

MATERIALS REGARDING THE INSURANCE OF BANK OBLIGATIONS
IN VERMONT, 1831-1866

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WESTON BOND

FRUITS

25% COTTON FIBER

A. D. 1831. lands, tenements or hereditaments, within this State, without the assent of the devisee or devisees.

Notice to be given.

SEC. 2. *It is hereby further enacted,* That before any probate court shall grant license to any executor, or administrator, to sell real estate, in preference to selling personal estate, said court shall cause notice of such application to be given to all persons concerned, in all respects, as is required, by law, in other cases, of application to probate courts, for license to sell real estate.

[Passed Nov. 8, 1831.]

20.—An act, regulating the chartering of Banks.

Banking corporations, hereafter created, &c. subject to provisions of this act.

SEC. 1. *It is hereby enacted by the General Assembly of the State of Vermont,* That every monied corporation having Banking powers, which shall be created at this session of the Legislature, or which shall be hereafter created, or re-chartered, shall be subject to the provisions of this act.

Such corporations to pay into Treasury of State three-fourths of one per cent on the capital stock.

SEC. 2. *It is hereby further enacted,* That for the purpose of creating and continuing the fund herein established, every such corporation shall, on or before the third Thursday of October, in every year, pay to the Treasurer of this State, a sum equal to three fourths of one per cent, on the capital stock of such corporation, paid in, after excepting therefrom, such part of said capital stock, as is, or may be held by this State, and at that rate for the time such corporation shall have been in operation, if less than one year.

Shall deliver a statement to Treasurer of the amount of capital stock paid in.

SEC. 3. *It is hereby further enacted,* That at the time of making any such payment, the corporation making the same, shall cause to be delivered to the Treasurer of this State, a statement, signed by the President and Cashier of the corporation, and verified by their oath, duly made before some officer, authorized to administer oaths, specifying the actual amount of the capital stock of such corporation paid in, and designating in such statement, the amount of such capital stock, as shall be owned by the State.

Shall continue to pay into Treasury until payments amount to four and a half per cent upon capital stock.

SEC. 4. *It is hereby further enacted,* That the said annual payments shall continue to be made, until every such monied incorporation shall have paid into the Treasury, four and one half per cent, upon its capital stock, which shall be, and remain, a perpetual fund, to be denominated the Bank Fund, and to be inviolably appropriated, and ap-

plied to the payment of such portion of the debts, exclusive of the capital stock, of any of the said corporations, which shall become insolvent, as shall remain unpaid after applying the property and effects of such insolvent corporation, as hereafter provided.

SEC. 5. *It is hereby further enacted,* That the treasurer of this state shall keep proper accounts of the said bank fund, separate, and distinct from the funds of this state, and shall from time to time, report to the legislature the condition thereof.

SEC. 6. *It is hereby further enacted,* That the said fund shall be the property of the corporation, by which the same shall be paid, in proportion to the amount which each of such corporations shall have contributed thereto, but the treasurer shall have power, and it shall be his duty from time to time, to invest the same, and all moneys belonging thereto, in the manner provided by law, in respect to the common school fund. And whenever it shall become necessary, for the purpose of meeting any charges on the said fund, to sell any securities, in which such fund, or any part thereof, may have been invested, the treasurer shall have power to make such sale.

SEC. 7. *It is hereby further enacted,* That the income arising from said fund, after deducting thereout, the salaries of the bank commissioners hereinafter mentioned, shall annually be paid by the treasurer, to the several corporations by which the said fund shall be created, in proportion to the amount which each of the said corporations shall have contributed thereto; but no corporation shall be entitled to any part of said income, after it shall become insolvent, or shall be dissolved, or its charter expire.

SEC. 8. *It is hereby further enacted,* That whenever the fund, created by this act, shall be reduced, by the payment of the debts of an insolvent corporation, to be made as hereafter provided, below the sum, as provided in the fourth section of this act, every monied corporation then existing, which shall be subject to this act, and every such corporation, thereafter to be created, shall, on or before the third Thursday of October, in every year thereafter pay into the treasury of this state, such sum to be designated by the Treasurer, not exceeding a sum equal to three fourths of one per cent, on its capital stock, as herein before provided: which last mentioned annual payments shall continue to be made, by every corporation, subject to the operation of this act, until the aforesaid fund shall be reimbursed, and made to a

A. D. 1831.

Treasurer to keep separate accounts of said Bank fund.

Said fund to be the property of the corporations, paying, &c.
Treasurer to invest said fund in same manner as school fund.

Treasurer may sell securities in certain cases

Income of said fund to be paid to the several corporations.

In case said fund be reduced said corporations to pay additional sum from time to time.

A. D. 1831* amount to the sum, as provided in the fourth section of this act, after which such annual payments shall be suspended, until it shall become necessary again to resort to the said fund, by reason of the insolvency of any such corporation, as hereinafter provided, when the said payments shall be resumed, in manner aforesaid, and so on from time to time, as occasion may require.

In case of insolvency of any such corporation, a chancellor to make order setting forth

1st, the amount of debts against said corporation.

2nd, nett amount of effects of said corporation.

3rd, The amount necessary to pay debts of said corporation.

SEC. 9. *It is hereby further enacted,* That whenever any corporation subject to the operation of this act, shall become insolvent, and shall be proceeded against, as hereinafter provided, it shall be the duty of a chancellor immediately after a final dividend of the property and effects of such insolvent corporation shall have been made, among the creditors thereof, to cause an order to be entered on its minutes, setting forth first the total amount of debts against the said corporation, ascertained and established by the said chancellor, including lawful interest thereon;—Second, The nett amount of money derived from the properties and effects of the said corporation, and applied under the direction of the said chancellor, towards the satisfaction of such debts; and Third, the total amount of moneys, then requisite to pay off and discharge the said debts. Such order shall also direct the receiver appointed to take charge of the property and effects of the corporation, to apply to, and receive from the treasurer of this state, in the manner hereinafter provided, the sum which shall be required to pay off and discharge the said debts.

See Sect. 19

Receiver to file copy of order with Treasurer.

Treasurer to pay over to receiver such part of fund as is necessary, who shall pay as directed by chancellor.

Proceedings when bank fund proves insufficient.

SEC. 10. *It is hereby further enacted.* That upon such receiver filing with the treasurer of this state, a copy of such order, duly certified and signed by a chancellor, it shall be the duty of the said treasurer, to pay over to the said receiver, such sum, not exceeding the amount of the bank fund, as may have been declared by the said chancellor, to be necessary to satisfy the debts of said corporation, and the moneys paid to such receiver, shall be paid out by him, under the direction of the chancellor, to the several creditors of the corporation.

SEC. 11. *It is hereby further enacted,* That if at the time of filing with the treasurer, the copy of such order, the bank fund shall be insufficient to satisfy all the debts of the insolvent corporation, a sum sufficient to satisfy the residue of such debts, as shall remain unpaid, shall be paid to such receiver, in the manner provided in the last preceding section; out of the first moneys that shall thereafter be paid to the treasurer, pursuant to the eighth section of this act, and the moneys so paid to such receiver, shall be paid

out by him, in the manner required in the last preceding section. A. D. 1831.

SEC. 12. *It is hereby further enacted,* That the money paid out of the treasury, and all other moneys required by this act to be paid out of the treasury, shall be a charge upon the bank fund, hereby created. Moneys paid out of Treasury to be a charge on bank fund.

SEC. 13. *It is hereby further enacted,* That whenever the charter of any monied corporation, subject to the provision of this act, shall expire, every such corporation shall be entitled to receive its proportional share of said bank fund, which said corporation may have contributed thereto, after deducting thereout, a proportional part of the charges upon the said fund, and which share the treasurer is hereby authorized to pay to said corporation. When charters expire every corporation entitled to receive its proportional share.

SEC. 14. *It is hereby further enacted,* That no creditor of any insolvent corporation, shall by virtue of this act, receive interest upon his debt against such corporation, from and after the time such order is made, as is required by the ninth section of this act; nor shall such creditor be entitled to interest, anterior to the presentation of his demand against such corporation, to the receiver that shall be appointed to take charge of the property and effects of such corporations. No creditor to receive interest upon his debt, &c. in certain cases.

SEC. 15. *It is hereby further enacted,* That three persons, to be styled the bank commissioners of the state of Vermont, shall be appointed in the manner hereinafter provided, whose duty, or the duty of one of whom it shall be, at least once in twelve months, to visit every monied corporation, upon which the provisions of this act shall be binding, and thoroughly to inspect the affairs of said corporations, to examine all the books, papers, notes, bonds, and evidences of debt of said corporations, to compare the funds and property of said corporations, with the statements to be made by them, as hereinafter provided, to ascertain the quantity of specie the said corporations have on hand, and, generally, to make such other enquiries as may be necessary to ascertain the actual condition of the said corporations, and their ability to fulfil all the engagements made by them. Three Bank Commissioners to be appointed. Duty of Commissioners.

SEC. 16. *It is hereby further enacted,* That it shall be the duty of the said commissioners, or some one of them, to visit, and inspect the condition and affairs of any monied corporation, more frequently than once in twelve months, if required so to do, by any one of the monied corporations, subject to the provisions of this act. Further duty of said Commissioners.

SEC. 17. *It is hereby further enacted,* That the said commissioner, or either of them, shall have power to ex-

A. D. 1831.

Commissioners are empowered to examine officers of such corporations upon oath.

If said Commissioners find said corporation insolvent they shall apply to a Chancellor for an injunction, &c.

Chancellor shall issue notice to Cashier to appear and show cause, &c.

Chancellor may appoint a receiver, &c.

Receiver to give bonds.

Duties and powers of Receiver.

Receiver to render an account to Chancellor.

amine upon oath, all the officers, servants, or agents of said corporations, or any other person, in relation to the affairs and condition of said corporations, which oath the said commissioners, or either of them, are personally authorized to administer.

SEC. 18. *It is hereby further enacted,* That if the said commissioners shall ascertain, from such inspection and examination, or in any other manner, that any of said corporations are insolvent, or shall have violated any of the provisions of this act, or acts of incorporation, or of any other acts, binding on such corporations, the said commissioners shall, immediately apply to a Chancellor, upon bill or petition, for an injunction against such corporation, and its officers, and said Chancellor shall, thereupon, issue a notice to the cashier, or to the cashier and president, of said corporations, to appear, at a time and place therein named, and shew cause why an injunction should not issue against such corporation, and its officers: and if no sufficient cause be shown to the contrary, he shall, thereupon, issue such injunction against such corporation and its officers.

SEC. 19. *It is hereby further enacted,* That upon the issuing of such injunction, and in any stage of the proceedings thereupon, the Chancellor may appoint one or more receivers to take charge of the property and effects of such corporation—and to collect, sue for, and recover the debts and demands that may be due, and the property that may belong to such corporation, who shall, in all respects, be subject to the control of the Chancellor; and such receivers shall give bonds, to the treasurer of this State, in a sum to be fixed by the Chancellor, granting the injunction, with one or more sufficient sureties, for the faithful discharge of the duties, of his or their appointment, and for the due accounting for all moneys received by them. And such receiver, or receivers, shall have full power and authority, and it is hereby made their duty, to sell and convert into cash, the personal and real estate of such corporations, and execute good and sufficient titles to the purchasers thereof, and shall apply the cash, so received, as well as the money which shall be collected, or in possession of such corporation, exclusively to the redemption of the bills and notes, of such corporation, and shall, as soon as may be, render an account to such Chancellor, of the condition and affairs of such corporation, and of his proceedings in the business of his appointment; and in case the money so received, shall be insufficient for the redemption of the bills and notes of such corporation, it shall be the duty of the receiver or receivers, to pay over, in

further redemption thereof, such sum or sums, as he or they, shall receive from the bank fund before named. A. D. 1831.

SEC. 20. *It is hereby further enacted,* That it shall be the duty of said commissioners, in the month of October in each year, hereafter to report to the legislature, the manner in which they have discharged their duties, and to accompany such report, by such abstracts from the reports made to them, and by such other statements as they may deem useful.

Commissioners to report to legislature.

SEC. 21. *It is hereby further enacted,* That one of said commissioners shall be elected by the joint ballot of both houses of the legislature, annually, and the other two shall be elected by the respective corporations, subject to the operation of this act, in manner following, each of said corporations shall choose one delegate, and the delegates so chosen, shall meet at the court house in Montpelier, on the third Thursday of October, in each year, and at the hour of four in the afternoon, shall proceed to vote for said commissioners, by ballot, each delegate being entitled to, one vote, for every five thousand dollars actually paid in of the capital stock of the corporation he represents, which shall be ascertained by the affidavit of the president and cashier, and the person receiving a majority of all the votes so given, shall be deemed duly appointed, and the commissioners so chosen, shall be under oath, for the faithful discharge of their duty, and shall be entitled to four dollars per day, including all expenses to be paid out of the bank fund, before mentioned.

Commissioners how appointed.

Laws 1838
Sec. 2.

To be under oath.
Fees of said commissioners.

