

SENATE.....No. 34.

Commonwealth of Massachusetts.

IN SENATE, Feb. 7th, 1843.

The Joint Committee on Banks and Banking, to whom was referred so much of the Message of His Excellency the Governor as relates to Bank Reform, with sundry orders on the same subject; also, the petition of John B. Alley and fifty others, and Stephen Smith and one hundred and forty-eight others, legal voters of Lynn, praying the Legislature to pass laws limiting the term of service of bank directors, respectfully report the accompanying bill.

GEORGE HOOD, *Chairman.*

Commonwealth of Massachusetts.

In the Year One Thousand Eight Hundred and Forty-
Three.

AN ACT

To regulate Banks and Banking.

BE it enacted by the Senate and House of Representatives, in General Court assembled, and by the authority of the same, as follows :

1 **SECT. 1.** The sixty-fifth section of the thirty-sixth
2 chapter of the Revised Statutes, is so far amended
3 that the annual return therein required from every
4 bank in this Commonwealth, shall contain a statement
5 of the whole amount of the liabilities, as principal,
6 and as surety, to each bank, by all its directors and
7 officers ; and the largest amount of liabilities as prin-
8 cipal and as surety to each or any one of its directors
9 or officers.

1 **SECT. 2.** No bank director, except the president,
2 shall be eligible to the office, in any one bank, more
3 than three years in ten, and one third of each board
4 of directors shall retire annually.

1 **SECT. 3.** No cashier of a bank nor any officer un-

2 der him, shall be permitted to hire money of the bank
3 in which they are employed.

1 SECT. 4. At the annual meeting of the stockhold-
2 ers in the several banks, they *shall* choose a commit-
3 tee of examination, to consist of not less than three
4 persons who are stockholders, and not directors there-
5 in, who shall perform the duties herein-after specified.

1 SECT. 5. Said committee or a majority of them
2 shall, whenever they may consider it necessary, at least
3 once in every six months, and within ten days before
4 every dividend is paid, visit their bank and thoroughly
5 inspect and examine all its affairs, and make any and
6 all such inquiries as may be necessary to ascertain the
7 true condition of the institution. They shall then
8 make a statement in the form of the annual return re-
9 quired by the sixty-fifth section of the thirty-sixth
10 chapter of the Revised Statutes, and by the first sec-
11 tion of this act, including therein the whole amount
12 of liabilities, as principal, and as surety, of each direc-
13 tor and officer of the bank ; which statement the said
14 committee shall sign, and make oath to the truth of
15 the same, according to their best knowledge and be-
16 lief, before a justice of the peace ; and said statement
17 shall be kept in the bank subject during bank hours
18 to the inspection of any stockholder thereof.

1 SECT. 6. A book shall be kept in every bank, in
2 which shall be entered all notes and bills offered for
3 discount to the board of directors, specifying all that
4 are discounted.

1 SECT. 7. At the semi-annual meetings of the ex-
2 amining committee, all the books of the bank shall be
3 opened under their direction, to the inspection of any
4 stockholder therein, who may desire to examine them.

1 SECT. 8. No bank shall be allowed to pay out from
2 their own counters any bills excepting their own.

1 SECT. 9. No dividend shall be paid by any bank
2 to its stockholders, until the aforesaid committee have
3 certified, under oath, that the bank can pay the pro-
4 posed dividend out of the profits on hand ; and have
5 filed the certificate with the town clerk of the town
6 or city wherein the bank is located.

1 SECT. 10. Every bank neglecting to comply with
2 the provisions of this act, shall be subject to the for-
3 feiture provided in the sixty-sixth section of the thirty-
4 sixth chapter of the revised statutes.

1 SECT. 11. One eighth of the stockholders, in num-
2 ber and value, in any bank, may, whenever they con-
3 sider it necessary, choose a committee of their own
4 number, to make an investigation of its concerns ;
5 and if upon examination said committee shall be of
6 opinion that the bank is insolvent, or that its condition
7 is such as to render its further progress hazardous to
8 the public, or to those having funds in its custody, or
9 that the bank has exceeded its powers, or has failed to
10 comply with all the rules, restrictions, and conditions
11 provided by law, they shall forthwith report the facts
12 in the case to one of the justices of the supreme ju-
13 dicial court, and if upon inquiry into the circumstances
14 of the bank, the said justice shall consider it neces-
15 sary, he may issue an injunction to restrain such cor-
16 poration, in whole or in part, from further proceeding
17 with its business, until a hearing of the said corpora-
18 tion can be had ; and said justice shall forthwith issue
19 such process, and after a full hearing of said corpora-
20 tion upon the matters aforesaid, may dissolve or modify
21 the said injunction, or make the same perpetual and

22 make such orders and decrees to suspend, restrain or
23 prohibit the further prosecuting of the business of such
24 corporation as may be needful in the premises, accord-
25 ing to the course of chancery proceedings ; and at his
26 discretion, may appoint agents or receivers to take pos-
27 session of the property and effects of the corporation,
28 subject to such rules and orders as may, from time to
29 time, be prescribed by the supreme judicial court, or
30 any justice thereof in vacation.

