fifty-six of this chapter shall apply to trust and banking companies, excepting so much as relates to the distribution of assets after a decree of sequestration, as provided in section fifty-three. Such distribution of assets of trust and banking companies shall be made under order of the court.

Sec. 86. Affairs of the company to be examined annually. R. S. c. 52, § 87. 1923, c. 144, § 86. Two of the directors, at least, shall once in each year thoroughly examine the affairs of the company, settle the treasurer's account, and report under oath to the bank commissioner the standing of the company, the situation of its funds, and all other matters which the said commissioner requires, in the manner and according to the form that he prescribes, and publish an abstract thereof, if required. The said commissioner shall seasonably give notice of the time and furnish blanks for said examination and report.

Sec. 87. May adopt by-laws. R. S. c. 52, § 88. 1923, c. 144, § 87. Any trust company organized under this chapter may adopt all necessary by-laws, not inconsistent with the general laws of the state, for the management of its affairs. The clerk shall file with the bank commissioner a copy of such by-laws and all amendments thereto. All by-laws and amendments shall be submitted to the bank commissioner for his approval as to their legality, and shall not take effect until such approval is given. In case the bank commissioner shall refuse or unreasonably delay to give such approval, the directors of the company may submit such by-laws or amendments to a justice of the superior court for his approval, and, if he shall approve them as legal, they shall thereupon take effect.

See § 65.

Sec. 88. Establishment and closing of branches. R. S. c. 52, § 89. 1923, c. 144, § 88. 1927, c. 142. No trust company now or hereafter organized shall establish a branch or agency until it shall have received a warrant so to do from the bank commissioner, who shall issue such warrant only when satisfied that public convenience and advantage will be promoted by the establishment of such branch or agency, and that the unimpaired capital stock of the parent institution is sufficient to comply with the conditions of section sixty-nine, reckoning the aggregate population of its home city or town and of all cities and towns in which it is authorized by its charter to establish branches or agencies, including the one under consideration. The commissioner may require such notice on an application for a branch or agency as he deems proper. No trust company shall be permitted to establish a branch or agency except in its own or an adjoining county. If granted, the bank commissioner shall issue his warrant in duplicate, one copy to be delivered to the trust company, and the other to the secretary of state for record. The company shall within ten days after opening said branch or agency, file a certificate thereof, signed by its president and treasurer, with the bank commissioner. The right to open a branch or agency shall lapse in one year from the date of filing the commissioner's warrant with the secretary of state, unless the same shall have been opened and business actually begun in good faith. No application for permission to open such branch or agency shall be acted upon until the petitioning company shall have paid to the treasurer of state the sum of fifty dollars for the benefit of the state, to be credited and used as provided in section sixty-eight.

Any such branch or agency may be closed or discontinued by vote of the stockholders of the company, with consent of the bank commissioner, after such notice and hearing, if any, as in his judgment the public interest may require.

Sec. 89. Security for savings deposits; assets to be set apart equal to amount of deposits. R. S. c. 52, § 90. 1923, c. 144, § 89. Every trust company soliciting or receiving savings deposits which may be withdrawn only on presentation of the pass-book or other similar form of receipt which permits successive deposits or withdrawals to be entered thereon; or which at the option of the trust company may be withdrawn only at the expiration of a stated period after

notice of intention to withdraw has been given; or in any other way which might lead the public to believe that such deposits are received or invested in the same manner as deposits in savings banks; or which advertises or holds itself out as maintaining a savings department, or uses the term "savings" in connection with any part of its business, shall segregate and set apart and at all times keep on hand so segregated and set apart, assets at least equal to the aggregate amount of such deposits, and in the case of any trust company which also acts as surety upon any bonds or other obligations the amount of its assets so segregated and set apart shall be at least fifteen per cent in excess of the aggregate amount of such deposits. The bank commissioner may require all such assets as appear to him to be carried in excess of their true value to be charged down to such value.

*123 Me. 274; 124 Me. 289.

Sec. 90. Segregated assets held as security for deposits. R. S. c. 52, § 91. 1923, c. 144, § 90. Such assets so segregated and set apart shall be held in trust for the security and payment of such deposits, and shall not be mingled with the other assets of the company, or be liable for the debts or other obligations thereof until after such deposits shall have been paid in full. All other assets of the company, including the liability of the stockholders, shall be held equally and ratably for the payment of all claims, including any balance due such savings depositors after applying to their payment the assets so segregated and set apart.

*123 Me. 274, 283.

Sec. 91. Assets, how held and recorded. R. S. c. 52, § 92. 1923, c. 144, § 91. Such segregated assets shall be so held and recorded as to identify them as the assets held for the security of such deposits. All notes, certificates of stock, bonds, and other securities representing such assets shall be plainly stamped "Savings Department;" provided, however, that in lieu thereof it shall be lawful to record in the investment book a description of assets so held sufficient to identify them.

123 Me. 274, 283.

Sec. 92. Notice of withdrawal of deposits. R. S. c. 52, § 93. 1923, c. 144, § 92. Such trust company may at any time require such savings depositors to give a notice not exceeding ninety days of their intention to withdraw more than fifty dollars at any one time or in any one month.

Sec. 93. Individual responsibility of stockholders. R. S. c. 52, § 94. 1923, c. 144, § 93. The stockholders in a trust and banking company shall be individually responsible, equally and ratably, and not one for the other, for all contracts, debts, and engagements of such corporation, to a sum equal to the amount of the par value of the shares owned by each in addition to the amount invested in said shares. Whenever in liquidating the affairs of such corporation it appears that its assets are not sufficient to pay its indebtedness the receiver thereof, under proper orders of the court, shall proceed to enforce such individual liability of stockholders in any appropriate action at law or in equity, in his own name or in the name of the corporation for the benefit of the creditors. Stockholders who shall have transferred their shares or registered the transfer thereof within thirty days next before the date of the failure of such bank to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liabilities; but this provision shall not be construed to affect in any way any recovery which such stockholder might otherwise have against those in whose names shares are registered at the time of such failure.

96 Me. 447; *III Me. 206.

Sec. 94. Proceedings when capital stock becomes impaired. R. S. c. 52, § 95. 1923, c. 144, § 94. When the capital stock of a trust company shall become impaired by losses or otherwise, the bank commissioner may ascertain and determine the facts and give notice in writing to such company to make good the deficiency so appearing, within such time as he may order. The directors of such trust company, unless they shall by proper vote otherwise determine, shall forthwith levy an assessment upon the stock thereof sufficient to make good such deficiency and shall forthwith notify each stockholder of such requisition by giving him in hand or mailing to him at his last known address, postage prepaid, a written or printed notice which shall state the amount of assessment to be paid by him and the time within which it shall be paid, which time shall not be less than sixty days from the date of such notice. Such assessment shall be due and payable by each stockholder within the time specified in said notice and if any stockholder shall fail to pay the assessment specified in said notice within the time fixed therein as aforesaid, the directors of said trust company shall have the right to sell at public auction to the highest bidder the stock of each delinquent stockholder, after giving previous notice of such sale by publication thereof at least once a week for three successive weeks in some newspaper of general circulation in the county where the principal place of business of said trust company is located. A copy of such notice of sale shall also be given in hand to such delinquent stockholder or mailed to him at his last known address, postage prepaid, at least ten days before the date fixed for said sale; or such stock may be sold at private sale and without such notice; provided, however, that before making such private sale thereof, an offer in writing to purchase said stock shall first be obtained and a copy thereof served upon the owner of record of the stock sought to be sold, either personally by giving him in hand a copy of such offer or mailing the same to him at his last known address, postage prepaid, and if after service of such offer, such owner shall still refuse or neglect to pay such assessment within two weeks from the time of the service of such offer, the said directors may accept such offer and sell such stock to the person making such offer or to any other person or persons making a larger offer than the amount named in the offer submitted to the stockholder; but such stock shall in no event be sold for a smaller sum than the valuation put on it by the bank commissioner in his determination and requisition as to said assessment, nor for less than the amount of said assessment so called for and the expense of the sale. Out of the avails of the stock so sold, the directors shall pay the amount of assessment levied thereon, and the necessary costs of sale and the balance, if any, shall be paid to the person or persons whose stock has been thus sold. A sale of stock as herein provided shall effect an absolute cancellation of the outstanding certificate or certificates evidencing the stock so sold and shall make the same null and void and a new certificate shall be issued by the company to the purchaser thereof. Any stockholder aggrieved by any action of the bank commissioner or the directors of such company under the foregoing provisions may, within ten days after receiving notice thereof, apply by bill in equity or other appropriate proceedings to a justice of the supreme judicial court or of the superior court whose decision, after due hearing, shall be final in the matters complained of. In the event that the directors of any trust company upon notification by the bank commissioner as hereinafter provided shall not vote within ten days after receipt of said notification to make an assessment upon the stock under the foregoing provisions, the bank commissioner or the directors of such institution, may file a complaint in the supreme judicial court or the superior court in equity, setting