SEC. 22. *It is hereby further enacted,* That if any such monied corporation shall issue, or have outstanding, or in circulation, at any time, an amount of notes or bills, loaned or put in circulation, as money, exceeding three times its capital stock, then paid in, and actually possessed, or shall neglect to make any annual payment to the treasurer of this state, required by this act, for the space of three months after the time when the same ought to have been made, or shall have lost one half of its capital stock paid in, or shall have suspended the payment of its bills in specie, for sixty days, or shall refuse to allow the officers of such corporation to be examined upon oath, by the said commissioners, in relation to the affairs and condition of such corporation, every such corporation may be proceeded against, by the said commissioners and enjoined, by a chancellor as an insolvent corporation as herein before provided.

In case such corporation exceed the powers given them, or neglect or refuse to comply with the requisitions of this statute, they shall be enjoined, &c.

SEC. 23. *It is hereby further enacted,* That every officer, agent or clerk, of a monied corporation, who shall make any false state ments or false entries in the books of

Officers of such corporation.

A. D. 1831.
who shall make
false entries,
&c. guilty of
felony.

How punished.

No stock holder
to be appointed a
commissioner.

Banking corporations hereafter
created to pay 50 per cent
of its capital stock
Monied corporations whose
charter shall be hereafter
extended, shall pay in all its
capital, within one year.

But said corporation may reduce
its capital stock.

Banking corporations hereafter
incorporated, not subject
to the provisions of this
act, if private property of
stockholders shall be holden,
&c.

such corporation, or shall exhibit false papers, with the intent to deceive said commissioners, as to the condition of said corporation, shall be deemed guilty of felony, and shall be subjected to imprisonment in the state prison, for a term not less than two years, nor more than ten.

SEC. 24. *It is hereby further enacted,* That no stockholder of any bank, shall be appointed a commissioner by virtue of this act, nor shall it be lawful for any commissioner, directly, or indirectly, to purchase, or in any manner to be concerned in any bank stock, in this State.

SEC. 25. *It is hereby further enacted,* That every corporation subject to the operation of this act, created at the present session of the legislature, or hereafter to be created, shall, before it makes any loans or discounts, have at least fifty per cent of its capital stock actually paid in, which payment shall be proved on oath, to the satisfaction of the bank commissioners, before any such loans or discounts shall be made; and every monied corporation whose charter shall be hereafter extended, shall, within one year after such extension takes effect, pay in all its capital, to be proved in like manner, to said bank commissioners, but every such monied corporation, whose charter shall be so, hereafter extended, shall be permitted to reduce its capital stock, to any sum not below the amount actually paid in, at the time of the renewal of its charter. But such corporation shall, within one year, from and after the time of such renewal, file with the treasurer, a certificate, under the seal of the corporation, setting forth the sum to which its capital stock is to be reduced, as aforesaid; the filing of which certificate, shall exempt such corporation from the operation of this section, and to so much of its capital stock, as shall be reduced in the manner above stated.

SEC. 26. *It is hereby further enacted,* That if any banking company, hereafter incorporated, chartered or rechartered, shall by their act of incorporation, make the private property of the stockholders, holden to redeem the bills by them issued, it shall not be required to comply with the conditions of this act.

[Passed Nov. 9, 1831.]

21.—An act, in addition to an act, in relation to the chartering of Banks. A. D. 1831.

It is hereby enacted by the General Assembly of the State of Vermont, That the first election of bank commissioners, to be made on the part of the banks by the act to which this is in addition, shall be made on the third Wednesday of March, one thousand eight hundred and thirty-two.

Bank Commissioners when to be elected.

[Passed Nov. 9, 1831.]

22.—An act, directing the taxing of foreign bank stock.

SEC. 1. *It is hereby enacted by the General Assembly of the State of Vermont,* That all bank stock owned by any inhabitant, or inhabitants of this state, in any bank, out of this State, shall be given into the List and taxed at five per cent.

Bank stock owned in banks out of this state to be given into list.

SEC. 2. *It is hereby further enacted,* That the listers in the several towns, in this state, in making up their respective lists, shall have the same power to ascertain, by oath, or otherwise, the amount of such foreign bank stock, as by the law they now have, to ascertain the amount of interest money, or bank stock, owned within this state.

Listers empowered to ascertain, by oath, the amount of such bank stock.

[Passed Nov. 9, 1831.]

23.—An act, regulating the taxation of Bank Stock.

SEC. 1. *It is hereby enacted by the General Assembly of the State of Vermont,* That it shall be the duty of the cashiers of the several banks, in this state, to transmit in the month of April, in each year, hereafter, to the town clerks of the several towns in this state, in which any of the stockholders in their respective banks shall reside, a true statement of the amount of stock, and by whom owned, in such towns, as the same shall appear to be owned, by inspection of the books of said banks, on the first day of April in each year.

Cashier of banks directed to transmit to town clerks the amount of bank stock owned in their respective towns.

SEC. 2. *It is hereby further enacted,* That if the cashier of any of the banks in this state, shall neglect, or refuse, for more than thirty days, from and after the first day

Penalty for neglect or refusal.

A. D. 1831. of May, in each year, to make out and transmit a true and correct statement, as aforesaid, to the several town clerks, of the respective towns, in which stock in said banks may be owned, each and every such cashier, shall forfeit and pay to any person residing in the town or towns, to which such statement is not transmitted, a penalty of ten dollars, and a like penalty for every additional thirty days of neglect, to be recovered by action of debt, with full costs, before any court proper to try the same.

[Passed Nov. 9 1831.]

Comp. Laws, Chap. 87. 24.—An act, in addition to an act, dividing the State into districts for electing representatives to the Congress of the United States and directing the mode of their elections, passed November eleventh, one thousand eight hundred and twenty-two.

Election of Representatives to congress to be on 1st Tuesday of Dec. 1832. Sec. 1. *It is hereby enacted by the General Assembly of the State of Vermont,* That the election of representatives to the congress of the United States, which is to take place in the year one thousand eight hundred and thirty-two, shall be on the first Tuesday in December, in said year, any thing in the act, to which this is an addition to the contrary notwithstanding.

To be regulated by former act.

Sec. 2. *It is hereby further enacted,* That the said election shall take place under the same regulations, as is provided in the act to which this is an addition.

[Passed Nov. 9, 1831.]

Comp. Laws, Chap. 50. 25.—An act, in addition to an act, entitled, "an act, regulating town meetings, and the choice and duty of town officers," passed February twenty-eight, one thousand seven hundred and ninety-seven.

Town Clerks to receive the same fees for recording births & deaths as for recording marriages. *It is hereby enacted by the General Assembly of the State of Vermont,* That the town clerks of the respective towns in this state, shall be entitled to, and receive the same compensation, for recording births and deaths, in all cases, where it is their duty, by law, to record the same, as is, by law, allowed for recording marriages, to be paid out of the treasury of the town where such record is made.

[Passed Nov. 9, 1831..]

LAWS OF VERMONT,
PASSED AT THE OCTOBER SESSION,
A. D. 1840.

PUBLIC ACTS.

1. AN ACT, RELATING TO BANKS.

SECTION

1. Future liabilities of banking corporations.—Proviso.
2. When loans or discounts may be made.—Further restrictions.
3. Duty of bank commissioner.—Certificate to be made to the treasurer.
4. Further restrictions.
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32. Penalty in case of over-issues of bills.
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36. Authority of bank commissioner.
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39. Conditional exemption.—Proviso.
40. Duty of bank commissioner.—Bonds may be renewed, with additional securities.—Liabilities in case of refusal or neglect.

It is hereby enacted by the General Assembly of the State of Vermont, as follows :

SECTION 1. Any banking company, chartered or re-chartered, at the present session, or any future session, shall be subject to the provisions of this act, and to the control, at all times, of the legislature, to alter, amend, or repeal, as the public good may require ; and shall be subject to the provisions of the first twenty-seven, and the fortieth and forty-first sections of the eightieth chapter of the Revised Statutes ; but shall not be subject to the remaining sections of said eightieth chapter, except so far as the same are re-enacted in this act. Provided, that no such corporation shall be bound to contribute for the payment of losses which shall have accrued previous to their act of incorporation or re-charter, by the failure of any safety-fund bank.

SECT. 2. No such banking company, incorporated as mentioned in the preceding section, shall make any loans or discounts, or issue any bills for circulation, until at least one half of its capital stock shall have been paid into the bank in gold and silver, and permanently deposited for the use of such bank ; nor until the amount shall have been ascertained, and the certificate thereof deposited with the treasurer of the state, as provided in the succeeding section ; and no such bank shall continue to make loans or discounts for a longer space than two years after commencing business under such act of incorporation, unless the whole of the capital stock allowed in the charter shall have been paid in, subject to the provisions of the succeeding section.

SECT. 3. The commissioner appointed according to the provisions of the eightieth chapter of the Revised Statutes, shall, on the application of such banking company, examine the amount paid for capital stock, and ascertain by the oaths of a majority of the directors, that such money has been paid in by the stockholders toward the payment of their shares, and not for any other purpose ; and that it is intended that the same shall remain in said bank as a part of its capital stock, and the said commissioner shall make a certificate thereof to the treasurer of the state.

§ 4. No such banking corporation, re-chartered as mentioned in the first section, shall continue in operation, or take any benefit by reason of such re-charter, unless such corporation shall have remaining in such bank, or shall cause to be paid into such bank for capital, funds which shall be available at the time, to the full amount of the capital stock which shall have been paid in, under its original charter, and the amount ascertained, and the certificate thereof deposited with the treasurer according to the provisions of the preceding section.

SECT. 5. Every such bank, whose charter shall be extended, shall, within one year after such extension takes effect, pay in all its capital, to be ascertained and certified in the manner provided in the third section; provided that such corporation may reduce its capital stock to any sum not below the amount actually paid in at the time of the renewal of its charter, and may, within one year from the time of its renewal, file with the treasurer of the state a certificate under the seal of the corporation, setting forth the sum to which the capital stock is to be reduced; and the sum so certified, after the filing of such certificate, shall be taken to be the amount of the capital stock of such bank.

SECT. 6. No part of the capital stock of any bank shall, at any time, during the period, for which it is authorised to continue its banking operations, be withdrawn from such bank.

SECT. 7. The stock, property, and concerns, of every such bank, shall be managed and conducted by directors to such number and appointed in such manner, as the act of incorporation shall direct, who shall be stockholders and inhabitants of the state, and shall hold their offices until others are appointed and qualified to act; and a majority of the directors shall be required to constitute a quorum.

SECT. 8. The directors of any such bank shall be liable to pay to the creditors and stockholders of such bank, all losses which may be sustained in consequence of any violation, by them, of the provisions of this act, or of any other law, or other unfaithfulness in the discharge of their official duties; and any number of such directors may be sued in the same action by any claimant under the provisions of this section.

SECT. 9. Further to secure the liabilities mentioned in the eighth section, each of the directors shall execute a bond to the treasurer of the state, in an equal amount, the aggregate amount of which bonds shall be equal to the amount of the capital stock actually paid in, with a condition for the payment and discharge of the liabilities mentioned in said eighth section; and such bonds shall be secured by one or more sufficient sureties, residing in this state and not directors, or by sufficient mortgage of real estate, to be examined and approved by the said commissioner; and such bonds shall be for the security, and may be prosecuted for the benefit of any claimants under the provisions of the eighth section.

SECT. 10. No director shall enter upon, or discharge any of the duties of his office, nor shall the bank go into operation, until such bonds have been executed and approved, as mentioned in the preceding section.

SECT. 11. Any director, who may have paid more than his share of the liabilities mentioned in the preceding sections, may have any proper action, in law or equity, against such other directors as shall not have paid their full shares.

SECT. 12. The directors, after being qualified to act as such, in the manner required by law, may appoint one of their number to be president of such bank; and may appoint and remove, at pleasure, a cashier, and all other necessary officers and servants, and fix their compensation; and may make all necessary by-laws and regulations, not inconsistent with the act of incorporation, or the laws of this state, to regulate:—

1. The conduct and duties of the several officers;
2. The times and places of holding, and the manner of notifying the meetings of the directors and of the corporation;
3. The terms and conditions on which all loans and discounts shall be made, and other negotiations of the corporation shall be transacted;
4. The disposition of the stock, property, and effects, of said corporation;
5. The election of directors and filling vacancies in that office;

And all other regulations necessary for the proper management of the business of the bank, and to carry into effect the purposes of its incorporation.

SECT. 13. The cashier of the bank shall be required, before he enters upon the duties of his office, to give a bond to the treasurer of this state, with sufficient sureties, to be approved by the bank commissioner, in the sum of not less than twenty thousand dollars, conditioned for the faithful discharge of the duties of his office, which shall be for the security, and may be prosecuted for the benefit, not only of the corporation, but of all others interested.

SECT. 14. Any such bank may loan and negotiate its moneys and effects, by discounting on banking principles, upon such security as the directors shall deem expedient; and dividends of the profits of the bank may be made by the directors every six months.

SECT. 15. Such corporation shall not receive or demand any greater interest or discount, on any note, draft, or security, than at the rate of six per cent. per annum; but such interest or discount may be calculated and taken according to the established rules of banking.

SECT. 16. No such corporation shall, directly or indirectly, employ its money in trade or commerce, or deal or trade in buying or selling any goods, chattels, wares, or merchandize; provided that

such corporation may sell all kinds of property which shall come into its possession in the ordinary collection of its debts.

