

SENATE No. 86.

[Introduced on leave by Mr. CROSBY, of Hampshire.]

Commonwealth of Massachusetts.

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

AN ACT

Concerning People's Banks, and other Registered Asso-
ciations.

*Be it enacted by the Senate and House of Representa-
tives, in General Court assembled, and by the authority of
the same, as follows:—*

1 SECT. 1. Any number of persons who shall have
2 associated themselves together for any of the purposes
3 hereinafter specified, shall, upon the adoption and rec-
4 ord of a constitution as hereinafter provided, become
5 a corporation, with all the powers, rights and priv-
6 ileges, and subject to the duties, limitations and re-

7 strictions conferred by general laws upon corpora-
8 tions, except as herein otherwise provided.

1 SECT. 2. The purposes for which such associa-
2 tions are hereby authorized are the following:
3 First.—The furnishing of loans and advances to
4 members, together with the reception of savings.
5 Second.—The purchasing of raw material or stock in
6 gross, and its retail sale to members. Third.—The
7 maintaining of a store or shop for the sale of objects
8 manufactured by members. Fourth.—The general
9 prosecution of any agricultural or manufacturing
10 business, and the sale of its products. Fifth.—The
11 furnishing of dwellings to members.

1 SECT. 3. The constitution to be adopted by such
2 associations shall specify at length: First.—The
3 name of the association, with the city or town where-
4 in established. Second.—The nature of the under-
5 taking. Third.—The conditions of membership and
6 discharge. Fourth.—The amount at which each
7 member's "business share" is fixed, with the manner
8 of collecting the same, and of the division of profits.
9 Fifth.—The qualifications and manner of election of
10 the board of managers, the committee and other offi-
11 cers of the association. Sixth.—The manner of call-
12 ing general meetings, and the newspapers wherein
13 all publications required from the association are to
14 made. Seventh.—The stipulation and agreement that
15 each member shall be jointly and severally liable for
16 the whole amount of the debts of the association in
17 accordance with the provisions of this act.

1 SECT. 4. The constitution aforesaid shall be re-
2 corded in the clerk's office of the city or town in
3 which the association shall be established, and an ab-
4 stract thereof shall be published at least times in
5 some newspaper published in the county. Said ab-
6 stract shall contain: First.—The name of the associa-
7 tion, with the city or town wherein established. Sec-
8 ond.—The nature of the undertaking. Third.—The
9 names and residence of the managers, committee or
10 other officers entitled to represent or bind the associa-
11 tion. Fourth.—The newspaper selected for all pub-
12 lications required from the association. Fifth.—A
13 notice that the full list of members may always be
14 found in the clerk's office aforesaid.

1 SECT. 5. Upon a full compliance with the provis-
2 ions of the two preceding sections, such associations
3 shall be and remain a corporation as prescribed by
4 section one.

1 SECT. 6. In such associations, profit and loss in
4 the ordinary course of business shall be divided among
3 members in proportion to the respective amounts paid
4 in upon their "business shares," but any sum to be
5 raised after the whole of the assets of the association
6 shall have been exhausted, shall be equally assessed
7 *per capita* upon all the members.

1 SECT. 7. The joint and several liability of mem-
2 bers for all the debts of the association, is hereby
3 constituted a legal ground of action, which shall
4 accrue to each and any creditor of the association
5 after the close of proceedings in bankruptcy against

6 such association, and for the unpaid balance of such
7 claims only as shall have been presented and allowed
8 in such proceedings.

1 SECT. 8. To an action brought against a member
2 or members, in accordance with the preceding section,
3 the non-joinder of others shall constitute no defence.

1 SECT. 9. The fact that the debt or liability of the
2 association was incurred or contracted previously to
3 such member or members joining the same, shall con-
4 stitute no defence to such action.

1 SECT. 10. All such actions by creditors of the
2 association to enforce the joint and several liabilities
3 of members, shall be brought within two years after
4 said cause of action accrues, and not afterwards.