forth the fact that such capital stock is impaired and asking said court to order an assessment upon the capital stock aforesaid sufficient to meet the impairment and make the corporation solvent. After giving due notice and hearing to all parties interested, the court shall, if it finds the capital stock to be impaired as aforesaid, order an assessment to be made upon such stock. Such assessment, when made, shall be due and payable by each stockholder to the treasurer of said company on order of said court within sixty days from the time such order is made. If any stockholder or stockholders of said company shall neglect or refuse, after due notice, to pay the assessment ordered as aforesaid within the time specified, a sufficient amount of the capital stock of such stockholder or stockholders may, after due notice given, be sold under the direction of the court to pay such assessment and the costs of sale. After paying the assessment and costs aforesaid from the proceeds of such sale, the balance, if any, shall be returned to the delinquent stockholder or stockholders. If no bidder can be found, who will pay for such stock the amount of the assessment due thereon and the costs of the advertisement and sale, the amount previously paid by such stockholder or stockholders, and said stock, shall be forfeited to the company and shall be sold by said company as the directors shall order, within six months from the time of said forfeiture.

Sec. 95. General rights of creditors not impaired. R. S. c. 52, § 96. 1923, c. 144, § 95. Nothing in the two preceding sections shall be construed to take away the general rights of creditors to enforce the liability of stockholders in such corporation in any manner provided by statute, or the right to proceed against the corporation under the provisions of section eighty-five.

Sec. 96. Rights and powers under general law possessed by companies chartered by special act; certain rights and powers possessed by charter not revoked. R. S. c. 52, § 97. 1923, c. 144, § 96. Any trust company chartered by special act of the legislature shall have all the rights and powers and shall be subject to all the provisions, regulations and restrictions from time to time conferred upon trust companies, or established with reference thereto, by general law; except, however, that neither the enumeration of powers in section sixty-one nor the provisions governing the number and election of directors or members of the executive committee in section seventy-two, nor the requirements as to eligibility of directors in section seventy-four, shall be construed as revoking any rights or powers possessed by such trust company by virtue of the express provisions of its charter.

Bank Holidays.

Sec. 97. Bank holidays. R. S. c. 40, §§ 33, 35. 1923, c. 50, § 2. Any day of public thanksgiving, appointed by the governor and council or by the president of the United States, the first day of January, the twenty-second day of February, the nineteenth day of April, the thirtieth day of May, the fourth day of July, the first Monday of September, Armistice Day, November eleventh, and the twenty-fifth day of December are hereby declared to be bank holidays. If a bank holiday falls on Sunday, the following Monday shall be deemed a bank holiday for the purposes of this chapter.

13 Me. 414; 14 Me. 100, 288; 84 Me. 241.

Sec. 98. Validity of banking acts performed after twelve noon on Saturdays. 1923, c. 150, § 6. Nothing in any law of this state shall in any manner whatsoever affect the validity of, or render void or voidable, the payment, certification, or acceptance of a check or other negotiable instrument, or any other transaction by a bank in this state, because done or performed on any Satur-

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day between twelve o'clock noon and midnight, provided such payment, certification, acceptance, or other transaction would be valid if done or performed before twelve o'clock noon on such Saturday; provided further that nothing herein shall be construed to compel any bank or trust company doing business in this state, which by law or custom is entitled to close at twelve o'clock noon on any Saturday, to keep open for the transaction of business or to perform any of the acts or transactions aforesaid, on any Saturday after such hour except at its own option.

School holidays, c. 19, § 127. Days on which courts are not held, c. 91, § 77. Days on which arrests in civil actions may not be made, c. 95, § 87.

Loan and Building Associations.

Sec. 99. Organization; powers. R. S. c. 52, § 98. 1923, c. 144, § 97. Loan and building associations may be organized in the manner provided herein for the organization of savings banks; and upon the filing of any certificate of authorization of a loan and building association with the secretary of state, as so provided, the persons therein named, their associates, successors, and assigns, shall, thereupon and thereby, be constituted a body corporate and politic, and such body may adopt and use a common seal, hold, manage, and convey real and personal property, sue and be sued, prosecute, and defend suits in law or in equity, have perpetual succession each by its corporate name, and make and ordain by-laws for its government, not repugnant to the constitution and laws. The secretary shall file with the bank commissioner a copy of such by-laws and all amendments thereto. All by-laws and amendments hereafter adopted shall be submitted to the bank commissioner for his approval and shall not take effect until such approval is given. In case of refusal to give such approval the directors of the association may appeal to a justice of the superior court, whose decision shall be final.

104 Me. 408.

Sec. 100. First meeting. R. S. c. 52, § 99. 1923, c. 144, § 98. The certificate of authorization issued by the bank commissioner shall provide the method of calling the first meeting of the association.

Sec. 101. Capital stock; shares may be issued in series. R. S. c. 52, § 100. 1923, c. 144, § 99. Associations may issue shares upon either the serial or permanent plan, or both. Shares issued upon the permanent plan may be taken out at any time and shall have no maturity. Shares issued upon the serial plan shall be of the ultimate value of two hundred dollars each and shall be issued in quarterly, half yearly or yearly series, but no shares of a prior series shall be issued after the opening of a new series.

Sec. 102. Minors may hold shares. R. S. c. 52, § 101. 1923, c. 144, § 100. Minors may hold shares by trustees or guardians, and the shares of each shareholder, not exceeding two, shall be exempt from attachment and execution.

Sec. 103. Officers, elections, and meetings, determined by by-laws; tenure; secretary and treasurer may be same person. R. S. c. 52, § 102. 1923, c. 144, § 101. The number, title, duties, and compensation of the officers of the association, their terms of office, the time of their election, as well as the qualifications of electors, and time of each periodical meeting of the officers and members shall be determined by the by-laws, but no member shall be entitled to more than one vote. All officers shall continue in office until their successors are duly elected, and no association shall expire from neglect on its part to elect officers at the time prescribed by the by-laws. The office of secretary and treas-

urer may be held by one and the same person, if any association so provides by its by-laws. All officers shall be annually sworn to the faithful performance of their duties.

Sec. 104. Secretary and treasurer to give bonds; bonds to be examined annually. R. S. c. 52, § 103. 1923, c. 144, § 102. The secretary, treasurer, and other persons holding positions of trust in loan and building associations shall give bonds to the corporation for the faithful discharge of the duties of their offices in such sums as the directors decide to be necessary for the safety of the funds, and such bonds shall continue to be valid from year to year so long as they are elected and hold said offices, subject to renewal whenever ordered by the bank commissioner or directors. The directors may, in lieu of said bond, insure at the expense of the association with some fidelity or guaranty company which shall be satisfactory to the commissioner for the faithful discharge of the duties of the secretary and treasurer and such other clerks as may be employed, in such sums as they may decide to be necessary for the safety of the funds in the custody of the corporation. The commissioner shall annually examine the bonds given, as aforesaid, and inquire into and certify to the sufficiency thereof, and when he deems any such bond insufficient he shall order a new bond to be given, within a time by him specified.

Sec. 105. Meetings to be held monthly; payments on shares. R. S. c. 52, § 104. 1923, c. 144, § 103. The officers shall hold stated monthly meetings. At or before each of these meetings, every member shall pay to the association, as a contribution to its capital, one dollar, as dues upon each share held by him. Payments on shares issued on the serial plan shall cease when each share shall have reached the ultimate value of two hundred dollars and the payment of dues on each series shall commence from its issue.

104 Me. 408; 121 Me. 191.

Sec. 106. Shares may be withdrawn; shareholders' accounts, how settled; unpledged shares of any series may be retired. R. S. c. 52, § 105. 1923, c. 144, § 104. Shares may be withdrawn after one month's notice of such intention, written in a book held and provided by the association for the purpose, or in such other manner as the by-laws of the association may provide. Upon such withdrawal, the shareholders' account shall be settled as follows: from the amount then standing to the credit of the shares to be withdrawn, there shall be deducted all fines, a proportionate part of any unadjusted loss, together with such proportion of the profits previously credited to the shares as the by-laws may provide, and such shareholder shall be paid the balance; provided, that at no time shall more than one-half of the funds in the treasury be applicable to the demands of withdrawing members, without the consent of the directors. The directors may, under rules made by them, retire any unpledged shares at any time after four years from the date of their issue, by enforcing the withdrawal of the same; provided, that the shareholders whose shares are to be retired shall be determined by lot, and that they shall be paid the full value of their shares less all fines and a proportionate part of any unadjusted loss.