SECT. 17. No stockholder, director, or other officer, shall at any one time, be, either directly or indirectly, indebted to the bank, in a greater amount than five per cent. of the capital stock actually paid in; nor shall any individual, company or corporation other than such stockholder, director or other officer, be at any one time indebted to any bank in a greater amount than the sum of ten per cent. of the capital stock so paid in, except for deposits made by such bank for the purpose of redeeming their bills at the place of such redemption, or on the purchase of bills of exchange; and all the directors and other officers shall not, at any one time, be directly or indirectly, indebted to the bank, to a greater amount than the aggregate amount of three per cent. of such capital stock, for each director.

SECT. 18. No such bank shall issue bills, or otherwise contract debts, to a greater amount than the amount of the deposits, and twice the amount of the capital stock actually paid in; but the violation of this provision shall not avoid any contract, or be construed to prevent the collection of any debt, contracted by such bank.

SECT. 19. All the bills and notes of such bank shall be deemed to be payable at such bank, and shall at all times be received by said bank, on all judgments, executions, or demands, made payable to, or the property of, such bank.

SECT. 20. If the officers of any such bank shall refuse or delay payment, in gold or silver money, of any bill or note of such bank, presented for payment in their usual hours of business, the said bank shall be liable to pay the holder of such bill or note, as damages, at the rate of twelve per cent. a year, for the time during which such payment shall be refused or delayed.

SECT. 21. At any time, within two years from the time any such bank may be incorporated or rechartered, such corporation shall be required, when requested by the legislature, to loan to this state any sum of money which may be so requested, to be repaid in three annual instalments, or sooner, at the election of the state, with annual interest; provided, that the whole amount due to such bank from the state, for such loans, at any one time, shall not exceed five thousand dollars; provided also, that such corporation shall not be required to make such loan, when it shall be in violation of the provisions of the eighteenth section of this act.

SECT. 22. No loan shall be made, or any bill or note discounted, without the consent of a majority of the directors.

SECT. 23. No bank shall issue bills of a less denomination than one dollar, or bills which contain fractional parts of a dollar, under penalty of one hundred dollars, payable to the treasurer of the state, which may be recovered of such bank, in an action of debt, in the name of said treasurer.

SECT. 24. All such banking corporations shall semi-annually, at

the times at which the directors shall usually declare the dividends of the profits of such bank, pay into the treasury of this state one per cent. of the capital stock actually paid in, as a tax upon the income of such bank; provided, that if the directors shall keep a sufficient deposit of funds in the city of Boston in the Commonwealth of Massachusetts, and shall at that city uniformly cause their bills to be redeemed at par, such corporation shall be exempt from such payment; but if they shall fail so to redeem their bills for the period of ten days in the whole, in any one year, the said tax shall be paid for that year.

SECT. 25. The directors of any bank shall not loan or pay out any money, or allow the same to be loaned or paid out, on the pledge of any stock in such bank.

SECT. 36. The real estate, which it shall be lawful for any such bank to hold, shall be only such as shall be needed for the accommodation of said bank, in the transaction of its business, such as shall have been mortgaged to it, by way of security, or conveyed to it in payment of debts previously contracted, or set off on execution in satisfaction of the debts of such bank.

SECT. 27. Each stockholder shall be entitled to a number of votes, proportioned to the number of shares which may have been held by such stockholder, at least three months before the time of voting, according to the following rates,—one vote for each share not exceeding four; five votes for six shares, six votes for eight shares, and seven votes for ten shares, one vote for every five shares above ten; provided that no stockholder shall be entitled to more than twenty votes; and absent stockholders may vote by proxy, authorized in writing; but no stockholder residing out of the state shall be entitled to vote, in any way, in the meetings of the corporation, nor shall any stockholder be entitled to more votes in his own right and by proxy than one fourth of all the votes given.

SECT. 28. The directors may determine at what times, and in what proportion, the stockholders shall pay into the bank the amount unpaid on their shares of the capital stock; and they shall give notice thereof, by publishing their order, three weeks successively, in some one or more of the newspapers printed in the county, where the bank is located; or if no newspapers shall, at the time, be printed in such county, in one or more newspapers in an adjoining county, which shall most generally circulate in the vicinity of such bank; the last of which publications shall be at least thirty days before the time appointed for such payment; and if any stockholder shall neglect to make payment on any share, according to such order, for the period of thirty days from the time appointed for such payment, such share and all the moneys previously paid thereon, and all dividends accruing or due thereon, shall be forfeited to the use of such corporation.

SECT. 29. If, by any means, the capital stock of any such bank shall be reduced, the amount of five per cent. below the amount

which shall have been paid into the bank, it shall be the duty of the directors, immediately to raise the amount of the deficiency, by assessments on the several shares, in the manner and subject to all the regulations provided in the preceding section, and the stockholders shall be subject to the liabilities, and the shares to the forfeiture provided in that section; and the amount so raised shall be held and deemed a part of the capital stock, within the meaning of this act.

SECT. 30. If the bank commissioner, on examination, shall ascertain, that any of the capital stock of any bank shall have been lost, as provided in the preceding section, he may make an order, requiring the directors, within a time to be fixed by him, to raise the amount of the deficiency, as provided in the preceding section, and give written notice of such order to the president or cashier of such bank; and if the directors shall neglect to raise such amount within the time limited, such corporation may be proceeded against, by such commissioner, and enjoined by the court of chancery, as an insolvent corporation, as provided in the eightieth chapter of the Revised Statutes.

SECT. 31. If any such bank shall, directly or indirectly, make any loan or discount contrary to the provisions of this act, or if any such bank shall directly or indirectly, distribute or divide any portion of its capital stock, among the stockholders of such corporation before the expiration of its charter, such bank may be proceeded against and enjoined as an insolvent corporation, as provided in the eightieth chapter of the Revised Statutes.

SECT. 32. If any director or other officer of any bank, or any person interested in or having charge or control of the same, shall, corruptly or by design, put or cause to be put in circulation any amount of the bills of such bank, beyond the amount limited and prescribed by this act, he shall, on conviction thereof, be confined to hard labor in the state prison for a period not exceeding ten years.

SECT. 33. If any director or other officer, or any person interested in or having charge or control of the same, shall wilfully or corruptly loan or pay any money, or cause the same to be loaned or paid, to any director or other officer or stockholder, or individual or company, or corporation, or discount or cause to be discounted any bill, note, or other obligation or security, for any such director, or officer, or stockholder, or individual, or company or corporation, so that such director, officer, or stockholder, individual, or company or corporation, shall thereby become indebted to such bank to a greater amount than is allowed by the seventeenth section of this act, the person so offending shall, on conviction thereof, be confined to hard labor in the state prison for a period not exceeding five years.

SECT. 34. The shares in any such bank shall be transferable in such manner as may be provided in the act of incorporation, or by

the by-laws; but no transfer shall be valid until recorded in a book kept in said bank for that purpose, nor until the person making such transfer shall have discharged all the liabilities due from him to such corporation.

SECT. 35. All acts, incorporating banking companies, are declared to be public acts, and shall be construed in all courts and places benignly and favorably for every beneficial purpose therein mentioned.

SECT. 36. The bank commissioner is authorized to visit and inspect the condition and affairs of any banking corporation, at any time, on the application of any creditor or stockholder, if he shall judge the interest of the creditors or stockholders shall require it.

SECT. 37. The auditor of accounts shall audit the accounts of the bank commissioner, and draw orders on the state treasurer, for such sum as he shall find justly due, which the treasurer shall pay out of the bank fund.

SECT. 38. All bonds, taken according to the provisions of this act, may be put in suit on the application of the receiver appointed by the court of chancery, as provided in the eightieth chapter of the Revised Statutes, or by order of the bank commissioner; and the avails of all such bonds shall be applied in the same manner, as provided in the twenty-first section of the eightieth chapter of the Revised Statutes, until the debts of such bank shall be satisfied; and the balance, if any, shall be returned to the directors, from whom the same was collected, respectively.

SECT. 39. If the directors of any banking corporation subject to the provisions of this chapter, shall execute bonds to the treasurer of the state to the amount and with the security required in the ninth section of this act, to be approved by the bank commissioner, and deposited with said treasurer, conditioned that such directors shall at all times pay and redeem, according to law, all the bills issued by such bank, and shall pay and refund all deposits made in such bank, when such payments are demanded, while such directors are in office, such bank shall thereafter be exempt from all payments required in the eightieth chapter of the Revised Statutes, to the bank fund, and from all the provisions for the establishment, preservation and regulation of said fund; and in such case, the bond required in this act to be given by the cashier, shall be given and made payable to such corporation;—provided in such case, such bank shall pay the bank commissioner, out of its own funds, for his services in making any examination required by law.

SECT. 40. It shall be the duty of the bank commissioner, annually, or oftener, to examine the condition of the bonds required by this act to be given by the directors; and he may require the same to be renewed, with additional security, within such time as he may prescribe; and if such directors shall neglect to furnish security in the manner and by the time prescribed by the commissioner, and if the commissioner shall deem the security of the bonds insufficient, such

bank be proceeded against by such commissioner, and enjoined by the court of chancery as an insolvent corporation, as provided in the eightieth chapter of the Revised Statutes.

Approved, Oct. 28, 1840.

2. AN ACT, RELATING TO BANKS.

It is hereby enacted by the General Assembly of the State of Vermont, That whenever any commissioners are appointed by any act of incorporation, to open books to receive subscriptions to the capital stock in such corporation, such commissioners shall give notice by publishing in some newspaper printed in the county in which such corporation is located, a notice of the time and place where such books will be opened, at least thirty days before the time of opening such books. Provided, if no newspaper is published in such county, then such notice shall be published in some adjoining county, where a paper is published.

Approved, Oct. 29, 1840.

3. AN ACT, IN AMENDMENT OF THE FORTY-THIRD CHAPTER OF THE REVISED STATUTES.

It is hereby enacted by the General Assembly of the State of Vermont, That the supreme court for the county of Chittenden shall hereafter be holden at Burlington on the Monday next preceding the first Tuesday in January, in lieu of the time now provided by law.

Approved, Oct. 29, 1840.

4. AN ACT, IN ADDITION TO CHAPTER EIGHT OF THE REVISED STATUTES.

It is hereby enacted by the General Assembly of the State of Vermont, That the auditor of accounts is authorized to draw orders on the treasurer for such sums of money in favor of any town, as shall be necessary to correct any error in the state tax, arising from a mistake in the grand list of such town.

Approved, Oct. 29, 1840.

SEC. 5. If the amount of the assets of any such bank, and the amount of the bank fund which may be obtained from the treasury by such receiver, shall be insufficient to pay the amount of the debts against such insolvent bank and the costs which have accrued, the chancellor, after decreeing the payment of the costs which have accrued, shall decree an equal dividend of the balance among the creditors of such bank, according to the amount due each creditor, and the receiver shall pay to each of such creditors respectively the sum so decreed to him by the chancellor.

SEC. 6. Any person who shall have exhibited any claim against any such bank to the receiver, shall, before any payment of his claim shall be decreed, upon the request of such receiver or any creditor of such bank to the chancellor, submit himself to be examined on oath before said chancellor, if said chancellor shall so order, concerning the validity of such claim, and the chancellor, on a hearing of any such claim, may interrogate such claimant, and receive any other evidence he may deem proper, touching the validity of any such claim, the chancellor causing such notice to be given to such claimant of the time and place of hearing as he may deem proper. And no payment of any such claim shall be decreed, unless such claimant, when required, shall submit himself to such examination, and no payment shall be made on any demand against such bank, but such as the chancellor shall find justly due.

SEC. 7. No suit shall be brought upon the bond of any director of any bank proceeded against as an insolvent bank, after the appointment of a receiver, but in the manner prescribed by this act.

SEC. 8. All acts and parts of acts inconsistent with the provisions of this act, are hereby repealed.

SEC. 9. This act shall take effect from and after the passage thereof.

Approved Nov. 12, 1842.

No. 42.—AN ACT, IN ADDITION TO CHAPTER EIGHTY OF THE REVISED STATUTES.

SECTION

1. Proceedings against insolvent banks, chancellor to limit time for presenting and proving claims.
2. Claims may be submitted to chancellor or commissioner, upon request, &c.

SECTION

3. Receiver empowered to prosecute directors for benefit of creditors. Damages recovered to be deemed assets. How disposed of.

It is hereby enacted by the General Assembly of the State of Vermont, as follows:

SEC. 1. In all cases of proceedings against insolvent banks agreeably to the provisions of chapter eighty of the Revised Statutes, the chancellor, by his order, shall limit the time for the creditor to present and prove their claims against such bank.

SEC. 2. All claims presented to the receiver against such bank, shall, upon the request of such receiver, or of any person interested in the funds of such bank, be submitted to the chancellor, or to a commissioner to be appointed by him, for the purpose of taking proofs, at such time and in such manner as the chancellor may order, in pursuance of the rules and usages of the court of chancery.