1 SECT. 11. Every such association shall elect a
2 board of managers of not less than three of its mem-
3 bers, in accordance with the provisions of its constitu-
4 tion. Such board of managers shall forthwith file
5 for record in the clerk's office of the city or town
6 wherein the association shall be established, certified
7 copies of the record of their election, together with
8 their individual signatures, and the form of signature
9 for the association, as prescribed by the constitution,
10 before which they shall not be qualified to enter upon
11 their official duties, or to bind the association. All
12 changes in said board of managers, or the appoint-
13 ment of other persons entitled to represent or bind
14 the association, shall be recorded in like manner, as
15 a condition precedent to valid official action. The

16 general duties of such managers shall consist of the
17 direction and guidance of all the business of the
18 association, with such restrictions and exceptions only
19 as may be established by the constitution.

1 SECT. 12. Such managers shall on the first day of
2 each quarter, file in the clerk's office aforesaid, a list
3 of all members admitted to or discharged from said
4 association since the last report, and on the first day
5 of January in each year, said managers shall so file
6 a full alphabetical list of the then members of the
7 association.

1 SECT. 13. Said managers shall annually in the
2 month of January, make and file in the clerk's office
3 aforesaid, and publish in some newspaper published
4 in the county, a statement signed and sworn to by
5 said managers, showing as nearly as possible, the bus-
6 iness, position and liabilities of the association at the
7 beginning of the year. Said statement shall specify
8 the whole amount then paid in on members' shares,
9 the amount of the reserve fund, of cash on hand or
10 of savings deposited, the amount invested in real
11 estate, and in personal estate, giving the price paid
12 and the then estimated value thereof, the amount of
13 property owned by and of debts due to the association,
14 and the amount as nearly as can be ascertained of
15 existing demands against said association, on the first
16 day of January aforesaid.

1 SECT. 14. In addition to the board of managers
2 aforesaid, the constitution may provide for the elec-
3 tion of a committee of supervision, to consist of not

4 less than nine nor more than fifteen of the other
5 members of the association. The general powers
6 and duties of such committee shall be those of super-
7 vision and investigation at all times into the conduct
8 of the business of the association, its property and
9 liabilities. They shall be empowered, whenever they
10 shall deem it necessary, to suspend the managers or
11 other officials from the exercise of their functions,
12 until the decision of a general meeting, to be called
13 without delay. Said committee shall likewise ex-
14 amine and certify to the correctness of all yearly
15 statements and declared dividends, and shall have at
16 all times access to the books and papers of the
17 association. They shall have power to call general
18 meetings whenever they may deem the same neces-
19 sary in the interest of the association.

1 SECT. 15. The regular meetings of the association
2 shall be called by the managers, who may likewise
3 call special meetings whenever they may deem the
4 same to be for the interest of the association. On
5 petition signed by at least members of the
6 association, the managers shall call such special
7 meeting without delay. The purpose of such special
8 meeting shall be published with the call, and no
9 action taken upon matters not thus announced.

1 SECT. 16. Such association shall be dissolved by a
2 resolve of the general meeting taken as prescribed
3 by the constitution, or by a decree against it of bank-
4 ruptcy.

1 SECT. 17. Such dissolution, when effected by a
2 resolve as aforesaid, shall be at once recorded in the

3 clerk's office aforesaid, and published at least
4 times in some newspaper published in the county.
5 Such notice of dissolution shall call upon creditors
6 to present their claims without delay at the office of
7 the association.

1 SECT. 18. After the dissolution aforesaid, the
2 managers shall proceed to the liquidation and divi-
3 sion of assets as follows: First.—Creditors of the
4 association to to be paid in full, and necessary sums
5 set aside for claims not yet due. Second.—Members
6 to be reimbursed, the amounts paid in on their bus-
7 iness shares, and if the surplus is insufficient for a
8 full reimbursement, then such reimbursement shall
9 be proportioned to said amounts respectively paid in.
10 Third.—Any further surplus after such full reim-
11 bursement shall be divided equally, *per capita*, among
12 all the members. The powers and duties of the man-
13 agers in winding up and settling the business of the
14 association shall be prescribed by the constitution.

1 SECT. 19. Immediately after said resolve of disso-
2 lution, the managers shall make and file in the clerk's
3 office aforesaid, such a certified statement of the prop-
4 erty and liabilities of the association as is provided
5 for by section thirteen of this act, and if the estate
6 shall thereby appear insolvent, further proceedings
7 shall be taken as provided in the following section in
8 case of bankruptcy.