Sec. 107. When shares reach maturity, holders to be paid value; shares subject to lien for unpaid dues. R. S. c. 52, § 106. 1923, c. 144, § 105. 1925, c. 73. When each unpledged share of a given series reaches the value of two hundred dollars, all payment of dues thereon shall cease, and the holder thereof shall be paid out of the funds of the association, two hundred dollars therefor, with interest at the rate of not less than five nor more than six per cent a year from the time of such maturity to the time of payment; provided, that at no time shall more than one-half of the funds in the treasury be applicable to the pay-

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ment of such matured shares, without the consent of the directors, and that before paying matured shares, all arrears and fines shall be deducted. Every share shall be subject to a lien for the payment of any unpaid dues, fines, interest, premiums and other charges received thereon, which may be enforced in the manner hereinafter provided. Any association may permit the holders of matured shares issued on the serial plan to allow the same to remain after maturity, giving proper certificates therefor, but the amount due on matured shares so permitted to remain may not be demanded except upon one month's notice of such intention, if required by the association.

Sec. 108. Board of directors to invest funds and fix rates of interest; members may make loans; rate of interest; investment of balances. R. S. c. 52, § 107. 1923, c. 144, § 106. The board of directors shall see to the proper investment of the funds of the association, as provided in this section. After due allowance for all necessary and proper expenses, and for the withdrawal of shares, the moneys of the association shall be loaned to the members at a rate of monthly premium to be fixed by the directors, which shall in no case exceed forty cents a share. Any member may, upon giving security satisfactory to the directors, receive a loan of two hundred dollars for each share held by him, or such fractional part of two hundred dollars as the by-laws may allow. Any association may provide in its by-laws that instead of the interest and premium, a stated rate of annual interest of not less than five, nor more than eight per cent, may be charged upon the sum desired, payable in monthly instalments. Such rate shall include the whole interest and premium to be paid upon the loan. Any balance remaining unloaned to members may be invested in such securities as are legal for the investment of deposits in savings banks, or with the approval of the bank commissioner may be loaned in whole or in part to other loan and building associations in this state. No loan shall be made on the gross premium plan.

104 Me. 408.

Sec. 109. Premiums to be received as profits, and distributed to shareholders. R. S. c. 52, § 108. 1923, c. 144, § 107. Premiums for loans shall consist of a percentage charged on the amount lent in addition to interest, and shall be deemed to be a consideration paid by the borrower for the present use and possession of the future or ultimate value of his shares, and shall, together with interest and fines, be received by the association as a profit on the capital invested in the loan, and shall be distributed to the various shares and series of said capital as hereinafter provided.

104 Me. 408.

Sec. 110. Rate of interest to be charged. R. S. c. 52, § 109. 1923, c. 144, § 108. A borrowing member, for each share borrowed upon, shall, in addition to his dues and monthly premium, if such monthly premium be charged, pay monthly interest on his loan, except as otherwise provided in the by-laws of such association under the provisions of section one hundred eight, at the rate of not less than five, nor more than six per cent a year until the loan has been repaid.

104 Me. 408.

Sec. 111. Security for loans; condition of note and mortgage; shares alone may be pledged as security; if borrower fails to offer security, loan to be forfeited. R. S. c. 52, § 110. 1923, c. 144, § 109. For every loan made, a note secured by first mortgage of real estate shall be given, accompanied by a transfer and pledge of the shares of the borrower. The shares so pledged shall be held by the association as collateral security for the performance of the conditions

of the note and mortgage. Said note and mortgage shall recite the number of shares pledged, and the amount of money advanced thereon, and shall be conditioned for the payment, at the stated meetings of the corporation, of the monthly dues on said shares, and the interest and premiums upon the loan, together with all fines on payments in arrears, until said loan has been repaid; provided, that the shares, without other security, may, in the discretion of the directors, be pledged as security for loans, to an amount not exceeding their value as adjusted at the last adjustment and valuation of shares before the time of the loan. If the borrower neglects to offer security, satisfactory to the directors, within the time prescribed by the by-laws, his right to the loan shall be forfeited, and he shall be charged with one month's interest and one month's premium at the rate bid by him, together with all expenses, if any, incurred, and the money appropriated for such loan may be reloaned at the next or any subsequent meeting.

104 Me. 408.

Sec. 112. Borrower may repay loan at any time; settlement of accounts, how made. R. S. c. 52, § 111. 1923, c. 144, § 110. A borrower may repay a loan at any time, upon application to the association, whereupon, on settlement of his account, he shall be charged with the full amount of the original loan, together with all monthly instalments of interest, premium and fines in arrears, and shall be given credit for the withdrawing value of his shares pledged and transferred as security, and the balance shall be received by the association in full satisfaction and discharge of said loan; provided, that all settlements made at periods intervening between stated meetings of the directors shall be made as of the date of the stated meeting next succeeding such settlement; and provided, that a borrower desiring to retain his shares and membership may, at his option, repay his loan without claiming credit for his shares, whereupon said shares shall be retransferred to him and shall be free from any claim by reason of said canceled loan.

Sec. 113. Members failing to pay dues, etc., to be fined; shares in arrears more than six months to be forfeited. R. S. c. 52, § 112. 1923, c. 144, § 111. Members who make default in the payment of their monthly dues, interest and premiums, shall be charged a fine not exceeding two per cent a month on each dollar in arrears. No fines shall be charged after the expiration of six months from the first lapse in any such payment, nor upon a fine in arrears. The shares of a member who continues in arrears more than six months shall, at the option of the directors, if the member fails to pay the arrears within thirty days after notice, be declared forfeited, and the withdrawing value of the shares at the time of the first default shall be ascertained, and after deducting all fines and other legal charges, the balance remaining shall be transferred to an account to be designated the forfeited share account, to the credit of the defaulting member. Said member, if not a borrower, shall be entitled, upon thirty days' notice, to receive the balance so transferred, without interest from the time of the transfer, in the order of his turn, out of the funds appropriated to the payment of withdrawals. All shares so forfeited or transferred shall cease to participate in any profits of the association accruing after the last adjustment and valuation of shares before said default.

104 Me. 408.

Sec. 114. Forfeiture of shares of borrowing members; balance of account enforced against security. R. S. c. 52, § 113. 1923, c. 144, § 112. 1929, c. 115, § 1. If a borrowing member is in arrears for dues, interest, premiums, or fines for more than three months, the directors may declare the shares forfeited

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after one month's notice, if the arrears continue unpaid. The account of such borrowing member shall then be debited, with the arrears of interest, premiums and fines to date of forfeiture, and the shares shall be credited upon the loan at their withdrawing value. The balance of the account may, and after six months shall, be enforced against the security by any legal method, or by proceedings in equity, for sale and foreclosure, jurisdiction therefor being hereby specially given to the supreme judicial court and to the superior court, to be exercised upon bill or petition in a summary manner. The shares, the value whereof has been so applied in payment, shall revert to the corporation, and be held by it free from all interest, claim, or demand on the part of the borrower, or any person claiming from or under him.

Sec. 115. Unpledged shares of deceased shareholders; distribution. R. S. c. 52, § 114. 1923, c. 144, § 113. Upon the death of a shareholder, his legal representatives shall be entitled to receive the amount of his unpledged shares, to be ascertained as provided in section one hundred six for withdrawal of shares. No fines shall be charged, or profits credited to a deceased member's account from and after his decease, unless his legal representatives assume the future payments on such shares, which they may assume under the same rights and liabilities as those of the deceased. Moneys received for the shares of a deceased shareholder, or the shares themselves, as the case may be, shall descend to the same persons and be distributed in the same manner as money received from a policy of life insurance on the life of a deceased person.

See c. 89, § 21.

Sec. 116. Accounts, how kept, and business, how transacted. R. S. c. 52, § 115. 1923, c. 144, § 114. The general accounts of every such association shall be kept by double entry. The secretary shall at least once each month make and declare a trial balance, which shall be recorded in a book provided for that purpose, and it shall at all times be open to the inspection of the directors and shareholders of the association. All moneys received from the members shall be receipted for by persons designated by the directors in a pass-book provided by the association for the use of and to be held by the member, and said pass-book shall be plainly marked with the name and residence of the holder thereof, the number of shares held by him and the number or designation of the series or issue to which said shares respectively belong and the date of the issue of such series, if issued upon the serial plan. All moneys so received shall be originally entered by the proper officer in a book to be called the cash-book, and the entries therein shall be so made as to show the name of the payer, the number of the shares, the number or designation of the series, or issues of the particular share, or shares so entered, together with the amount of dues, interest, premiums, and fines paid thereon, as the case may be. Each payment shall be classified and entered in a column devoted to its kind. Said cash-book shall be closed on the last day of the month in which each stated meeting is held, and shall be an exhibit of the receipt of all moneys paid by shareholders during said month. All payments made by the association for any purpose whatsoever, shall be by orders, checks, or drafts to be signed by such officer or officers as the board of directors of each association may designate, and endorsed by the persons in whose favor the same are drawn. The name of the payee, the amount paid, and the purpose, object, or thing for which the payment is made, together with its date, shall be entered on the margin of said order, check, or draft. The treasurer shall dispose of and secure the safe-keeping of all moneys, securities, and property of the corporation, in the manner designated by its by-laws.