SEC. 3. The receiver, appointed agreeably to the provisions of said chapter eighty, shall have power, and it is made his duty, whenever in his opinion a breach of the bond of the directors of such bank has occurred, to prosecute the same for the benefit of the creditors of said bank; and all damages recovered in such suit shall be deemed assets of said bank, and be disposed of in the same manner as is provided in and by said act for the disposition of the assets of insolvent banks.

Approved Nov. 12, 1842.

No. 43.—AN ACT, RELATING TO BANKS.

SECTION

1. Banks chartered prior to 1840 may be availed of benefit of the bank act of 1840, except.

SECTION

2. Manner of proceeding in such case.
3. Conditions enjoined.

is hereby enacted by the General Assembly of the State of Ver-
mont, as follows:

SEC. 1. Any banking company in this state, chartered prior to the year one thousand eight hundred and forty, may avail themselves of the provisions of "an act relating to banks," approved October 28, 1840, with the exception of section thirty-nine of said act, in the manner provided in section two of this act.

SEC. 2. Any such banking company, desiring to avail themselves of the provisions of the act aforesaid, may, at any meeting warned for that purpose, and warned in the manner required for the choice of directors, vote to avail themselves of the provisions of the act aforesaid, and thereupon such banking company shall be entitled to all the benefits and exemptions, and shall be subject to all

the liabilities and restrictions of said act, with the exception of said section thirty-nine.

SEC. 3. Such banking company shall not avail themselves of the provisions of the act aforesaid, until such company shall lodge with the treasurer of this state a certified copy of said vote, under the seal of such company, and signed by the president and cashier thereof.

Approved Nov. 12, 1842.

APPENDIX.

Resolved, by the Senate and House of Representatives, That the Secretary of State be directed to cause to be published with the Laws, as an Appendix, the bill to authorize the business of Banking, and the bill for incorporating Manufacturing Companies.

Adopted by the two Houses, November 13, 1849.

AN ACT TO AUTHORIZE THE BUSINESS OF BANKING.

It is hereby enacted by the General Assembly of the State of Vermont, as follows :

SEC. 1. The Treasurer of the State is hereby authorized and required to cause to be engraved and printed in the best manner to guard against counterfeiting, such quantity of circulating notes in the similitude of bank notes in blank, of the different denominations authorized to be issued by the incorporated banks of this State, as he may from time to time deem necessary to carry into effect the provisions of this act, and of such form as he may prescribe. Such blank circulating notes shall be countersigned, numbered and registered in proper books to be provided and kept for that purpose, in the office of said treasurer, under his direction, by such person or persons as the said treasurer shall appoint for that purpose, so that each denomination of such circulating notes shall bear the uniform signature of such register, or one of such registers.

SEC. 2. Whenever any person or association of persons, formed for the purpose of banking under the provisions of this act, shall lawfully transfer to the said treasurer any portion of the public stock issued, or to be issued, by the United States, the State of Massachusetts, New York, or Maine, such person, or association of persons, shall be entitled to receive from the

such treasurer, an equal amount of such circulating notes, of different denominations, registered and countersigned as aforesaid; but such public stock shall in all cases be, or be made to be, equal to a stock producing six per cent. per annum; and it shall not be lawful for the treasurer to take such stock at a rate above its par value, nor above its current market value.

SEC. 3. Such person or association of persons, are hereby authorized, after having executed and signed such circulating notes in the manner required by law, to make them obligatory promissory notes payable on demand, at the place of business within this State, of such person or association, to loan and circulate the same as money, according to the ordinary course of banking business, as regulated by the laws and usages of this State.

SEC. 4. In case the maker or makers of any such circulating note or notes, countersigned and registered as aforesaid, shall at any time hereafter, on lawful demand, during the usual hours of business, between the hours of ten and three o'clock, at the place where such note or notes is or are payable, fail or refuse to redeem such note in the lawful money of the United States, the holder of such note or notes, making such demand, may cause the same to be protested for non-payment by a notary public, under his official seal, in the usual manner; and the treasurer, on receiving and filing in his office such protest, shall forthwith give notice in writing, to the maker or makers of such note or notes, to pay the same; and if he or they shall omit to do so, for ten days after such notice, the treasurer shall immediately thereupon, (unless he shall be satisfied that there is a good and legal defence against the payment of such note or notes,) give notice that all the circulating notes issued by such person or association, will be redeemed out of the trust funds in his hands for that purpose, which notice shall be given by publishing the same in some newspaper printed in the county where the business of such person or association is established, or in case there is no newspaper printed in such county, such notice shall be published in some newspaper printed at Montpelier; and the treasurer shall be required to apply the said trust funds, belonging to the maker or makers of such protested note or notes, to the payment pro rata of all such circulating notes, whether protested or not, put in circulation by the maker or makers of such protested note or notes, pursuant to the provisions of this act, and to adopt such measures for the payment of such notes as will in his opinion most effectually prevent loss to the holders thereof.

SEC. 5. The treasurer may give to any person or association of persons, so transferring stock, in pursuance of the provisions of this act, powers of attorney to receive interest or dividends thereon, which such person or association may receive and apply to their own use; but such power may be revoked upon such person or association failing to redeem the circulating notes so issued, or whenever in the opinion of the treasurer the principal of such stock shall become an insufficient security; and the said treasurer, upon application of the owner or owners of such transferred stock in trust, may, in his discretion, change or transfer the same for other stocks of the kinds before specified in this act, or may transfer the said stocks or any part thereof, or the mortgages, or any of them hereinafter mentioned and provided for, upon receiving and cancelling an equal amount of such circulating notes delivered by him to such person or association in such manner that the circulating notes shall always be secured in full, either by stocks, or by stocks and mortgages, as in this act provided.

SEC. 6. The bills or notes so to be countersigned, and the payment of which shall be so secured by the transfer of public stocks, shall be stamped on their face, "secured by the pledge of public stocks."

SEC. 7. Instead of transferring public stocks as aforesaid, to secure the whole amount of such bills or notes, it shall be lawful for such person or association of persons, in case they shall so elect, before receiving any of the said bills or notes, to secure the payment of one half of the whole amount so to be issued, by transferring to the treasurer bonds and mortgages upon real estate, bearing at least six per cent. interest, payable annually or semi-annually, in which case all such bills or notes issued by the said person or association of persons, shall be stamped on their face, "secured by the pledge of public stocks and real estate."

SEC. 8. The real estate so mortgaged, must be improved, productive, unincumbered lands in this State, exclusive of any buildings thereon, and the amount for which said lands are so mortgaged must not exceed two fifths of the value of said lands; nor shall any mortgage be received for a greater amount than five thousand dollars each, and the treasurer shall prescribe such regulations for ascertaining the title and value of such lands, as he may deem necessary, and such bonds shall be payable within such time as the treasurer may direct.

SEC. 9. The treasurer may, in his discretion, re-assign the said bonds and mortgages, or any of them, to the person or association who transferred the same, on receiving other approved bonds and mortgages of equal amount; and when any sum of

principal of the bonds and mortgages transferred to the treasurer shall be paid to him, he shall notify the person or association that transferred the bonds and mortgages, of such payment, and may pay the same to such person or association, on receiving other approved bonds and mortgages of equal amount.

SEC. 10. The person or association of persons, assigning such bonds and mortgages to the treasurer, may receive the annual interest to come thereon, unless default shall be made in paying the bills or notes to be countersigned as aforesaid, or unless, in the opinion of the treasurer, the bonds and mortgages, or stocks so pledged, shall become an insufficient security for the payment of such bills or notes.

SEC. 11. In case such person or association of persons, shall fail or refuse to pay such bills or notes, on demand, in the manner specified in the fourth section of this act, the treasurer, after the ten days notice therein mentioned, may proceed to sell at public auction the public stocks so pledged, or the bonds and mortgages so assigned, or any or either of them, and out of the proceeds of such sale shall pay and cancel the said bills or notes, default in paying which shall have been made as aforesaid; but nothing in this act contained shall be considered as implying any pledge on the part of the State for the payment of said bills or notes, beyond the proper application of the securities pledged to the treasurer for their redemption.

SEC. 12. The public stocks and bonds and mortgages to be deposited with the treasurer, by any such person or association, shall be held by him exclusively for the redemption of the bills or notes of such person or association, put in circulation as money, until the same are paid.

SEC. 13. The plates, dies, and materials to be procured by the treasurer, for the printing and making of the circulating notes provided for hereby, shall remain in his custody, and under his direction; the expenses necessarily incurred in executing the provisions of this act, shall be paid by the treasurer out of any moneys in the treasury not otherwise appropriated; and for the purpose of reimbursing the same, the said treasurer is hereby authorized and required to charge against, and receive from such person or association, applying for such circulating notes, such rate per cent. thereon as may be sufficient for that purpose, and as may be just and reasonable.

SEC. 14. It shall not be lawful for the treasurer, or other officer, to countersign bills, or notes, for any person or association of persons, to an amount in the aggregate exceeding the public stocks, or public stocks and bonds and mortgages, at

their value, as before provided in this act, deposited with the treasurer by such person or association; and any treasurer, or other officer, who shall violate the provisions of this section, shall, upon conviction, be adjudged guilty of a misdemeanor, and shall be punished by a fine not less than five thousand dollars, or be imprisoned not less than five years in the State prison, or by both such fine and imprisonment.

SEC. 15. Any number of persons may associate to establish offices of discount, deposit and circulation, upon the terms and conditions, and subject to the liabilities, prescribed in this act; but the aggregate amount of the capital stock of any such association shall not be less than fifty thousand dollars, nor more than two hundred and fifty thousand dollars.

SEC. 16. Such persons, under their hands and seals, shall make a certificate which shall specify:—1. The name assumed to distinguish such association, and to be used in its dealings. 2. The place where the operations of discount and deposit of such association are to be carried on, designating the particular city, town, or village. 3. The amount of the capital stock of such association, and the number of shares into which the same shall be divided. 4. The names and places of residence of the shareholders, and the number of shares held by each of them respectively. 5. The period at which such association shall commence and terminate; which certificate shall be acknowledged and recorded in the office of the clerk of the county where any office of such association shall be established, and a copy thereof filed in the office of the Secretary of State.

SEC. 17. The certificate, required by the last preceding section to be recorded and filed in the office of the clerk of the county, and Secretary of State aforesaid, or copies thereof, duly certified by either of those officers, may be used as evidence in all courts and places, for and against any such association.

SEC. 18. All banking associations, or individual bankers, organized under the provisions of this act, shall be banks of discount and deposit, as well as of circulation, and shall have power to carry on the business of banking, by discounting bills, notes, and other evidences of debt; by receiving deposits, by buying and selling gold and silver bullion, foreign coin and bills of exchange, in the manner specified in their articles of association, for the purposes authorized by this act; by loaning money on real and personal security; and by exercising such incidental powers as shall be necessary to carry on such business; to choose one of their number as president of such association.

and to appoint a cashier, and such other officers and agents as the business may require, and to remove such president, cashier, officers and agents at pleasure, and to appoint others in their place. And the usual business of banking of said association or individual banker, shall be transacted at the place where such banking association or individual banker shall be located, agreeable to the location specified in the certificate directed to be made by the second clause of the sixteenth section of this act, and not elsewhere.

SEC. 19. The shares of said association shall be deemed personal property, and shall be transferable on the books of the association, in such manner as may be agreed on in the articles of association; and every person becoming a shareholder by such transfer, shall, in proportion to his shares, succeed to all the rights and liabilities of prior shareholders; and no change shall be made in the articles of association, by which the rights, remedies, or securities of its existing creditors shall be weakened or impaired. Such association shall not be dissolved by the death or insanity of any of the shareholders therein.

SEC. 20. It shall be lawful for any association of persons, organized under the provisions of this act, by their articles of association, to provide for an increase of their capital, and of the number of their associates, from time to time as they may think proper, the aggregate capital not to exceed two hundred and fifty thousand dollars, as before provided.

SEC. 21. Contracts made by any such association, and all notes and bills by them issued and put in circulation as money, shall be signed by the president or vice president, and cashier thereof; and all suits, actions and proceedings, brought or prosecuted by or on behalf of such association, may be brought or prosecuted in the name of such association.

SEC. 22. All persons having demands against any such association, may maintain actions at law or in equity, according to the nature of the case, against such association by their name; and all judgments and decrees obtained or rendered against such association, for any debt or liability of such association, shall be enforced only against the joint property of the association, and which property shall be liable to be taken and sold by execution under any such judgment or decree.

SEC. 23. No shareholder of any such association shall be liable in his individual capacity, for any contract, debt, or engagement of such association, unless the articles of association by him signed shall have declared that the shareholders shall be so liable.

SEC. 24. It shall be lawful for such association to purchase, hold and convey real estate for the following purposes: 1. Such as shall be necessary for its immediate accommodation in the convenient transaction of its business; or, 2d, such as shall be mortgaged to it in good faith, by way of security for loans made by, or moneys due to, such association; or, 3d, such as shall be conveyed to it in satisfaction of debts previously contracted, in the course of its dealings; or, 4th, such as it shall acquire by way of execution. The said association shall not purchase, hold, or convey real estate, in any other case, or for any other purpose; and all conveyances of such real estate shall be made in the name of the association.

