

# MAINE STATE LEGISLATURE

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DOCUMENTS

PRINTED BY ORDER OF

THE LEGISLATURE

OF THE

STATE OF MAINE,

DURING ITS SESSION

A. D. 1847.

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*AUGUSTA:*

Wm. T. JOHNSON,.....PRINTER TO THE STATE

1848.

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# TWENTY-SEVENTH LEGISLATURE.

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No. 17.]

[HOUSE.

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## STATE OF MAINE.

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THE committee on banks and banking, to whom was referred the order of the 8th of January, 1847, instructing them "to inquire into, and report such action as they may deem expedient, in relation to the violations of the banking law, by the Eastern Bank, of Bangor," have had the subject under consideration, and ask leave to report—that on an investigation of this matter, and a hearing of the president, directors & Co., of said bank, by their cashier, and otherwise, it appears,

*That* said bank was incorporated March 21, 1835, with a capital stock of \$50,000.

*That* by an act approved August 10, 1846, said bank was allowed to increase its capital stock to \$100,000.

*That* said additional capital stock appears to have been paid into said bank, Dec. 18, 1846, as certified by the cashier and directors in their certificate received and filed by the secretary of state, Dec. 30, 1846.

*That* the greatest amount of bills which said bank was by law allowed to have in circulation at any one time prior to Dec. 30, 1846, was \$50,000.

*That* from and after Dec. 30, 1846, the greatest amount of bills said bank was by law allowed to have in circulation at any one time, was \$75,000.

That the amount of bills which said bank has actually had in circulation, as appears by the semi-annual returns of said bank, sworn to by the cashier and directors thereof, is as follows :

1845, June,	\$53,001	Excess,	\$3,001
1845, October,	74,473	"	24,473
1846, May,	51,917	"	1,917
1846, October,	99,782	"	49,782
1847, May,	126,920	"	51,920

The circulation of the bills of said bank, as appears by the reports of the bank commissioners, for several years past, was as follows :

1844, bills in circulation,	\$90,635	Excess,	\$40,635
1845, " "	77,036	"	27,036
1846, " "	99,782	"	49,782

There was no evidence or statement before the committee, tending to show that the circulation of this bank had been at any time less than the amount stated in their semi-annual returns.

That the rate of dividends of this bank appears to have been six per cent. per annum for several years past.

From the last report of the bank commissioners, it appears that there were twelve stockholders in said bank, but by the list of stockholders returned to and published by the secretary of state, in January 1847, there appears to be but ten stockholders. Beside the bank itself—which is set down as holding twenty-four thousand, three hundred dollars, (\$24,300,) of its own stock—the cashier stated that the surplus profits of the bank had been invested in the stock of the bank, instead of being divided among the stockholders. So that said bank appears to have a capital stock of \$75,700 only, actually paid in, instead of the sum of \$100,000, on which said bank appears to have based its business and circulation. From the statements of the cashier and of other gentlemen, it appears that the bank is perfectly solvent, and that no apprehension of loss need be entertained by the bill holders, or other creditors of said bank.

In view of these facts, showing a continued violation of the laws

## BANKS AND BANKING.

to the manifest injury of all the other banking institutions of the state, which conduct their affairs in strict accordance with the laws, the committee would have felt justified in reporting and recommending the passage of an act for the repeal of the charter of this bank, as the immediate and most certain corrective for these, and similar violations of law, by some of the other banks in the state.

But in consideration of the small amount of banking capital in the vicinity of the location of said bank, and the wants and wishes of the business men in that vicinity, *and of the provisions* of the law, passed by the last legislature, in relation to banks and banking, and which is to take effect and be in force on and after the first of October, 1847—your committee forbear to recommend the repeal of the charter of said bank at this time, confidently believing that the officers, whose duty it will be to see that the provisions of **said** act are enforced, will be prompt to detect, and certain to punish, all violations of the same.

WILLIAM GOODENOW, *Chairman.*

## STATE OF MAINE.

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HOUSE OF REPRESENTATIVES, July 7, 1847.

ORDERED, That 500 copies of the foregoing report, be printed  
for the use of the Legislature.

SAMUEL BELCHER, *Clerk.*