Sec. 117. Profits and losses, when and how distributed; guaranty fund. R. S. c. 52, § 116. 1923, c. 144, § 115. The profits and losses may be distributed

annually, semi-annually, or quarterly, to the shares then existing, but shall be distributed at least once in each year. Profits and losses shall be distributed to the various shares existing at the time of such distribution, in proportion to their value at that time, and shall be computed upon the basis of a single share, fully paid to the date of distribution. No dividend shall be made at a rate per cent which will make the aggregate amount of said dividend greater than the actual earnings of the association, actually collected; provided, however, that a temporary deficiency in actual collections may be supplemented by taking from the guaranty fund, with the written consent of the bank commissioner, an amount sufficient to maintain the customary dividend rate. At each periodical distribution of profits, the directors shall reserve as a guaranty fund a sum not less than three per cent, nor more than ten per cent of the net profits accruing since the last adjustment, until such fund amounts to five per cent of the dues capital, which fund shall thereafter be maintained and held, and said fund shall be at all times available to meet losses in the business of the association from depreciation in its securities or otherwise.

Sec. 118. May purchase real estate upon which it has a lien; sale within five years. R. S. c. 52, § 117. 1923, c. 144, § 116. Any association may purchase, at any sale, public or private, any real estate upon which it may have a mortgage, judgment, lien, or other encumbrance, or in which it may have an interest, and may sell, convey, lease, or mortgage at pleasure, the real estate so purchased, to any person or persons whatsoever. All real estate in whatever manner acquired shall be sold within five years from the acquisition of title thereto; but the bank commissioner, upon application of any association, may extend said time in which said real estate may be sold.

Sec. 119. Directors to insure all real estate. R. S. c. 52, § 118. 1923, c. 144, § 117. The directors shall cause all real estate of an insurable character held by such association, absolutely or in mortgage, to be fully insured against loss by fire or lightning and the expense of such insurance in case of mortgage shall be added to the amount of the mortgage debt, to be refunded in case of payment or redemption.

Sec. 120. Examinations by bank commissioner. R. S. c. 52, § 119. 1923, c. 144, § 118. The bank commissioner shall perform, in reference to all loan and building associations, the same duties, and shall have the same powers as are required of him or given to him in reference to savings banks; and shall, annually, make a report to the governor and council of the general conduct and condition of each of the associations visited by him, making such suggestions as he deems expedient or the public interest requires. The officers of such associations shall answer truly all inquiries made, and shall make all returns required by the bank commissioner. The bank commissioner, at least once in every three years, shall cause the pass-books of shareholders in loan and building associations to be verified by such methods and under such rules as he may prescribe.

93 Me. 305.

Sec. 121. Business of loan and building associations restricted. R. S. c. 52, § 120. 1923, c. 144, § 119. Except as hereinafter provided, no person, association, or corporation shall carry on the business of accumulating and loaning or investing the savings of its members or of other persons in the manner of loan and building associations, or carry on any business similar thereto within this state, unless incorporated under the laws thereof for such purpose.

118 Me. 260; 121 Me. 188.

Sec. 122. Foreign associations authorized to do business in this state; deposit of securities in trust for benefit of creditors; duty of bank commissioner to make

examinations. R. S. c. 52, § 121. 1923, c. 144, § 120. The bank commissioner may authorize any such association or corporation duly established under the laws of another state to carry on such business in this state, but said association or corporation shall not transact such business in this state unless it shall first deposit with the treasurer of state, the sum of twenty-five thousand dollars and thereafter a sum equal to fifteen per cent of the deposits made in such association or corporation by citizens of the state, the amount of percentage of deposits so required to be determined from time to time by the bank commissioner; or in lieu thereof the whole or any part of said sum may consist of any of the securities in which savings banks may invest, as regulated in section twenty-seven at their par value, and the said deposit shall be held in trust by said treasurer for the protection and indemnity of the residents of the state with whom such associations or corporations respectively have done or may transact business. Said moneys or property shall be paid out or disposed of only on the order of some court of competent jurisdiction, made on due notice to the attorney-general of the state, and upon such notice to the creditors and shareholders of such association or corporation as the court shall prescribe. For the purpose of ascertaining the business and financial condition of any such association or corporation doing or desiring to do such business, the bank commissioner may make examinations of such associations or corporations, at such times and at such places as he may desire, the expense of such examinations being paid by the association or corporation examined, and may also require returns to be made in such form and at such times as he may elect. Whenever, upon examination or otherwise, it is the opinion of the bank commissioner that any such association or corporation is transacting business in such manner as to be hazardous to the public, or its condition is such as to render further proceedings by it hazardous to the public, said bank commissioner shall revoke or suspend the authority given to said association or corporation; but this section shall not prevent such association, corporation, or institution incorporated under the laws of another state, from loaning money upon mortgages of real estate located within the state.

121 Me. 192.

Sec. 123. Penalty for violation. R. S. c. 52, § 122. 1923, c. 144, § 121. Whoever violates any provision of the two preceding sections, shall be punished by a fine of not more than one thousand dollars; and any provision thereof may on petition, be enforced by injunction issued by a justice of the supreme judicial court or of the superior court.

121 Me. 188.

Sec. 124. Duplicate pass-book of loan and building associations may be issued upon proof of loss of original. 1923, c. 144, § 122. 1929, c. 115, § 2. When the owner of shares in any loan and building association, evidenced by both pass-book and certificate, or either of them, or the executor, administrator, or guardian of said owner, in writing notifies the secretary of said loan and building association issuing the same, that such pass-book or certificate of shares is lost and that he desires to have a duplicate pass-book or certificate of shares issued to him, said secretary shall give public notice of such application by publishing at the expense of such applicant an advertisement once a week for three weeks successively in some newspaper published in the town in which said loan and building association is located, if any, otherwise in one published in the county, if any, if not, then in the state newspaper. If such missing pass-book or certificate of shares is not presented to said secretary within thirty days after the first advertisement, then he shall issue a duplicate

pass-book or certificate of shares to the person thus requesting the same and such delivery of the duplicate relieves said association from all liability on account of the original pass-book or certificates of shares, so advertised.

Better Protection of Banks in Particular Transactions.

Sec. 125. Liability of banks for forged or raised checks, fixed. R. S. c. 40, § 40. No bank shall be liable to a depositor for the payment by it of a forged or raised check unless within one year after the return to the depositor of the voucher of such payment, such depositor shall notify the bank that the check so paid is forged or raised.

Penalty for fraudulent issue of check without funds to pay it, c. 138, § 13.

Sec. 126. Limitation of actions to recover money paid on forged signatures. 1917, c. 91. No action at law or in equity, to recover money by any depositor, shall be maintained against any savings bank, institution for savings, or trust company, if the depositor denies the signature on any order drawn on any savings bank, institution for savings, or savings deposit or certificates of deposit in any trust company, or on any receipt for payment by such savings bank, institution for savings, or trust company, unless such action is begun, and service made thereon, within three years from the date of such payment.

Sec. 127. Time limit on stop payment of checks. 1923, c. 150, § 1. No revocation, countermand, or stop-payment order relating to the payment of any check or draft against an account of a depositor in any bank or trust company doing business in this state shall remain in effect for more than ninety days after the service thereof on the bank, unless the same be renewed, which renewals shall be in writing and which renewals shall be in effect for not more than ninety days from the date of service thereof on the bank or trust company, but such renewals may be made from time to time.

Sec. 128. Checks presented more than one year after date may be refused payment. 1923, c. 150, § 2. Where a check or other instrument payable on demand at any bank or trust company doing business in this state is presented for payment more than one year from its date, such bank or trust company may, unless expressly instructed by the drawer or maker to pay the same, refuse payment thereof and no liability shall thereby be incurred to the drawer or maker for dishonoring the instrument by non-payment.

Sec. 129. Banks not liable for non-payment of checks through mistake or error, unless actual damage is shown. 1923, c. 150, § 3. No bank or trust company doing business in this state shall be liable to a depositor because of the non-payment through mistake or error and without malice of a check which should have been paid unless the depositor shall allege and prove actual damage by reason of such non-payment and in such event the liability shall not exceed the amount of damage so proved.