SEC. 25. Upon the application of creditors, or shareholders of any such association, whose debts or shares shall amount to one thousand dollars, and stating facts, verified by affidavit, a chancellor may, in his discretion, order a strict examination to be made by a master of chancery, of all the affairs of such association, for the purpose of ascertaining the safety of its investments, and the prudence of its management; and the result of every such examination, together with the opinion of the master and of the chancellor thereon, shall be published in such manner as the chancellor shall direct, who shall make such order in respect to the expense of such examination and publication, as he may deem proper.

SEC. 26. If any portion of the original capital of any such association shall be withdrawn for any purpose whatever, whilst any debts of the association shall remain unsatisfied, no dividends or profits on the shares of the capital stock of the association shall thereafter be made, until the deficit of capital shall have been made good, either by subscription of the shareholders, or out of the subsequently accruing profits of the association; and if it shall appear that any such dividends have been made, it shall be the duty of a chancellor, on application of any person in interest, to make the necessary orders and decrees for closing the affairs of the association, and distributing its property and effects among its creditors and shareholders.

SEC. 27. Such association shall be liable to pay the holder of every bill or note, put in circulation as money, the payment of which shall have been demanded and refused, damages for non-payment thereof, in lieu of interest, at and after the rate of twelve per cent. per annum, from the time of such refusal, until the payment of such evidence of debt and the damages thereon.

SEC. 28. The president and cashier of every association

formed pursuant to the provisions of this act, shall at all times keep a true and correct list of the names of all the shareholders of such association, and shall file a copy of such list in the office of the clerk of the county, where any office of such association may be located, and also in the office of the treasurer, on the first Mondays of January and July in every year.

SEC. 29. It shall not be lawful for any association formed under the provisions of this act, to make any of its bills or notes to be put in circulation as money, payable at any other place than at the office where the business of the association is carried on and conducted, and said bills or notes shall be made payable on demand, and without interest.

SEC. 30. Whenever the securities deposited for the redemption of circulating notes shall, in the opinion of the treasurer, become insufficient for that purpose, he may receive the dividends on all stocks, as well as the interest on bonds and mortgages, and shall deposit the same in some safe bank or banking association in this State, in his name, in trust for the association, or banker, to whom the same may belong: the deposit to be made on such terms and at such rate of interest as the treasurer may deem most conducive to the interest of such association or banker, and to be withdrawn and paid over, whenever, in the opinion of the treasurer, the securities of such association or banker shall be sufficient to warrant it.

SEC. 31. The bonds and mortgages mentioned in this act, for securing the payment of the circulating bills or notes, may be made or executed to the treasurer.

SEC. 32. All fees for protesting the circulating notes issued by any banking association or individual banker, shall be paid by the person procuring the services to be performed, for which the association or banker shall be liable, but no part of the securities deposited by such association or banker shall be applied to the payment of such fees.

SEC. 33. It shall be the duty of the bank commissioner, at least once a year, and oftener if he shall deem it necessary, to inspect every bank established under the provisions of this act, and report to the State auditor: 1st. The amount of the certified stock of the capital stock of the banking association, or individual banker, paid in or invested according to law, or in pursuance of its articles of association, and the amount of such stock as then possessed: 2d. The value of the real estate of the association, or individual banker, and specifying what portion is occupied by the association, or individual banker, for the transaction of business: 3d. The shares of stock held by

such association or individual banker, whether absolutely, or as collateral security, specifying each kind and description of stock and the number and value of the shares of each: 4th. The debts owing to the association, or individual banker, specifying such as are due from moneyed or other corporations, or associations, the names of such corporations, or associations, and the amount due from each, and also specifying the amount secured by bond and mortgage, the amount which ought to be included in the computation of losses, and the total amount of debts then collectable: 5th. The amount of debts owing by the association, or individual banker, specifying such as are payable on demand, and such as are due to moneyed or other corporations, associations or individual bankers, the names of such corporations or associations, or individual bankers, and the amount due to each: 6th. The amount of claims against the association, or individual banker, not acknowledged by it or him as debts: 7th. The amount for which the association or individual banker is bound as surety, or for which it may become liable on the happening of contingent events: 8th. The amount of the notes or bills then in circulation of said association or individual banker, of loans and discounts, and specie on hand: 9th. The amount of losses of the association or individual banker (if any.) charged, specifying whether charged on its or his capital or profits, since the last preceding statement, and of the dividends declared and made during the same period: 10th. The amount of real estate, mortgages, and of stocks, together with a description of such stocks deposited by each association or individual banker, with the treasurer as security for the circulating notes issued; the market value of said stocks, as near as the same can be ascertained, and the date to which payment of interest has been made upon such real estate, mortgages and stocks, and whether said interest has been paid to such banking association or individual banker, or passed to their or his credit on the books of the treasurer.

SEC. 34. In case any of the said associations or individual bankers shall refuse to submit its books papers and concerns to the inspection of said commissioner, or whose officers shall refuse to submit to be examined on oath, touching the concerns of such association or individual banker, by said commissioner, or which shall be found to have violated any law of this State, binding upon such association or individual banker, such association or individual banker shall be liable to be proceeded against by said commissioner in the same manner and with like effect as any incorporated bank may be proceeded against for a violation of its charter.

SEC. 35. The shareholders, or a majority of them in amount, shall be owners of any incorporated bank continuing the business of banking until the expiration of their charter, and who shall have associated themselves for the purpose of banking under the provisions of this act, shall be entitled to receive from the treasurer, who is hereby authorized to issue to the association so formed, circulating notes, in amounts of not less than ten thousand dollars, upon the deposit of securities of the kind before described and required by the provisions of this act, to an amount equal to the circulating notes so issued. But if such banking association, so formed, shall not have deposited with the treasurer during the three years next following the date of their articles of association, an amount equal to that required by the provisions of this act, as security for circulating notes, previous to commencing the business of banking, the treasurer is hereby empowered to retain the interest accruing upon securities so deposited, until such association has complied with the provisions of this act in relation to the amount of security to be deposited with the treasurer.

SEC. 36. If the shareholders, or a majority of them in amount, of any incorporated bank, within one year of the expiration of its charter, shall file with the president thereof a notice in writing that they intend to avail themselves of the provisions of this act, to associate for the purpose of banking, it shall be lawful for the directors of said bank to purchase and hold such stock and other securities as the treasurer is or may be authorized to receive for circulating notes under the provisions of this act, to such an amount as they shall deem for the interest of the shareholders thereof.

SEC. 37. An association hereafter formed to take the place of an incorporated bank, whose charter has expired, or is about to expire, may, when all the shareholders of such incorporated bank have assented to its organization under this act, take and hold, in addition to such real estate as is prescribed by the twenty-fourth section of this act, such other real estate as such bank may hold at the time of the transfer of the property of the incorporated bank, having been received by it in payment of debts previously contracted to said bank, according to law.

SEC. 38. When any individual banker, or the officers of any banking association, desirous of relinquishing the banking business, shall have redeemed at least ninety per cent. of their circulating notes, and shall produce to the treasurer a certificate of a deposit to his credit in such bank as he shall approve, to an equal amount with the circulating notes of such bank unre-

deemed, it shall be lawful for him to receive the same, and to give up all the securities theretofore deposited by such banker or banking association, for the redemption of circulating notes issued.

SEC. 39. Such individual banker or banking association, after having complied with the provisions of the last preceding section, may give notice for two years in some newspaper in the county where such bank shall have been located, that all circulating notes issued by such individual banker or banking association, must be presented at the treasurer's office within two years from the date of such notice, or that the funds deposited for the redemption of the notes will be given up to the bank or association; and on receiving satisfactory proof of the giving such notice for the time aforesaid, the treasurer shall surrender to the order of said association or bank, any securities which he may hold for the payment of any unredeemed notes of the said association or bank.

SEC. 40. Every individual banker who shall establish banking under the provisions of this act, shall file with the treasurer a certificate stating the town, city, or village in which he resides, and thereafter it shall not be lawful for such individual banker to transact business under this act in any other place than in which he resides, and in case of any change of residence of such individual banker, he shall forthwith file a notice thereof in the treasurer's office as aforesaid. Any person neglecting to comply with the requirements of this section shall for such neglect forfeit and pay to the treasurer of this State one thousand dollars, to be sued for and recovered by the State's attorney for the county in which such bank shall have been established, in the name of the State treasurer.

SEC. 41. It shall be the duty of the treasurer to receive mutilated circulating notes issued by him, and after making a record of them, their denomination and amount, to deliver in lieu thereof other circulating notes to the same amount.

SEC. 42. There shall be appointed, annually, a joint committee of the legislature, whose duty it shall be to examine such of the securities deposited in the treasurer's office, by banking associations and individual bankers, together with the books and papers therein relating to the business of banking, as the said committee may deem necessary to enable them to report the true state and condition of that department to the legislature.

SEC. 43. The report of the bank commissioner shall show the amount of loans and discounts, over drafts, due from banks,

from directors of said banks, due from brokers, real estate, specie, cash items, stock and promissory notes, bills of solvent banks, bills of suspended banks, loss and expense account, capital, circulation, profits, amount due to banks, amount due to individuals, amount due treasurer of State, amount due depositors on hand, amount due not included under either of the above heads.

SEC. 44. The capital stock of every banker or banking association, established under the provisions of this act, shall be liable to taxation, and it shall be the duty of the cashier of such banker or banking association, to transmit to the clerks of the several towns within this State, in which any shareholders of the same shall reside, a true list of the names of all such shareholders, with the amount every such shareholder may own on the first day of April in each year, which amount shall by the listers be set in the list of such shareholder, at its actual market value.

SEC. 45. The directors of any such banking association, or individual banker, shall be liable to pay to the creditors and stockholders of any such bank all losses which may be sustained in consequence of any violation by them of the provisions of this act, or of any other law, or other unfaithfulness in the discharge of their official duties; and any number of such directors may be sued in the same action by any claimant under the provisions of this section.

SEC. 46. Any director, who may have paid more than his share of the liabilities mentioned in the preceding section of this act, may have any proper action in law or equity against such other directors as shall not have paid their full shares.

SEC. 47. Such banking association or individual banker, shall not receive or demand any greater interest or discount on any note, draft, or security, than at the rate of six per cent. per annum; but such interest or discount may be calculated and taken according to the established rules of banking.

SEC. 48. No such banking association or individual banker, shall directly or indirectly employ its money in trade or commerce, other than is in this act provided, or deal, or trade in buying or selling any goods, chattels, wares, or merchandise; *Provided*, That such banking association may sell all kinds of property which shall come into its possession, in the ordinary collection of its debts.

SEC. 49. All bills and notes of such banking association or individual banker, shall at all times be received by said association or individual banker, on all judgments, executions, or demands, made payable to, or the property of, such banking association or individual banker.

SEC. 50. All such banking associations or individual bankers shall, semi-annually, at the times at which the dividends of profits shall, be usually declared, pay into the treasury of this State one per cent. of the capital of such banks; *Provided*, That if such banking association or individual banker, shall keep a sufficient deposit of funds, in the city of Boston, in the Commonwealth of Massachusetts, and shall at that city uniformly cause their bills to be redeemed at par, such bank shall be exempt from such payment; but if they shall fail to redeem their bills or notes, for the period of ten days in the whole, in any one year, the said tax shall be paid for that year.

SEC. 51. The legislature may at any time alter or repeal this act.

SEC. 52. This act shall take effect from its passage.

AN ACT FOR INCORPORATING MANUFACTURING COMPANIES.

It is hereby enacted by the General Assembly of the State of Vermont, as follows:

SEC. 1. Associations may at any time hereafter be formed, for the purpose of manufacturing, in pursuance of written articles, specifying the object of the association, the place where the business is to be carried on, the amount of capital, and the number and amount of the shares into which it shall be divided.

SEC. 2. When such association shall be formed, they may present the articles of their association to the judges of the county court in the county where the business is to be carried on, signed by the members thereof, in the presence of one or more witnesses, or acknowledged by the signers before some officer competent to take the acknowledgment of deeds of lands in this State, and the judges shall cause the same to be recorded at the expense of the association, in the office of the county clerk of said county, in a book to be kept by him for that purpose; and thereupon, from the time of the record as aforesaid, they shall become a body politic and corporate, with all the powers, privileges, and incidents of a corporation, by such name as may be specified in the articles of association, and may have their first meeting at such time and place as the judges aforesaid may appoint; at which meeting any justice of the peace of the county may preside, until a chairman or moderator shall be appointed; and said association may make such

Penaled & marked
as from Chapter 10
of R. S. P 385-1937.
Section numbers in
same chapter.

From the Laws of Vermont, of a public and permanent nature, coming down to, and including the year 1834. Compiled by authority of the Legislature, by Daniel P. Thompson.

CHAPTER LVIII

OF CHARTERING BANKS.

Passed Nov. 9, 1851.

No. 1.

An Act, regulating the chartering of banks.

Subst
20-1-10
1851.

Banking corporations, hereafter created, &c. subject to provisions of this act.

Sec. 1. It is hereby enacted by the General Assembly of the State of Vermont, That every monied corporation having banking powers, which shall be created at this session of the legislature, or which shall be hereafter created, or re-chartered, (shall be subject to the provisions) of this act.

Such corporations to pay into treasury of state three fourths of one per cent on the capital stock.