1 SECT. 20. In case of a decree in bankruptcy
2 against such association, the managers shall, after
3 the first meeting of creditors, make and present to

4 the superior court for the county in which such
5 association is established, a statement or schedule,
6 showing the amount necessary to be raised in order
7 to pay all claims in full, and equally assessing the
8 same upon all the members, jointly and severally
9 liable, specifying said members by name. The court
10 shall refer the same to an auditor, who, after causing
11 due notice to be published, and hearing all parties in
12 interest, shall report thereon without delay. Upon
13 such report the court may make all necessary altera-
14 tions in said contribution schedule, and thereupon
15 approve and establish the same. Upon said judg-
16 ment of approval, from which there shall be no ap-
17 peal, and which shall be final, execution shall issue
18 in favor of said association against each member
19 named in said schedule, for the amount assessed
20 against him.

1 SECT. 21. The said managers shall collect without
2 delay the sums so assessed upon members, and in
3 case any execution or executions shall be returned
4 unsatisfied, shall thereupon proceed to assess the
5 deficit so caused upon the remaining members by a
6 new schedule, upon which similar proceedings shall
7 be had, and so on. The amounts collected shall be
8 paid over to the assignee in bankruptcy, or in the
9 absence of bankruptcy proceedings, as contemplated
10 by section nineteen, shall be applied directly to the
11 settlement of the estate.

1 SECT. 22. Nothing contained in sections nineteen,
2 twenty and twenty-one shall be held to affect the
3 right of action accruing to creditors after the close of

4 proceedings in bankruptcy, according to the pro-
5 visions of section seven and following of this act.

1 SECT. 23. The voluntary dissolution of an associa-
2 tion whose estate shall afterwards appear to have
3 been at the time insolvent shall have no effect to
4 discharge the members from any of the liabilities or
5 duties specified in this act.

1 SECT. 24. No member shall hold more than one
2 "business share" in such association, nor shall the
3 amount of such share be fixed at more than .

1 SECT. 25. All sums of less than paid in upon
2 a member's business share are hereby declared exempt
3 from attachment and execution. But such exemption
4 does not extend to any dividend, savings deposit or
5 other sum which the member is entitled to draw
6 without leaving the association.

1 SECT. 26. Any member shall be entitled to leave
2 such association on giving the notice required by the
3 constitution and shall thereupon be entitled to claim
4 payment of the amount of his business share therein.
5 Such withdrawal of members from the association at
6 any time within previous to a decree in bank-
7 ruptcy against such association or within the same
8 period previous to a dissolution followed by a statement
9 of insolvency as provided by section nineteen, shall
10 have no effect to discharge such member or members
11 from any of the liabilities or duties specified in this act.

1 SECT. 27. In case of the refusal, inability or neg-
2 lect of the managers aforesaid to carry out the pro-

3 visions of sections nineteen, twenty and twenty-one of
4 this act, the superior court may on the petition of at
5 least _____ members of such association ap-
6 point and authorize other members than said man-
7 agers to carry out the provisions aforesaid.

1 SECT. 28. In case of failure or neglect of said
2 managers to perform any of the duties made incum-
3 bent upon them by this act they shall be each subject
4 to a penalty of not less than twenty or more than
5 _____ dollars. For any essential inaccuracy
6 or false statement in any published or other statement
7 of the property and liabilities of the association re-
8 quired by this act, said managers shall be subject to
9 a fine of not less than _____ nor more than
10 _____ dollars.

1 SECT. 29. The name adopted by any association
2 organized under the provisions of this act shall close
3 with the words "Registered Association."

NOTE.—The foregoing Act was drafted by the subscriber, with the assistance of Mr. Darwin E. Ware, very nearly upon the model of the German law of associationship which has secured such immense advantages to the working classes of that country. A translation of that law, of a model constitution in accordance therewith, with explanations by the originator of the system, are to be found in a pamphlet on the "People's Banks of Germany," published by Little, Brown & Co., for the subscriber, and which will be of assistance in considering the question of adapting the system to the wants of our own community.

S. M. QUINCY.