Sec. 130. Forwarding checks direct. 1923, c. 150, § 4. Any bank, banker, or trust company, hereinafter called bank, organized under the laws of, or doing business in, this state, receiving for collection or deposit, any check, note or other negotiable instrument drawn upon or payable at any other bank, located in another city or town whether within or without this state, may forward such instrument for collection directly to the bank on which it is drawn or at which it is made payable, and such method of forwarding direct to the payor shall be deemed due diligence, and the failure of such payor bank, because of its insolvency or other default, to account for the proceeds thereof, shall not render the

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forwarding bank liable therefor, provided, however, such forwarding bank shall have used due diligence in other respects in connection with the collection of such instrument.

Sec. 131. Adverse claim to bank deposit. 1923, c. 150, § 5. Notice to any bank or trust company doing business in this state of an adverse claim to a deposit standing on its books to the credit of any person shall not be effectual to cause said bank to recognize said adverse claimant unless said adverse claimant shall also either procure a restraining order, injunction, or other appropriate process against said bank from a court of competent jurisdiction in a cause therein instituted by him wherein the person to whose credit the deposit stands is made a party and served with summons, or shall execute to said bank, in form and with sureties acceptable to it a bond, indemnifying said bank from any and all liability, loss, damage, costs, and expenses for and on account of the payment of such adverse claim or the dishonor of the check or other order of the person to whose credit the deposit stands on the books of said bank; provided, that this law shall not apply in any instance where the person to whose credit the deposit stands is a fiduciary for such adverse claimant, and the facts constituting such relationship, as also the facts showing reasonable cause of belief on the part of said claimant that the said fiduciary is about to misappropriate said deposit, are made to appear by the affidavit of such claimant.

Sec. 132. Unlawful copying of bank records; penalty. 1917, c. 111. Any officer or employee of any savings bank, institution for savings, trust company, loan company, or loan and building association, copying any of the books, papers, records, or documents belonging to or in the custody of any of the before named institutions, either for his own use or for the use of any other person other than in the ordinary and regular course of his duties as such officer or employee, shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than eleven months, or by both such fine and imprisonment.

Industrial or Morris Plan Banks.

Sec. 133. Industrial banks, defined. 1917, c. 19, § 1. The term "industrial bank" means any corporation organized under and subject to the provisions of sections one hundred thirty-three to one hundred forty-one.

Sec. 134. Organization. 1917, c. 19, § 2. 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 one hundred thirty-three to one hundred forty-one.

Sec. 135. Government. 1917, c. 19, § 3. Except as herein otherwise provided, such corporations shall be governed and conducted in the manner provided by law for corporations generally in so far as not inconsistent with the provisions of sections one hundred thirty-three to one hundred forty-one.

Sec. 136. Capital stock and shares. 1917, c. 19, § 4. The capital stock of an industrial bank shall not be less than twenty-five thousand dollars in any town or city having a population of less than fifty thousand inhabitants, and shall not be less than fifty thousand dollars in any town or city having fifty thousand or more inhabitants and less than one hundred and fifty thousand inhabitants, and shall not be less than one hundred thousand dollars in any town or city having one hundred and fifty thousand 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 one hundred dollars each, at least twenty-five

per cent of which shall be paid into the treasury of the corporation in cash 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 of said corporation. The balance of the capital stock shall be paid to the corporation in cash at the rate of not less than ten per cent per month following the initial payment. No corporation organized under sections one hundred thirty-three to one hundred forty-one both inclusive shall create more than one class of stock.

Sec. 137. May use word "bank" as part of corporate title. 1917, c. 19, § 5. Every corporation incorporated under sections one hundred thirty-three to one hundred forty-one shall be known as an industrial bank, and may use the word "bank" as a part of its corporate title.

Sec. 138. Powers. 1917, c. 19, § 6. 1925, c. 75. In addition to the powers conferred upon corporations by the general corporation law, every industrial bank shall have the following powers:

I. To lend money and discount notes, and to deduct interest thereon in advance at a rate no greater than eight per cent per annum; and in addition to receive uniform weekly or monthly instalments on its certificates of indebtedness or deposit purchased by the borrower simultaneously with a loan transaction, or otherwise, and pledged with the corporation as security for the said loan, with or without an allowance of interest on such instalments.

II. To sell or negotiate bonds, notes, certificates of investment, and choses in action for the payment of money at any time, either fixed or uncertain, and to receive payments in instalments or otherwise, with or without an allowance of interest upon such instalments.

III. To charge for a loan made pursuant to this section one dollar for each fifty dollars or fraction thereof loaned, for expenses, including any examination or investigation of the character and circumstances of the borrower, co-maker, or surety and the drawing and taking acknowledgment of necessary papers or other expenses incurred in making the loan. No charge shall be collected unless a loan shall have been made as a result of such examination or investigation, and no such charge shall exceed five dollars.

IV. To establish branch offices or agencies in the manner and subject to the conditions prescribed for the establishment of branches or agencies in the case of trust companies.

Sec. 139. Prohibitions. 1917, c. 19, § 7. 1919, c. 145. No industrial bank shall:

I. Hold at any one time the direct obligation or obligations of any one person, firm, or corporation for more than four per cent of the amount of capital and surplus of such industrial bank.

II. Make any loan for a longer period than one year from the date thereof.

III. Deposit any of its funds with any other moneyed corporation unless such corporation has been designated as such depository by a vote of a majority of the directors or of the executive committee, exclusive of any director who is an officer, director, or trustee of the depository so designated.

Sec. 140. Bank commissioner to make examination and issue certificate. 1917, c. 19, § 8. Upon receipt by the bank commissioner of the certificate showing that twenty-five per cent of the capital stock has been paid into the treasury of the corporation in cash as herein provided, said commissioner shall

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cause an examination to be made, and if after such examination it appears that the required amount of capital stock has been paid in in cash, 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. It shall be unlawful for any such corporation to begin the transaction of business until such a certificate has been granted.

Sec. 141. Under supervision and control of bank commissioner. 1917, c. 19, § 9. Every corporation organized under the provisions of section one hundred thirty-four shall be subject to the examination, supervision, and control of the bank commissioner and shall report to him in the manner provided for savings banks and savings institutions, and the provisions of sections forty-five to fifty-five, inclusive, shall apply to industrial banks.

Interest.

Sec. 142. Legal rate of interest. R. S. c. 40, § 41. In the absence of an agreement in writing, the legal rate of interest is six per cent a year.

*66 Me. 219, 283; *68 Me. 526; 73 Me. 471; 122 Me. 434.

Licensed Small Loan Agencies.

Sec. 143. Loans; persons, etc., charging more than twelve per cent annually, must procure license; license fee; bond, provisions, etc. 1917, c. 298, § 1. 1929, c. 324. No person, copartnership, or corporation shall engage in the business of making any loan of money, credit, goods, or choses in action in the amount or to the value of three hundred dollars, or less, whether secured or unsecured, and charge, contract for, or receive a greater rate of interest than twelve per cent per annum therefor, without first obtaining a license from the bank commissioner. Application for such license shall be in writing and shall contain the full name and address, both of the residence and place of business, of the applicant, and if the applicant is a copartnership, of every member thereof, or if a corporation, of every officer thereof; also the county and municipality, with street and number, if any, where the business is to be conducted. Every such applicant, at the time of making such application, shall pay to the bank commissioner an annual license fee as follows: if no loans have been made or if the average amount of the loans outstanding during the preceding year ending November thirty, has not exceeded twenty thousand dollars, a fee of fifty dollars, and for every additional fifty thousand dollars, or fraction thereof, an additional fee of fifty dollars. The applicant shall also, at the same time, file with the bank commissioner a bond in which the applicant shall be the obligor, in the sum of one thousand dollars with one or more sureties to be approved by said bank commissioner; which bond shall run to the bank commissioner for the use of the state and of any person or persons who may have a cause of action against the obligor of said bond under the provisions of sections one hundred forty-three to one hundred sixty-one inclusive, and shall be conditioned that said obligor will conform to and abide by each and every provision of said sections, and will pay to the state and to any such person or persons, any and all moneys that may become due or owing to the state and to such person or persons from said obligor, under and by virtue of the provisions of sections one hundred forty-three to one hundred sixty-one. If in the opinion of the bank commissioner the bond shall at any time appear to be insecure or exhausted, or otherwise doubtful, an additional bond in the sum of not more

than one thousand dollars satisfactory to the bank commissioner shall be filed, and upon failure of the obligor to file such additional bond, the license shall be revoked by the bank commissioner.