Sec. 2. That for the purpose of creating and continuing the fund herein established, every such corporation shall, on or before the third Thursday of October, in every year, pay to the treasurer of this state, a sum equal to three fourths of one per cent on the capital stock of such corporation, paid in, after excepting therefrom, such part of said capital stock, as is, or may be held by this state, and at that rate for the time such corporation shall have been in operation, if less than one year.

Shall deliver a statement to treasurer of the amount of capital stock paid in.

Sec. 3. That at the time of making any such payment, the corporation making the same, shall cause to be delivered to the treasurer of this state, a statement, signed by the president and cashier of the corporation, and verified by their oath, duly made before some officer, authorized to administer oaths, specifying the actual amount of the capital stock of such corporation paid in, and designating in such statement, the amount of such capital stock, as shall be owned by the state.

Shall continue to pay into treasury until payments amt. to four and a half per cent. upon capital stock.

Sec. 4. That the said annual payments shall continue to be made, until every such monied incorporation shall have paid into the treasury four and one half per cent, upon its capital stock which shall be, and remain, a perpetual fund, to be denominated "the bank fund," and to be inviolably appropriated, and applied to the payment of such portion of the debts, exclusive of the capital stock, of any of the said corporations, which shall become insolvent, as shall remain unpaid after applying the property and effects of such insolvent corporation, as hereafter provided.

Treasurer to keep separate accounts of said bank fund.

Sec. 5. That the treasurer of this state shall keep proper accounts of the said bank fund, separate, and distinct from the funds of this state, and shall from time to time, report to the legislature the condition thereof.

Said fund to be the property of the corporations paying & Treas. to invest said fund in manner as sch.

Sec. 6. That the said fund shall be the property of the corporations, by which the same shall be paid, in proportion to the amount which each of such corporations shall have contributed thereto, but the treasurer shall have power, and it shall be his duty from time to time, to invest the same, and all moneys belonging thereto, in the manner provided by law, in approved bank stock, or in such other productive or national securities as he may find opportunity, in order that the same may be a productive and accumulating fund.

Treasurer may sell securities in certain cases.

respect to the common school fund. And whenever it shall become necessary, for the purpose of meeting any charges on the said fund, to sell any securities, in which such fund, or any part thereof may have been invested, the treasurer shall have power to make such sale.

Income of said fund to be paid to the several corporations.

Sec. 7. 7-7 That the income arising from said fund, after deducting thereout, the salaries of the bank commissioners hereinafter mentioned, shall annually be paid by the treasurer, to the several corporations, by which the said fund shall be created, in proportion to the amount which each of the said corporations shall have contributed thereto; but no corporation shall be entitled to any part of said income, after it shall become insolvent, or shall be dissolved, or its charter expire.

In case said fund be reduced said corporations to pay additional sum from time to time.

Sec. 8. 8-8 That whenever the fund, created by this act, shall be reduced, by the payment of the debts of an insolvent corporation, to be made as hereafter provided, below the sum, as provided in the fourth section of this act, every monied corporation then existing, which shall be subject to this act, and every such corporation, thereafter to be created, shall on, or before the third Thursday of October, in every year thereafter, pay into the treasury of this state, such sum to be designated by the treasurer, not exceeding a sum equal to three fourths of one per cent on its capital stock, as herein before provided: which lastmentioned annual payments shall continue to be made by every corporation, subject to the operation of this act, until the aforesaid fund shall be reimbursed, and made to amount to the sum, as provided in the fourth section of this act, after which such annual payments shall be suspended, until it shall become necessary again to resort to the said fund, by reason of the insolvency of any such corporation, as hereinafter provided, when the said payments shall be resumed, in manner aforesaid, and so on from time to time, as occasion may require.

In case of insolvency of any such corporation, a chancellor to make order setting forth:

Sec. 9. 9-9 That whenever any corporation subject to the operation of this act, shall become insolvent, and shall be proceeded against, as hereinafter provided, it shall be the duty of a chancellor immediately after a final dividend of the property and effects of such insolvent corporation shall have been made, among the creditors thereof, to cause an order to be entered on its minutes, setting forth first the total amount of debts against the said corporation, ascertained and established by the said chancellor, including lawful interest thereon; - second, the net amount of money derived from the properties and effects of the said corporation, and applied under the direction of the said chancellor, towards the satisfaction of such debts; and third, the total amount of moneys, then requisite to pay off and discharge the said debts. Such order shall also direct the receiver appointed to take charge of the property and effects of the corporation, to apply to, and receive from the treasurer of this state, in the manner hereinafter provided, the sum which shall be

- 1st, the amount of debts against said corp.
- 2nd, Net amount of effects of said corp.
- 3rd, The amount necessary to pay debts of said corp.

required to pay off and discharge the said debts.]

Receiver to file copy of order with treasurer.

Sec. 10. ¹⁰⁻¹⁰ That upon such receiver filing with the treasurer of this state, a copy of such order, duly certified and signed by a chancellor, it shall be the duty of the said treasurer, to pay over to the said receiver, such sum, not exceeding the amount of the bank fund, as may have been declared by the said chancellor, to be necessary to satisfy the debts of said corporation, and the moneys paid to such receiver, shall be paid out by him, under the direction of the chancellor, to the several creditors of the corporation.]

Treasurer to pay over to receiver such part of fund as is necessary, who shall pay as directed and the moneys paid to such receiver, shall be paid out by him, under the direction of the chancellor, to the several creditors of the corporation.

Proceedings when bank fund proves insufficient.

Sec. 11. ¹¹⁻¹¹ That if at the time of filing with the treasurer, the copy of such order, the bank fund shall be insufficient to satisfy all the debts of the insolvent corporation, a sum sufficient to satisfy the residue of such debts, as shall remain unpaid, shall be paid to such receiver, in the manner provided in the last preceding section, out of the first moneys that shall thereafter be paid to the treasurer, pursuant to the eighth section of this act, and the moneys so paid to such receiver, shall be paid out by him in the manner required in the last preceding section.]

Moneys paid out of treasury to be a charge on bank fund.

Sec. 12. ¹²⁻¹² That the moneys paid out of the treasury, and all other moneys required by this act to be paid out of the treasury, shall be a charge upon the bank fund, hereby created.]

When charters expire every corporation entitled to receive its proportional share.

Sec. 13. ¹³⁻¹³ That whenever the charter of any monied corporation, subject to the provision of this act, shall expire, every such corporation shall be entitled to receive its proportional share of said bank fund, which said corporation may have contributed thereto, after deducting thereout, a proportional part of the charges upon the said fund, and which share the treasurer is hereby authorized to pay to said corporation.]

No creditor to receive interest upon his debt, &c. in certain cases.

Sec. 14. ¹⁴⁻¹⁴ That no creditor of any insolvent corporation, shall by virtue of this act, receive interest upon his debt against such corporation, from and after the time such order is made, as is required by the ninth section of this act; nor shall such creditor be entitled to interest, anterior to the presentation of his demand against such corporation, to the receiver that shall be appointed to take charge of the property and effects of such corporations.]

*See no. 2.

See by mail copy attached

Three bank commissioners to be appt'd.

Sec. 15. ¹⁵⁻¹⁵ *That three persons, to be styled the "Bank Commissioners of the state of Vermont," shall be appointed in the manner hereinafter provided, whose duty, or the duty of one of whom it shall be, at least once in twelve months, to visit every monied corporation, upon which the provisions of this act shall be binding, and thoroughly to inspect the affairs of said corporations, to examine all the books, papers, notes, bonds, and evidences of debt of said corporations, to compare the funds and property of said corporations, with the statements to be made by them, as hereinafter provided, to ascertain the quantity of specie the said corporations have on hand, and, generally, to make such other

Duty of commissioners.

inquiries as may be necessary to ascertain the actual condition of the said corporations, and their ability to fulfill all the engagements made by them.]

Further duty of said commissioners.

Sec. 16. ¹⁶⁻²⁴ That [it shall be the duty of the said commissioners, or some one of them, to visit and inspect the condition and affairs of any monied corporation, more frequently than once in twelve months, if required so to do, by any one of the monied corporations, subject to the provisions of this act.]

Commissioners are empowered to examine officers of such corporations upon oath.

Sec. 17. ¹⁷⁻²⁶ [That the said commissioners, or either of them, shall have power to examine upon oath, all the officers, servants, or agents of said corporations, or any other person, in relation to the affairs and condition of said corporations, which oath the said commissioners, or either of them, are personally authorized to administer.]

If said commissioners find said corporation insolvent they shall ~~may~~ apply to a chancellor for an injunction, &c.

Sec. 18. ¹⁸⁻²⁷ That [if the said commissioners shall ascertain, from such inspection and examination, or in any other manner, that any of said corporations are insolvent, or shall have violated any of the provisions of this act, or acts of incorporation, or of any other acts, binding on such corporations, the said commissioners shall, (immediately) apply to a chancellor, upon bill or petition, for an injunction against such corporation, and its officers, and said chancellor shall, thereupon, issue a notice to the cashier, or to the cashier and president, of said corporations, to appear, at a time and place therein named, and show cause why an injunction should not issue against such corporation, and its officers; and if no sufficient cause be shown to the contrary, he shall, thereupon, issue such injunction against such corporation and its officers.]

Chancellor shall issue notice to cashier to appear and show cause, &c.

Chancellor may appoint a receiver, &c.

Sec. 19. ¹⁹⁻²⁸ That [upon the issuing of such injunction, and in any stage of the proceedings thereupon, the chancellor may appoint one or more receivers to take charge of the property and effects of such corporation -- and to collect, sue for, and recover the debts and demands that may be due, and the property that may belong to such corporation, who shall, in all respects, be subject to the control of the chancellor.]

Receiver to give bonds.

Duties and powers of receiver.

*Sec 20-29
Rec't give bond.*

and [such receivers shall give bonds to the treasurer of this state, in a sum to be fixed by the chancellor, granting the injunction, with one or more sufficient sureties, for the faithful discharge of the duties, of his or their appointment, and for the due accounting for all moneys received by them.] And [such receiver, or receivers, shall have full power and authority, and it is hereby made their duty, to sell and convert into cash, the personal and real estate of such corporations, and execute good and sufficient titles to the purchasers thereof, and shall apply the cash, so received, as well as the money which shall be collected, or in possession of such corporation, exclusively to the redemption of the bills and notes, of such corporation, and shall, as

Receiver to render an account to chancellor.

Power + duties of Receiver

*(Sec. 21)
(30)*

soon as may be, render an account to such chancellor, of the condition and affairs of such corporation, and of his proceedings in the business of his appointment; and in case the money so received, shall be insufficient for the redemption of the bills and notes of such corporation, it shall be the duty of the receiver or receivers, to pay over, in further redemption thereof, such sum or sums, as he or they shall receive from the bank fund before named.

22-31
money collected by Receiver in payment of redemption bank fund to apply

Commissioners to report to legislature.

Sec. 29. *23-18* That ^{again} it shall be the duty of said commissioners, in the month of October in each year, hereafter to report to the legislature, the manner in which they have discharged their duties, and to accompany such report, by such abstracts from the reports made to them, and by such other statements as they may deem useful.

Commissioners how appointed.

Sec. 31. That one of said commissioners shall be elected by the joint ballot of both houses of the legislature, annually, and the other two shall be elected by the respective corporations subject to the operation of this act, in manner following: each of said corporations shall choose one delegate, and the delegates so chosen, shall meet at the court house in Montpelier, on the third Thursday of October, in each year, and at the hour of four in the afternoon, shall proceed to vote for said commissioners, by ballot, each delegate being entitled to one vote, for every five thousand dollars actually paid in of the capital stock of the corporation he represents, which shall be ascertained by the affidavit of the president and cashier, and the person receiving a majority of all the votes so given, shall be deemed duly appointed, and the commissioners so chosen, shall be under oath, for the faithful discharge of their duty, and shall be entitled to four dollars per day, including all expenses, to be paid out of the bank fund, before mentioned.

entire
24. Sub 22

To be under oath.

Fees of said commissioners.

Sec. 32. *25-32* That if any such monied corporation shall issue, or have outstanding, or in circulation, at any time, an amount of notes or bills, loaned or put in circulation, as money, exceeding three times its capital stock, then paid in, and actually possessed, or shall neglect to make any annual payment to the treasurer of this state, required by this act, for the space of three months after the time when the same ought to have been made, or shall have lost one half of its capital stock paid in, or shall have suspended the payment of its bills in specie, for sixty days, or shall refuse to allow the officers of such corporation to be examined upon oath, by the said commissioners, in relation to the affairs and condition of such corporation, every such corporation may be proceeded against, by the said commissioners and enjoined, by a chancellor as an insolvent corporation as herein before provided.

In case such corporation exceed the powers given them, or neglect or refuse to comply with the requisitions of this statute, they shall be enjoined, &c.

Sec. 33. *26-33* That every officer, agent or clerk, of a monied corporation, who shall make any false statements

Officers of such corporations, who shall make false entries, &c. guilty of felony. How punished.

No stockholder to be appointed a commissioner.

Banking corporations hereafter created to pay in 50 per cent. of capital stock.

Moried corporations whose charters shall be hereafter extended, shall pay in all their capital, within one year.

