

## SENATE....No. 83.

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Introduced, on leave, by Mr. WHITING, of Plymouth.

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### Commonwealth of Massachusetts.

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In the Year One Thousand Eight Hundred and Sixty-One.

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### AN ACT

For the establishment of Bullion Banking.

1 WHEREAS, It is necessary to the welfare of the  
2 Commonwealth that a system of banking shall be  
3 established to employ capital in the currency, and  
4 attract the same in money, to increase the manufac-  
5 tures and products, and, consequently, the commerce  
6 and wealth of the state, by causing commodities to be  
7 exchanged for real money and working capital, which  
8 by the existing system of banking on debt, and creat-  
9 ing and maintaining a currency of debt, are displaced  
10 and repelled; therefore—

*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. Any number of persons, not less than  
2 six, may establish a bank or institution for deposit  
3 and loan, by paying into the common stock thereof,  
4 in coin of the legal money of the United States, not  
5 less than one hundred thousand dollars for permanent  
6 capital, the same to be deposited and sworn to in  
7 presence of the bank commissioners of the state, as  
8 the absolute property of the proprietors, intended to  
9 be employed and to remain as the working capital of  
10 the institution, with the privilege of increasing the  
11 capital in proportion to the deposits, as hereinafter  
12 provided, the increased capital to be deposited and  
13 sworn to in every instance as before.

1    SECT. 2. It shall be lawful for every institution  
2 established as above, to borrow and loan money on  
3 stipulated time, the loans to be made on the security  
4 of promissory notes and bills of exchange: *provided,*  
5 *always,* that the loan shall average receivable in time  
6 before the deposits fall due by average, so that the  
7 institution shall never owe a debt payable on demand,  
8 without coin in reserve, dollar for dollar, to meet and  
9 pay the same: *provided, also,* that the sum of the  
10 deposits loaned shall never exceed five-fold the sum  
11 of the capital of the institution.

1    SECT. 3. It shall be lawful for each and every  
2 savings bank and institution now incorporated, or  
3 hereafter to be incorporated without capital, by the  
4 legislature of this state, to make loans upon the

5 security of such promissory notes and bills of ex-  
6 change, having, in addition to the name of the promis-  
7 sor or drawer, one or more indorsers, as may be deemed  
8 good and sufficient by the trustees of the bank or  
9 institution aforesaid, or by such discounting com-  
10 mittee of their body as a majority of the trustees may  
11 from time to time appoint, in a total amount, accord-  
12 ing to the discretion of a majority of the trustees  
13 aforesaid.

1     SECT. 4. Each and every savings bank and insti-  
2 tution aforesaid is hereby authorized and required to  
3 procure good and sufficient plates, subject to the  
4 approval and inspection of the governor and council,  
5 for certificates of deposit, payable to bearer, of four  
6 denominations and no more, namely, twenty dollars,  
7 thirty dollars, fifty dollars, and one hundred dollars  
8 respectively.

1     SECT. 5. It shall not be lawful for any savings  
2 bank or institution, as aforesaid, to issue in payment,  
3 and they are hereby prohibited from issuing any bank  
4 note, or any check of or on any bank whatsoever; and  
5 all bank notes, and checks on banks which may be  
6 received by them on deposit, or in collections, they  
7 are hereby required to convert into coin of the legal  
8 money of the United States within the next day after  
9 the receipt of the same, or into a deposit, certificate  
10 or certificates of the clearing-house of the associated  
11 banks of the city of Boston, or of some other safe  
12 depository in the discretion of the trustees aforesaid;  
13 and all bank notes and checks on banks which cannot  
14 be so converted, they are hereby prohibited from

15 receiving. But to all banks at a distance from the  
16 city of Boston, the course of mail shall be added to  
17 the time allowed for such conversion.

1     SECT. 6. Each and every savings bank and institu-  
2 tion, as aforesaid, is hereby required to pay out only coin  
3 of the legal money of the United States, or certificates  
4 of deposit of the same payable on demand, holding  
5 coin in reserve, or special deposit, dollar for dollar  
6 against said certificates, either in its own vault or  
7 with the deposits of the clearing house aforesaid, or  
8 in some other secure depository, as required in section  
9 five of this bill, and holding the clearing house cer-  
10 tificates or other certificates as hereinbefore provided,  
11 accordingly. But, to facilitate remittances, the savings  
12 banks, and institutions aforesaid may issue certificates  
13 payable to order for fractional amounts, large or small,  
14 the amount being written in the body of the certifi-  
15 cate, against coin in reserve, dollar for dollar, on  
16 special deposit as before.

1     SECT. 7. This act shall take effect on the first day  
2 of May next ensuing, and any violation of its pro-  
3 visions shall carry forfeiture of the charter of the  
4 offending institution or institutions, on complaint and  
5 prosecution of the bank commissioners, as provided  
6 in chapter fifty-seven, section seven, of the General  
7 Statutes of the Commonwealth.