Sec. 144. License to be issued by bank commissioner; expirations; rebate if for less than six months. 1917, c. 298, § 2. 1929, c. 208. Upon the filing of such application and the approval of said bond and the payment of said fee, the bank commissioner may issue a license to the applicant to make loans in accordance with the provisions of sections one hundred forty-three to one hundred sixty-one for a period which shall expire the first day of January next following the date of its issuance; provided, that if the license is issued for a period of less than six months the license fee shall be twenty-five dollars. Such license shall not be assignable, and shall be kept conspicuously posted in the place of business of the licensee.

Sec. 145. Revocation of license. 1917, c. 298, § 3. The bank commissioner may, in his discretion, upon notice to the licensee and opportunity to be heard, revoke such license if satisfied that the licensee has violated any provision of law. The issuance of another license after a revocation shall be at the discretion of the bank commissioner. In case the licensee shall be convicted a second time of a violation of law, the bank commissioner shall revoke such license; provided, that the second offense shall have occurred after a prior conviction.

Sec. 146. Transaction of business under other name or at other place than stated in license prohibited; removal of licensee. 1917, c. 298, § 4. No person, copartnership, or corporation so licensed shall make any loan or transact any business provided for by sections one hundred forty-three to one hundred sixty-one, under any other name or at any other place of business than that named in the license. Not more than one office or place of business shall be maintained under the same license, but the bank commissioner may issue more than one license to the same person upon the payment of an additional license fee and the filing of an additional bond for each license. In case of the removal of a licensee, he shall at once give written notice thereof to the bank commissioner, who shall attach to the license his consent in writing to the removal.

Sec. 147. Investigations by bank commissioner. 1917, c. 298, § 5. The bank commissioner for the purpose of discovering violations of any of the provisions of sections one hundred forty-three to one hundred sixty-one, inclusive, may either personally, or by any person designated by him, at any time and as often as he may desire, investigate the loans and business of every licensee and of every person, copartnership, and corporation by whom or by which any such loan shall be made, whether such person, copartnership or corporation shall act, or claim to act, as principal, agent, or broker, or under, or without the authority of sections one hundred forty-three to one hundred sixty-one; and for that purpose he shall have free access to the books, papers, records and vaults of all such persons, copartnerships and corporations; he shall also have authority to examine, under oath, all persons whomsoever whose testimony he may require, relative to such loans or business.

Sec. 148. Bank commissioner to prescribe manner of keeping records; records to be preserved. 1917, c. 298, § 6. 1923, c. 144, § 140. The licensee shall keep such books and records as in the opinion of the bank commissioner will enable the commissioner to determine whether the provisions of sections one hundred forty-three to one hundred sixty-one are being observed, and shall report to the bank commissioner monthly all outstanding loans, the principal of which shall exceed ten dollars. Every such licensee shall preserve the records of final entry

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used in such business, including cards used in the card system, if any, for a period of at least two years after the making of any loan recorded therein.

Sec. 149. False statements as to rates, etc., distributed by licensee, prohibited. 1917, c. 298, § 7. 1929, c. 195. In the soliciting of loans in any manner, or advertising the business in any manner, every licensee shall state the rate of interest charged and no licensee or other person or corporation shall print, publish, or distribute or cause to be printed, published, or distributed in any manner whatsoever, any written or printed statement with regard to the rates, terms, or conditions for the lending of money, credit, goods, or choses in action, in amounts of three hundred dollars or less, which is false or calculated to deceive.

Sec. 150. Amount of loan and rate of interest limited. 1917, c. 298, § 8. 1923, c. 144, § 141. 1929, c. 319. Every person, copartnership, and corporation licensed hereunder may loan any sum of money, goods, or choses in action not exceeding in amount or value the sum of three hundred dollars, and may charge, contract for, and receive thereon interest at a rate not to exceed three per cent per month, provided, however, that a minimum charge of not exceeding twenty-five cents shall be allowable in all cases. No person shall owe any licensee at any time more than three hundred dollars for principal.

Sec. 151. Interest; how computed and paid; additional charges except lawful fees prohibited. 1917, c. 298, § 9. Interest shall not be payable in advance or compounded, and shall be computed on unpaid balances. In addition to the interest herein provided for, no further or other charge or amount whatsoever for any examination, service, brokerage, commission, or other thing, or otherwise, shall be directly or indirectly charged, contracted for, or received, except lawful fees, if any, actually and necessarily paid out by the licensee to any public officer for filing or recording in any public office any instrument securing the loan, which fees may be collected when the loan is made, or at any time thereafter. If interest or charges in excess of those permitted by sections one hundred fifty and one hundred fifty-one shall be charged, contracted for, or received, the contract of loan shall be void, and the licensee shall have no right to collect or receive any principal, interest, or charges whatsoever.

Sec. 152. Duties imposed upon licensee. 1917, c. 298, § 10. Every licensee shall:

I. Deliver to the borrower, at the time a loan is made, a statement in the English language showing in clear and distinct terms the amount and date of the loan and of its maturity, the nature of the security, if any, for the loan, the name and address of the borrower and of the licensee, and the rate of interest charged. Upon such statement there shall be printed in English a copy of sections one hundred fifty and one hundred fifty-one;

II. Give to the borrower a plain and complete receipt for all payments made on account of any such loan at the time such payments are made;

III. Upon repayment of the loan in full, mark indelibly every paper signed by the borrower with the word "paid" or "canceled," and discharge any mortgage, restore any pledge, return any note, and cancel any assignment given by the borrower as security.

Sec. 153. Restrictions imposed upon licensee. 1917, c. 298, § 11. No licensee shall take any confession of judgment or any power of attorney. Nor shall he take any note, promise to pay, or security that does not state the actual amount of the loan, the time for which it is made, and the rate of interest charged, nor any instrument in which blanks are left to be filled after execution.

Sec. 154. Assignment of wages; provisions relating to. 1917, c. 298, § 12. No assignment of any salary or wages, earned or to be earned, given to secure a loan, shall be valid unless in writing signed in person by the borrower; nor, if the borrower is married, unless it shall be signed in person by both husband and wife; nor shall such assignment be valid unless given to secure a debt contracted simultaneously with its execution. All such assignments shall be subject to the provisions of section nine of chapter one hundred twenty-three.

Sec. 155. Interest greater than twelve per cent annually except as herein provided, prohibited; attempted evasion by pretended purchase. 1917, c. 298, § 13. No person, copartnership, or corporation except as authorized by sections one hundred forty-three to one hundred sixty-one shall, directly or indirectly, charge, contract for, or receive any interest or consideration greater than twelve per cent per annum upon the loan, use, or forbearance of money, goods, or choses in action, or upon the loan, use, or sale of credit, of the amount or value of three hundred dollars or less. The foregoing prohibition shall apply to any person who, as security for any such loan, use, or forbearance of money, goods, or choses in action, or for any such loan, use, or sale of credit, makes a pretended purchase of property from any person and permits the owner or pledgor to retain the possession thereof, or who, by any device or pretense of charging for his services, or otherwise, seeks to obtain a greater compensation than is authorized by sections one hundred forty-three to one hundred sixty-one.

Sec. 156. Penalty. 1917, c. 298, § 14. Whoever either individually or as the officer or employee of any corporation or association, violates any of the provisions of sections one hundred forty-three to one hundred sixty-one inclusive shall be punished by a fine of not more than five hundred dollars or by imprisonment for not more than six months or by both such fine and imprisonment.

Sec. 157. Loans made in this state in violation of sections one hundred forty-three to one hundred sixty-one inclusive not valid; wherever made, not enforceable in this state; penalty. 1917, c. 298, § 15. No loan of the character defined or limited in sections one hundred forty-three to one hundred sixty-one inclusive, made in this state shall be valid; and no such loan wherever made shall be enforceable in this state. Any person in any wise participating in the making of such loans in this state shall be subject to the provisions of the aforesaid sections.

Sec. 158. Exceptions. 1917, c. 298, § 16. Sections one hundred forty-three to one hundred sixty-one inclusive shall not apply to any person, copartnership, or corporation doing business under any law of this state or of the United States relating to banks, industrial banks, trust companies, or loan and building associations.

Sec. 159. Examiner to be appointed to enforce law; compensation. 1917, c. 298, § 17. 1919, c. 163. For the enforcement of the provisions of sections one hundred forty-three to one hundred sixty-one, inclusive, the bank commissioner is authorized to appoint an examiner, the amount of his compensation to be subject to the approval of the governor and council, who shall also receive his necessary traveling expenses. The salary and traveling expenses, before mentioned, and all expenses of administration and enforcement of said sections shall be paid out of the appropriation for that purpose and the fees received from licenses issued under the provisions of said sections.