But said corporations may reduce their capital stock.

Banking corporations hereafter incorporated, not subject to the provisions of this act, if private property of stockholders shall be holden, &c.

or false entries in the books of such corporation, or shall exhibit false papers, with the intent to deceive said commissioners, as to the condition of said corporation, shall be deemed guilty of felony, and shall be subjected to imprisonment in the state prison, for a term not less than two years, nor more than ten.

Sec. 24. 27-19 That no stockholder of any bank, shall be appointed a commissioner by virtue of this act, nor shall it be lawful for any commissioner, directly, or indirectly, to purchase, or in any manner to be concerned in any bank stock, in this state.

Sec. 25. 28-36 That every corporation subject to the operation of this act, created at the present session of the legislature, or hereafter to be created, shall, before it makes any loans or discounts, have at least fifty per cent. of its capital stock actually paid in, which payment shall be proved on oath, to the satisfaction of the bank commissioners, before any such loans or discounts shall be made; and every moried corporation whose charter shall be hereafter extended, shall, within one year after such extension takes effect, pay in all its capital, to be proved in like manner, to said bank commissioners; but every such moried corporation, whose charter shall be so, hereafter extended, shall be permitted to reduce its capital stock, to any sum not below the amount actually paid in, at the time of the renewal of its charter. But such corporation shall, within one year, from and after the time of such renewal, file with the treasurer, a certificate, under the seal of the corporation, setting forth the sum to which its capital stock is to be reduced as aforesaid; the filing of which certificate shall exempt such corporation from the operation of this section, and to so much of its capital stock, as shall be reduced in the manner above stated.

Sec. 26. 31-39 That if any banking company, hereafter incorporated, chartered or re-chartered, shall by their act of incorporation, make the private property of the stockholders, holden to redeem the bills by them issued, it shall not be required to comply with the conditions of this act.

No. 2

An act, in addition to an act, in relation to the chartering of banks.

It is hereby enacted by the General Assembly of the state of Vermont, That the first election of bank commissioners, to be made on the part of the banks by the act to which this is in addition, shall be made on the third Wednesday of March, one thousand eight hundred and thirty-two."

Passed Nov. 9, 1831.

Bank commissioners when to be elected.

*See no. 1, sec. 15.

From 32-41 added to the original law in Chapter 80 of Revised Statutes.

"Sec. 32. If any director, or other officer of any bank, or any person interested in, or having charge or control of the same, shall, corruptly put or cause to be put in circulation any amount of the bills of such bank beyond the amount limited and prescribed by its charter, he shall be confined to hard labor in the state prison for a term not exceeding ten years.

"Sec. 33. No person shall take or borrow, from any bank hereafter chartered or rechartered, any money by reason of the pledge of any stock in such bank.

"Sec. 34. The stockholders and officers of any bank shall not, at any one time, be either directly or indirectly indebted to such bank to a greater amount, in the whole, than fifteen per cent. of the capital stock of such bank, actually paid in; and no individual stockholder, or officer of such bank, shall, at any one time, be indebted to the same, either directly or indirectly, to a greater amount than two thousand dollars; nor shall such stockholder or officer, either directly or indirectly receive any loan or discount at such bank, unless he shall procure two good and sufficient sureties for he same, neither of whom shall be stockholders or officers of such bank.

"Sec. 35.⁴³ If any bank shall, directly or indirectly, make any loan or discount, contrary to the provisions of the last two sections, such corporation may be proceeded against and enjoined by the court of chancery as an insolvent corporation, as herein before provided.

"Sec. 36.⁴⁴ No bank, hereafter chartered or rechartered, shall make any loans or discounts until the whole amount of the capital stock of such corporation shall be actually paid in, in gold or silver coin, which payment shall be proved, as provided in the twenty eighth section of this chapter. (see 48-63 of chapter 84)

"Sec. 37.⁴⁵ If any bank, hereafter charter or rechartered, shall, directly or indirectly, distribute or divided any portion of its capital stock among the stockholders of such corporation, before the expiration of its charter, such bank may be proceeded against and enjoined as an insolvent corporation, agreeably to the provisions of this chapter.

"Sec. 38.⁴⁶ The duties and services of the bank committee shall be confined and limited to such banks only as are not subject to the visitation and examination of the bank commissioner, appointed agreeably to the provisions of this chapter.

"Sec. 39.⁴⁷ The auditor of accounts shall audit the accounts of the bank commissioner, and draw orders on the state treasurer for such sum as he shall find justly due, which the treasurer shall pay out of the bank fund.

"Sec. 40.³⁴ When a banking corporation may desire to close its business, before the expiration of the time limited for its duration, by its charter, the governor, on application of such corporation, may issue his proclamation, designating some day for the termination of the existence of such corporation, which day shall be, at least, six months after the issuing of such proclamation; and such corporation, on the day thus designated, shall cease to exist, as fully and with the same effect as if its charter had expired by the limitation therein contained.

"Sec. 41.³⁵ The governor shall not issue such proclamation unless it shall be made to appear that two thirds of the legal votes of the stockholders shall have been given in favor of such application.

1846 Blk
Amly ut. 6-11-1846
provisions

From the Laws of Vermont, of a public and permanent nature, coming down to, and including the year 1834. Compiled by authority of the Legislature, by Daniel P. Thompson.

CHAPTER LVIII

*penal f and figures
are chapter 80, of session
Statute 1839: see page (2)*

OF CHARTERING BANKS.

Passed Nov. 9, 1831.

No. 1.

An Act, regulating the chartering of banks.

Banking corporations, hereafter created, &c. subject to provisions of this act.

✓ Sec. 1. (It is hereby enacted by the General Assembly of the State of Vermont, That every monied corporation, having banking powers, which shall be created (at this session of the legislature, or which shall be hereafter created,) or re-chartered, shall be subject to the provisions of this act.

Such corporations to pay into treasury of state three fourths of one per cent on the capital stock.

✓ Sec. 2. That for the purpose of creating and continuing the fund herein established, every such corporation shall, on or before the third Thursday of October, in every year, pay to the treasurer of this state, a sum equal to three fourths of one per cent on the capital stock of such corporation, paid in, after excepting therefrom, such part of said capital stock, as is, or may be held by this state, and at that rate for the time such corporation shall have been in operation, if less than one year.

Shall deliver a statement to treasurer of the amount of capital stock paid in.

✓ Sec. 3. That at the time of making any such payment, the corporation making the same, shall cause to be delivered to the treasurer of this state, a statement, signed by the president and cashier of the corporation, and verified by their oath, (duly made before some officer, authorized to administer oaths,) specifying the actual amount of the capital stock of such corporation paid in, and designating in such statement, the amount of such capital stock, as shall be owned by the state.

Shall continue to pay into treasury until payments amt. to four and a half per cent. upon capital stock.

✓ Sec. 4. That the said annual payments shall continue to be made, until every such monied incorporation shall have paid into the treasury four and one half per cent, upon its capital stock which shall be, and remain, a perpetual fund, to be denominated 'the bank fund,' and to be inviolably appropriated, and applied to the payment of such portion of the debts, exclusive of the capital stock, of any of the said corporations, which shall become insolvent, as shall remain unpaid after applying the property and effects of such insolvent corporation, as hereafter provided.

Treasurer to keep separate accounts of said bank fund.

✓ Sec. 5. That the treasurer of this state shall keep proper accounts of the said bank fund, separate, and distinct from the funds of this state, and shall from time to time, report to the legislature the condition thereof.

Said fund to be the property of the corporations paying & Treas. to invest said fund in same manner as sch. fund.

✓ Sec. 6. (That the said fund) shall be the property of the corporations, by which the same shall be paid, in proportion to the amount which each of such corporations shall have contributed thereto, but the treasurer shall have power, and it shall be his duty from time to time, to invest the same, and all moneys belonging thereto, in the manner provided by law, in

Treasurer may sell securities in certain cases.

respect to the common school fund.) And whenever it shall become necessary, for the purpose of meeting any charges on the said fund, to sell any securities, in which such fund, or any part thereof may have been invested, the treasurer shall have power to make such sale.

Income of said fund to be paid to the several corporations.

✓ Sec. 7. That the income arising from said fund, after deducting thereout, the salaries of the bank commissioners hereinafter mentioned, shall annually be paid by the treasurer, to the several corporations, by which the said fund shall be created, in proportion to the amount which each of the said corporations shall have contributed thereto; but no corporation shall be entitled to any part of said income, after it shall become insolvent, or shall be dissolved, or its charter expire.

In case said fund be reduced said corporations to pay additional sum from time to time.

✓ Sec. 8. That whenever the fund, created by this act, shall be reduced, by the payment of the debts of an insolvent corporation, to be made as hereafter provided, below the sum, as provided in the fourth section of this act, every monied corporation then existing, which shall be subject to this act, and every such corporation, thereafter to be created, shall on, or before the third Thursday of October, in every year thereafter, pay into the treasury of this state, such sum to be designated by the treasurer, not exceeding a sum equal to three fourths of one per cent on its capital stock, as herein before provided: which lastmentioned annual payments shall continue to be made by every corporation, (subject to the operation of this act,) until the aforesaid fund shall be reimbursed, and made to amount to the sum, as provided in the fourth section of this act, after which such annual payments shall be suspended, until it shall become necessary again to resort to the said fund, by reason of the insolvency of any such corporation, as hereinafter provided, when the said payments shall be resumed, in manner aforesaid, and so on from time to time, as occasion may require.

In case of insolvency of any such corporation, a chancellor to make order setting forth:

✓ Sec. 9. That whenever any corporation subject to the operation of this act, shall become insolvent, and shall be proceeded against, as hereinafter provided, it shall be the duty of a chancellor immediately after a final dividend of the property and effects of such insolvent corporation shall have been made, among the creditors thereof, to cause an order to be entered on its minutes, setting forth first the total amount of debts against the said corporation, ascertained and established by the said (chancellor), including lawful interest thereon; - second, the net amount of money derived from the properties and effects of the said corporation, and applied under the direction of the said chancellor, towards the satisfaction of such debts; and third, the total amount of moneys, then requisite to pay off and discharge the said debts. Such order shall also direct the receiver appointed to take charge of the property and effects of the corporation, to apply to, and receive from the treasurer of this state, in the manner hereinafter provided, the sum which shall be

- 1st, the amount of debts against s'd corp.
- 2nd, Net amount of effects of said corp.
- 3rd, The amount necessary to pay debts of said corp.

required to pay off and discharge the said debts.

Receiver to file copy of order with treasurer.

✓ Sec. 10. _____ That upon such receiver filing with the treasurer of this state, a copy of such order, duly certified (and signed by a chancellor) it shall be the duty of the said treasurer, to pay over to the said receiver, such sum, not exceeding the amount of the bank fund, as may have been declared by the said chancellor, to be necessary to satisfy the debts of said corporation, and the moneys paid to such receiver, shall be paid out by him, under the direction of the chancellor, to the several creditors of the corporation.

Treasurer to pay over to receiver such part of fund as is necessary, who shall pay as directed by chancellor.

✓ Sec. 11. _____ That if at the time of filing with the treasurer, the copy of such order, the bank fund shall be insufficient to satisfy all the debts of the insolvent corporation, a sum sufficient to satisfy the residue of such debts, as shall remain unpaid, shall be paid to such receiver, in the manner provided in the last preceding section, out of the first moneys that shall thereafter be paid to the treasurer, pursuant to the eighth section of this act, and the moneys so paid to such receiver, shall be paid out by him in the manner required in the last preceding section.

Proceedings when bank fund proves insufficient.

✓ Sec. 12. _____ That the moneys paid out of the treasury, and all other moneys required by this act to be paid out of the treasury, shall be a charge upon the bank fund, hereby created.

Moneys paid out of treasury to be a charge on bank fund.

✓ Sec. 13. _____ That whenever the charter of any monied corporation, subject to the provision of this act, shall expire, every such corporation shall be entitled to receive its proportional share of said bank fund, which said corporation may have contributed thereto, after deducting thereout, a proportional part of the charges upon the said fund, and which share the treasurer is hereby authorized to pay to said corporation.

When charters expire every corporation entitled to receive its proportional share.

Sec. 14. _____ That no creditor of any insolvent corporation, shall by virtue of this act, receive interest upon his debt against such corporation, from and after the time such order is made, as is required by the ninth section of this act; nor shall such creditor be entitled to interest, anterior to the presentation of his demand against such corporation, to the receiver that shall be appointed to take charge of the property and effects of such corporations.

No creditor to receive interest upon his debt, &c. in certain cases.

✓ Sec. 15. _____ (*That three persons, to be styled the "Bank Commissioners of the state of Vermont," shall be appointed (in the manner hereinafter provided, whose duty, or the duty of one of whom it shall be, at least once in twelve months, to visit every monied corporation, upon which the provisions of this act shall be binding, and thoroughly to inspect the affairs of said corporations, to examine all the books, papers, notes, bonds, and evidences of debt of said corporations, to compare the funds and property of said corporations, with the statements to be made by them, as hereinafter provided, to ascertain the quantity of specie the said corporations have on hand, and, generally, to make such other

*See no. 2.

Three bank commissioners to be appt'd.

Duty of commissioners.