Sec. 160. Effect of invalidity. 1917, c. 298, § 18. The invalidity of any portion of sections one hundred forty-three to one hundred sixty-one, inclu-

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sive, shall not affect the validity of any other portions thereof which may be given effect without such invalid portion.

Sec. 161. Acting as agent to evade usury laws in another state prohibited; loans in violation of this section voidable. R. S. c. 40, § 47. No person, corporation or partnership shall engage within this state in the business of acting as the agent or attorney of non-resident borrowers of money in sums of three hundred dollars or less, with intent to evade the usury laws in force in the foreign state or territory in which the actual borrower has his residence when such loan, or any contract in connection therewith, is made. All such loans made, or contracted for, by such agent or attorney for a foreign principal, in violation of this section, shall be voidable at the option of the debtor, such option to be exercised by him in any foreign jurisdiction where any contract or promise made by him in connection with the making or procuring of such loan is attempted to be enforced.

Registration of Dealers in Securities.

Sec. 162. Dealers in securities to be registered; salesmen to be registered. R. S. c. 40, § 1. 1923, c. 144, § 123. No dealer in securities shall in this state, by direct solicitation or through agents or salesmen, or by letter, circular or advertising, sell, offer for sale, or invite offers for or inquiries about, securities unless registered as a dealer under the provisions of the following sections. No salesman or agent shall in this state, in behalf of any dealer, sell, offer for sale, or invite offers for or inquiries about, securities unless registered as a salesman or agent of such dealer, under the provisions of the following sections.

Sec. 163. Application for registration; non-resident dealers to file power of attorney; notice and proceedings on application; issue of certificate and changes therein. R. S. c. 40, § 2. 1919, c. 161, § 1. 1923, c. 144, § 124. 1929, c. 297, § 1. Any dealer desiring registration shall file written application therefor with the bank commissioner, which shall be in such form as may be prescribed by the said commissioner, and shall state the principal place of business, the name or style of doing business, and the address of the dealer, the names, residences, and business addresses of all persons interested in the business as principals, officers, directors, or managing agents, specifying as to each his capacity and title, and the length of time during which the dealer has been engaged in the business. Each application shall be accompanied by certificates or other evidence of the dealer's good repute, and, if required by the said commissioner, a copy of the securities to be sold, a statement in detail of the assets and liabilities of the issuer of such securities, a statement in such form as the commissioner may prescribe of the general affairs of the dealer and issuer, copies of any mortgage or instrument creating a lien by which such securities are secured, a full statement of the earnings and expenses of each issuer for three years prior to the filing of the application, a copy of any contract to underwrite the securities to be offered for sale, the names and addresses of all persons holding ten per cent or more of the capital stock of the issuer, a statement in detail of the plan on which the business of the dealer is to be conducted, and such other information as the commissioner may deem necessary in considering the application.

Every non-resident shall file a power of attorney, irrevocable, properly authorized, and with satisfactory certificates or other evidence of the authorization, appointing the commissioner agent for the service of legal process upon the dealer in any actions in the courts of this state, based upon or arising in connec-

tion with any sale of, attempt to sell, or advertising of, securities in this state, or any violation of sections one hundred sixty-two to one hundred seventy-four, both inclusive.

Upon the filing of the application, the commissioner shall forthwith give notice of the fact and date of such application, and of the name, principal place of business, and address of the dealer, by advertisement inserted once in the state paper, and once in a newspaper of general circulation where the dealer's place of business is located, if it is elsewhere in this state than in the city of Augusta. The registration certificates shall not be issued before the expiration of two weeks from the last publication. Any person may, within such period of two weeks, file objection to the proposed registration.

If the commissioner is satisfied that the dealer is of good repute, and that the proposed plan of business of the dealer is not unfair, unjust, or inequitable, and that the dealer intends to honestly and fairly conduct his business, with disclosure of pertinent facts sufficient to enable intending purchasers to form a judgment of the nature and value of the securities, and without intent to deceive or defraud, and that the securities that he proposes to issue or sell are not such as in his opinion will work a fraud upon the purchasers thereof, he shall register the dealer unless objection to such registration shall be filed with the commissioner within the period of two weeks succeeding the publication of the dealer's application.

If the commissioner is not so satisfied, or if, within the period of two weeks succeeding the publication aforesaid, objection shall be made to the proposed registration, the commissioner shall give notice of either fact to the dealer, and upon request from the dealer shall fix a time and place for hearing, and at such hearing opportunity shall be given to said dealer, and to any other persons interested or objecting, to offer further evidence relating to the dealer's application. If satisfied, as aforesaid, as a result of such hearing, the commissioner shall thereupon register the dealer. Registration may be granted upon such reasonable conditions as may be imposed by the commissioner.

Upon registration of any dealer, a registration certificate shall be issued stating the name, principal place of business, and address of the dealer, the names, residences, and business addresses of all persons interested in the business as principals, officers, directors, or managing agents, and the fact that the dealer has been registered for the current calendar year as a dealer in securities. The certificate shall in other respects be in such form as the commissioner may determine, but shall state in bold type that the commissioner does not recommend, and assumes no responsibility for, securities offered by the dealer. Changes in the certificate, necessitated by changes in the personnel of a partnership or in the principals, officers, directors, or managing agents of any dealer, may be made at any time upon written application to the commissioner, accompanied by statement of the facts necessitating the change. Upon the issue of the amended certificates, the original certificate and the certified copies thereof outstanding shall be promptly surrendered to the commissioner.

Public utilities whose securities have been authorized by the Maine public utilities commission shall be registered as dealers in such securities upon written application and payment of the fee prescribed in section one hundred seventy-six without filing any data or information other than an affidavit showing the approval of such securities by the Maine public utilities commission. Said registration shall cover any further issue of securities of said public utilities authorized by the Maine public utilities commission during the period that said registration or renewal thereof is in force.

Sec. 164. Registration of agents or salesmen. R. S. c. 40, § 13. 1923, c. 144, § 125. Upon written application by a registered dealer, the bank commissioner may register, as agents or salesmen of such dealer, such persons as the dealer may request. The application shall be in such form as the said commissioner may prescribe, and shall state the residences and addresses of the persons whose registration is requested. The said commissioner shall issue to each person so registered a registration certificate, stating his name, residence and address, the name, principal place of business, and the address of the dealer, and the fact that he is registered for the current calendar year as agent or salesman, as the case may be, of the dealer. The certificate shall in other respects be in such form as the bank commissioner shall determine, but shall state in bold type that the said commissioner does not recommend, or assume any responsibility for, securities offered by the dealer, or the dealer's agents or salesmen. Upon application by the dealer, the registration of any agent or salesman shall be canceled.

Sec. 165. Definition of terms "dealer" and "securities." R. S. c. 40, § 14. 1923, c. 144, § 126. 1929, c. 297, §§ 2, 3. Under sections one hundred sixty-two to one hundred seventy-four both inclusive, the term "dealer" shall mean any individual, partnership, association, or corporation engaging in the business of selling or offering for sale securities, except to, or through the medium of, or as agent or salesman of, a registered dealer. But sales made by, or in behalf of, a vendor in the ordinary course of bona fide personal investment, or change of investment, shall not constitute such vendor, or the agent of such vendor, if not otherwise engaged either permanently or temporarily in selling securities, a dealer in securities. Nor shall the offer of or sale of its own securities by an association or a corporation to its own members or stockholders constitute such association or corporation a dealer in securities.

The term "securities" shall include all stocks, bonds, debentures, or certificates of participation, and all other forms of securities, except that it shall not be held to include commercial paper or other evidence of debt running not more than nine months, or notes secured by mortgage of real estate in this state, or the shares of loan and building associations organized under the laws of this state.

Persons regularly employed by public utilities whose securities are authorized by the public utilities commission, and by corporations whose securities are legal for purchase by savings banks under the statutes of any New England state, shall not be deemed security dealers, agents or salesmen if the occasional sale by such employee of securities issued by the employer utility or corporation, or issued by a corporation operating in Maine and owning or controlling such employer utility or corporation, is only incident to, and not a part of the usual duties of such employment.

Sec. 166. Registrations to expire at close of calendar year; renewals. R. S. c. 40, § 15. 1923, c. 144, § 127. All registrations shall expire at the close of the calendar year, but new registrations for the succeeding year may be issued as of course, upon written application of the dealer, and payment of the fee hereinafter provided, without the filing of further statements or furnishing any further information, unless specifically requested by the commissioner; provided, that applications for renewal of registration shall be made on or before the first day of March in each year, and if not so made, applications thereafter received shall be treated as, and be subject to the same fees provided for, original registrations.

Sec. 167. List of dealers to be published. R. S. c. 40, § 16. 1923, c. 144, § 128. The bank commissioner shall, at least twice during each year, publish in

the state paper a list of the then registered dealers, and of their registered agents or salesmen, and shall also at any time, on request by mail or otherwise, inform any inquirer as to whether or not any individual, partnership, corporation, or association is registered either as dealer, agent, or salesman.

Sec. 168. Certificate to be shown to prospective purchasers. R. S. c. 40, § 17. 1923, c. 144, § 129. Any dealer may, and any person named in a registration certificate as above provided may, in behalf of any dealer, sell, offer for sale, or invite offers for or inquiries about securities in this state, but shall at all times when so engaged carry with him the registration certificate, or a copy thereof, certified by the commissioner, which shall at any time be shown to any prospective customer upon request. No dealer, agent, or salesman shall advertise publicly the fact of his registration or use such fact or the registration certificate, in connection with any sale or effort to sell securities, except by statement of the fact or by exhibiting the certificate or a certified copy thereof.

Sec. 169. Commissioner may require dealer to file list of securities, and statements of assets and earnings. R. S. c. 40, § 18. 1923, c. 144, § 130. The bank commissioner may at any time require a dealer to file with him a list of the securities which he has offered for sale or advertised within the preceding six months, or which he is at the time offering for sale or advertising, or any portion thereof; and may require the filing of statements of assets and earnings, or any other facts he may deem pertinent in relation to any of the securities offered or to be offered by the dealer, or the associations or corporations issuing them; and may require the filing of copies or any or all printed or otherwise reduplicated circulars or printed advertisements relating to securities which the dealer has within six months offered for sale or which the dealer shall thereafter offer for sale; and, thereupon, unless satisfied that all such offerings of the dealer have been and are to be made honestly and in good faith, and with disclosure of pertinent facts sufficient to enable intending purchasers to form a judgment of the nature and value of the securities, and without intent to deceive or defraud, and that such securities will not work a fraud upon the purchasers thereof, may prohibit the dealer from selling or offering the securities, or any of them, or in any way advertising them.

Sec. 170. Dealer's registration may be revoked; registration of agent or salesman thereby revoked. R. S. c. 40, § 19. 1923, c. 144, § 131. The bank commissioner may, unless furnished with satisfactory evidence as provided in the preceding section, or in case of violation of any provision of sections one hundred sixty-two to one hundred seventy-three, both inclusive, or in case of dishonest, deceitful, or fraudulent conduct on the part of the dealer in connection with the carrying on of the business, revoke the dealer's registration; and may, having reasonable cause to believe that the dealer may have been guilty of violation of the provisions of said sections, or of dishonest, deceitful or fraudulent conduct in connection with the carrying on of the business, suspend the dealer's registration until satisfied to the contrary. In either case, the dealer shall not be regarded as registered under the provisions hereof, until restored to registration by the said commissioner, either on his own initiative or upon order of court as hereinafter provided.

The revocation or suspension of the dealer's registration shall constitute a revocation or suspension of the registration of any agent or salesman of the dealer.

Sec. 171. Agent's registration may be revoked. R. S. c. 40, § 20. 1923, c. 144, § 132. The bank commissioner may, in case of violation of any provision of sections one hundred sixty-two to one hundred seventy-three, both inclusive,

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or in case of dishonest, deceitful, or fraudulent conduct on the part of any agent or salesman in connection with the business, revoke the agent's or salesman's registration; and may, having reasonable cause to believe that the agent or salesman may have been guilty of violation of any of the provisions of said sections, or of dishonest, deceitful, or fraudulent conduct in connection with the business, suspend the agent's or salesman's registration until satisfied to the contrary. In either case, the agent or salesman shall not be regarded as registered under the provisions hereof, until restored to registration by the said commissioner, either on his own initiative or upon order of court as hereinafter provided.

In case of suspension or revocation of registration, all certificates shall at once be surrendered to the commissioner upon his request.

Sec. 172. Service of notices. R. S. c. 40, § 21. 1923, c. 144, § 133. Notice of any requirement or decision of the commissioner shall be sufficient if sent by mail addressed to the dealer, agent, or salesman, as the case may be, at the address designated in the application for registration.

Sec. 173. Appeals; proceedings thereon. R. S. c. 40, § 22. 1923, c. 144, § 134. Appeals may be taken by any person aggrieved by any decision of the commissioner to a justice of the superior court, by petition addressed to that court, stating the decision complained of. No such appeal from a refusal to grant registration shall lie until after formal hearing, which formal hearing, however, the commissioner in his discretion may waive for the purpose of expediting the appeal. Upon such petition, citation shall be issued to the commissioner, who shall file an answer to the petition, stating therein his reasons for the decision. The court may, in its discretion, after hearing the commissioner, or his representative, suspend the order of the commissioner, pending the determination of the petition upon its merits, and may, after final hearing thereon, make such decree in connection with the matter complained of as justice may require. The court shall make provision for summary hearing and determination of such petitions so far as in its discretion seems desirable.

Sec. 174. Penalties. R. S. c. 40, § 23. 1919, c. 161, § 2. 1923, c. 144, § 135. Any dealer or any person violating any provision of sections one hundred sixty-two to one hundred seventy-three, both inclusive, or knowingly filing with the commissioner or furnishing to him any false or misleading statements or information, shall be punished upon conviction thereof by a fine of not more than one thousand dollars, or by imprisonment for not more than sixty days, or by both such fine and imprisonment, and municipal and police courts shall have original and concurrent jurisdiction with the superior court. The foregoing penalties shall be in addition to, and not a substitute for, any civil or criminal liability now or hereafter existing. Authorization is hereby conferred upon the supreme judicial court and the superior court in equity to enjoin, upon application by the bank commissioner, or any party in interest, any violation or threatened violation of any of the foregoing provisions of this chapter.

Sec. 175. Examiners. 1923, c. 144, § 135. The bank commissioner is authorized to appoint an examiner who shall, under his directions, have charge of the enforcement of the provisions of sections one hundred sixty-two to one hundred seventy-three, both inclusive, and make any necessary investigations thereunder. The salary and traveling expenses of such examiner and all expenses of administration and enforcement of sections one hundred sixty-two to one hundred seventy-three, both inclusive, shall be paid out of the registration fees received from dealers in securities.

Sec. 176. Fees. 1923, c. 144, § 135. Dealers in securities shall pay to the bank commissioner, for the use of the state, fees as follows, to wit: for registration or renewal of registration of dealers in securities, twenty-five dollars; for registration or renewal of registration of salesman or agent of dealers in securities, ten dollars each; for certified copy of dealer's certificate, fifty cents each.

CHAPTER 58.

Farm Lands Loan Act.

Sec. 1. Principal and income reserved lands made separate funds. 1917, c. 303, § 1. All moneys on deposit in the state treasury on account of lands reserved for public uses which constituted the principal fund of such account on the first day of January, nineteen hundred eighteen, and all amounts credited to the same under the provisions of sections twenty-two and twenty-three, of chapter eleven, shall remain separate funds, the principal sum of which shall continue undiminished, except when payments shall be made therefrom to towns under the provisions of section twenty-four, of chapter eleven, or when invested in securities according to the provisions of this chapter.

Sec. 2. Farm lands loan commissioners of Maine; composition of board, powers, and duties. 1917, c. 303, § 2. The governor, the state auditor, the forest commissioner, the commissioner of agriculture, and the state commissioner of education shall constitute a board to be known as the Farm Lands Loan Commissioners of Maine. Said commissioners shall have control of the investment of the funds arising from the sale or lease of public lands now on deposit in the state treasury and known as the reserved land fund. They shall also have control of the investment of amounts hereafter added to the principal fund of said account under the provisions of section twenty of chapter eleven. They may make investigations concerning the rights of the state in and to any islands or other lands and may report to any future session of the legislature their recommendations relative to securing such lands as the state is or may hereafter be entitled to, and may recommend the sale of the same if they deem a sale advisable.

Sec. 3. How commissioners may invest funds. 1917, c. 303, § 3. The said commissioners shall in their discretion invest the principal of the funds which have arisen or may hereafter arise from the sale and lease of the lands reserved for public uses, keeping the principal funds separate from the interest, in the following named bonds and loans, but in no other manner, to wit: 1. In bonds of this state; 2. In approved mortgages on agricultural lands, as hereafter provided in this act; 3. In the bonds of any city, town, or county of Maine; 4. In the bonds of the United States.

Sec. 4. Application for loan; what it shall contain. 1917, c. 303, § 4. Every application for a loan made in pursuance of the third clause as above shall be in writing, stating the amount required, the purpose for which it is to be applied and the time and terms of repayment and shall be accompanied by due proof of the assessed valuation for the preceding three years of the taxable property within the town, village, city, or county making the application and of the existing indebtedness thereof.