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performed in
St. Louis, Mo.

inquiries as may be necessary to ascertain the actual condition of the said corporations, and their ability to fulfill all the engagements made by them.

Further duty of said commissioners.

✓ Sec. 16. That it shall be the duty of the said commissioners, (or some one of them,) to visit and inspect the condition and affairs of any monied corporation, more frequently than once in twelve months, if required so to do, by any one of the monied corporations, subject to the provisions of this act.

Commissioners are empowered to examine officers of such corporations upon oath.

✓ Sec. 17. That the said commissioners, (or either of them,) shall have power to examine upon oath, all the officers, servants, or agents of said corporations, or any other person, in relation to the affairs and condition of said corporations, which oath the said commissioners, (or either of them, are personally authorized to administer.)

If said commissioners find said corporation insolvent they shall pay apply to a chancellor for an injunction, &c.

✓ Sec. 18. That if the said commissioners shall ascertain, from such inspection and examination, or in any other manner, that any of said corporations are insolvent, or shall have violated any of the provisions of this act, or acts of incorporation, or of any other acts, binding on such corporations, the said commissioners shall, immediately apply to a chancellor, upon bill or petition, for an injunction against such corporation, and its officers, and said chancellor shall, thereupon, issue a notice to the cashier, or to the cashier and president, of said corporations, to appear, at a time and place therein named, and show cause why an injunction should not issue against such corporation, and its officers; and if no sufficient cause be shown to the contrary, he shall, thereupon, issue such injunction against such corporation and its officers.

Chancellor shall issue notice to cashier to appear and show cause, &c.

Chancellor may appoint a receiver, &c.

✓ Sec. 19. That upon the issuing of such injunction, (and in any stage of the proceedings thereupon,) the chancellor may appoint one or more receivers to take charge of the property and effects of such corporation -- and to collect, sue for, and recover the debts and demands that may be due, and the property that may belong to such corporation, who shall, in all respects, be subject to the control of the chancellor; and such receivers shall give bonds to the treasurer of this state, in a sum to be fixed by the chancellor, granting the injunction, with one or more sufficient sureties, for the faithful discharge of the duties, of his or their appointment, and for the due accounting for all moneys received by them. And such receiver, or receivers, shall have full power and authority, and it is hereby made their duty, to sell and convert into cash, the personal and real estate of such corporations, and execute good and sufficient titles to the purchasers thereof, and shall apply the cash, so received, as well as the money which shall be collected, or in possession of such corporation, exclusively to the redemption of the bills and notes, of such corporation, and shall, as

Receiver to give bonds.

Duties and powers of receiver.

Receiver to render an account to chancellor.

22. soon as may be, render an account to such chancellor, of the condition and affairs of such corporation, and of his proceedings in the business of his appointment; and in case the money so received, shall be insufficient for the redemption of the bills and notes of such corporation, it shall be the duty of the receiver or receivers, to pay over, in further redemption thereof, such sum or sums, as he or they shall receive from the bank fund before named.

Commissioners to report to legislature.

23. ✓ Sec. 20. _____ That it shall be the duty of said commissioners, in the month of October in each year, hereafter to report to the legislature, the manner in which they have discharged their duties, and to accompany such report, by such abstracts from the reports made to them, and by such other statements as they may deem useful.

Commissioners now appointed.

24. ✓ Sec. 21. _____ (That one of said commissioners shall be elected by the joint ballot of both houses of the legislature, annually, and the other two shall be elected by the respective corporations subject to the operation of this act, in manner following: each of said corporations shall choose one delegate, and the delegates so chosen, shall meet at the court house in Montpelier, on the third Thursday of October, in each year, and at the hour of four in the afternoon, shall proceed to vote for said commissioners, by ballot, each delegate being entitled to one vote, for every five thousand dollars actually paid in of the capital stock of the corporation he represents, which shall be ascertained by the affidavit of the president and cashier, and the person receiving a majority of all the votes so given, shall be deemed duly appointed, and the commissioners so chosen, shall be under oath, for the faithful discharge of their duty, and shall be entitled to four dollars per day, including all expenses, to be paid out of the bank fund, before mentioned.

To be under oath.

Fees of said commissioners.

25. ✓ Sec. 22. _____ That if any such monied corporation shall issue, or have outstanding, or in circulation, at any time, an amount of notes or bills, loaned or put in circulation, as money, exceeding three times its capital stock, then paid in, and actually possessed, or shall neglect to make any annual payment to the treasurer of this state, required by this act, for the space of three months after the time when the same ought to have been made, or shall have lost one half of its capital stock paid in, or shall have suspended the payment of its bills in specie, for sixty days, or shall refuse to allow the officers of such corporation to be examined upon oath, by the said commissioners, in relation to the affairs and condition of such corporation, every such corporation may be proceeded against, by the said commissioners and enjoined, by a chancellor as an insolvent corporation as herein before provided.

In case such corporation exceed the powers given them, or neglect or refuse to comply with the requisitions of this statute, they shall be enjoined, &c.

26. ✓ Sec. 23. _____ That every officer, agent or clerk, of a monied corporation, who shall make any false statements

Officers of such corporations, who shall make false entries, &c. guilty of felony. How punished.

No stockholder to be appointed a commissioner.

Banking corporations hereafter created to pay in 50 per cent. of capital stock.

Monied corporations whose charters shall be hereafter extended, shall pay in all their capital, within one year.

But said corporations may reduce their capital stock.

Banking corporations hereafter incorporated, not subject to the provisions of this act, if private property of stockholders shall be holden, &c.

Passed Nov. 9, 1831.
Bank commissioners when to be elected.

*See no. 1, sec. 15.

or false entries in the books of such corporation, or shall exhibit false papers, with the intent to deceive said commissioners, as to the condition of said corporation, shall be deemed guilty of felony, and shall be subjected to imprisonment in the state prison, for a term not less than two years, nor more than ten.

27 ✓ Sec. 24. _____ That no stockholder of any bank, shall be appointed a commissioner by virtue of this act, nor shall it be lawful for any commissioner, directly, or indirectly, to purchase, or in any manner to be concerned in any bank stock, in this state.

28 ✓ Sec. 25. _____ That every corporation subject to the operation of this act, (created at the present session of the legislature, or hereafter to be created,) shall, before it makes any loans or discounts, have at least fifty per cent. of its capital stock actually paid in, which payment shall be proved on oath, to the satisfaction of the bank commissioners, before any such loans or discounts shall be made; and every monied corporation whose charter shall be hereafter extended, shall, within one year after such extension takes effect, pay in all its capital, to be proved in like manner, to said bank commissioners, but every such monied corporation, (whose charter shall be so, hereafter extended,) shall be permitted to reduce its capital stock, to any sum not below the amount actually paid in, at the time of the renewal of its charter. But such corporation shall, within one year, from and after the time of such renewal, file with the treasurer, a certificate, under the seal of the corporation, setting forth the sum to which its capital stock is to be reduced as aforesaid; the filing of which certificate shall exempt such corporation from the operation of this section, and to so much of its capital stock, as shall be reduced in the manner above stated.

31- Sec. 26. _____ That if any banking company, hereafter incorporated, chartered or re-chartered, shall by their act of incorporation, make the private property of the stockholders, holden to redeem the bills, by them issued, it shall not be required to comply with the conditions of this act.

No. 2

✓ An act, in addition to an act, in relation to the chartering of banks.

It is hereby enacted by the General Assembly of the state of Vermont, That the first election of bank commissioners, to be made on the part of the banks by the act to which this is in addition, shall be made on the third Wednesday of March, one thousand eight hundred and thirty-two."

2
1839

From the Revised Statutes of the State of Vermont. ~~Passed~~ Nov. 19, 1839.

Chapter 80 of Banks p. 385 - 391

This Chapter comprises the law of 1831, with some slight changes in wording, and with the modifications noted below.

✓ Section 6. Authorized manner of investment of bank fund, changed to read as follows: ".....to invest the same, and all moneys belonging thereto, (in approved bank stock, or in such other productive or national securities as he may find opportunity, in order that the same may be a productive and accumulating fund.)"

✓ Section 9, and later sections. Court of chancery substituted for chancellor.

✓ Section 15. Instead of three commissioners, one is specified as follows:

"One person, to be styled the 'bank commissioner' shall be annually appointed by the Senate and House of Representatives, whose duty it shall be"

✓ Section 21. Omitted, except as to oath of commissioner, and remuneration.

A few sections are divided and renumbered, and the following sections added.

✓ "Sec. 32. If any director, or other officer of any bank, or any person interested in, or having charge or control of the same, shall, corruptly put or cause to be put in circulation any amount of the bills of such bank beyond the amount limited and prescribed by its charter, he shall be confined to hard labor in the state prison for a term not exceeding ten years.

✓ "Sec. 33. No person shall take or borrow, from any bank hereafter chartered or rechartered, any money by reason of the pledge of any stock in such bank.

✓ "Sec. 34. The stockholders and officers of any bank shall not, at any one time, be either directly or indirectly indebted to such bank to a greater amount, in the whole, than fifteen per cent. of the capital stock of such bank, actually paid in; and no individual stockholder, or officer of such bank, shall, at any one time, be indebted to the same, either directly or indirectly, to a greater amount than two thousand dollars; nor shall such stockholder or officer, either directly or indirectly receive any loan or discount at such bank, unless he shall procure two good and sufficient sureties for he same, neither of whom shall be stockholders or officers of such bank.

✓ "Sec. 35. If any bank shall, directly or indirectly, make any loan or discount, contrary to the provisions of the last two sections, such corporation may be proceeded against and enjoined by the court of chancery as an insolvent corporation, as herein before provided.

✓ "Sec. 36. No bank, hereafter chartered or rechartered, shall make any loans or discounts until the whole amount of the capital stock of such corporation shall be actually paid in, in gold or silver coin, which payment shall be proved, as provided in the twenty eighth section of this chapter.

✓ "Sec. 37. If any bank, hereafter charter or rechartered, shall, directly or indirectly, distribute or divided any portion of its capital stock among the stockholders of such corporation, before the expiration of its charter, such bank may be proceeded against and enjoined as an insolvent corporation, agreeably to the provisions of this chapter.

✓ "Sec. 38. The duties and services of the bank committee shall be confined and limited to such banks only as are not subject to the visitation and examination of the bank commissioner, appointed agreeably to the provisions of this chapter.

✓ "Sec. 39. The auditor of accounts shall audit the accounts of the bank commissioner, and draw orders on the state treasurer for such sum as he shall find justly due, which the treasurer shall pay out of the bank fund.

✓ "Sec. 40. When a banking corporation may desire to close its business, before the expiration of the time limited for its duration, by its charter, the governor, on application of such corporation, may issue his proclamation, designating some day for the termination of the existence of such corporation, which day shall be, at least, six months after the issuing of such proclamation; and such corporation, on the day thus designated, shall cease to exist, as fully and with the same effect as if its charter had expired by the limitation theretin contained.

✓ "Sec. 41. The governor shall not issue such proclamation unless it shall be made to appear that two thirds of the legal votes of the stockholders shall have been given in favor of such application.

LAWS OF VERMONT, 1840

Part I.

✓ Section 1. Any banking company, chartered or re-chartered at the present session, or any future session, shall be subject to the provisions of this act, and to the control, at all times, of the legislature, to alter, amend, or repeal, as the public good may require; and shall be subject to the provisions of the first twenty-seven, and the fortieth and forty-first sections of the eightieth chapter of the Revised Statutes; but shall not be subject to the remaining sections of said eightieth chapter, except so far as the same are re-enacted in this act. Provided, that no such corporation shall be bound to contribute for the payment of losses which shall have accrued previous to their act of incorporation or re-charter, by the failure of any safety-fund bank.

✓ Sect. 2. No such banking company, incorporated as mentioned in the preceding section, shall make any loans or discounts, or issue any bills for circulation, until at least one half of its capital stock shall have been paid into the bank in gold or silver, and permanently deposited for the use of such bank; nor until the amount shall have been ascertained and the certificate thereof deposited with the treasurer of the state, as provided in the succeeding section; and no such bank shall continue to make loans or discounts for a longer space than two years after commencing business under such act of incorporation, unless the the whole of the capital stock allowed in the charter shall have been paid in, subject to the provisions of the succeeding section.

✓ Sect. 3. The commissioner appointed according to the provisions of the eightieth chapter of the Revised Statutes, shall, on the application of such banking company, examine the amount paid for capital stock, and ascertain by the oaths of a majority of the directors, that such money has been paid in by the stockholders toward the payment of their shares, and not for any other purpose; and that it is intended that the same shall remain in said bank as a part of its capital stock, and the said commissioner shall make a certificate thereof to the treasurer of the state.

✓ Sect. 4. No such banking corporation, re-chartered as mentioned in the first section, shall continue in operation, or take any benefit by reason of such re-charter, unless such corporation shall have remaining in such bank, or shall cause to be paid into such bank for capital, funds which shall be available at the time, to the full amount of the capital stock which shall have been paid in, under its original charter, and the amount ascertained, and the certificate thereof deposited with the treasurer according to the provisions of the preceding section.

✓ Sect. 5. Every such bank, whose charter shall be extended, shall, within one year after such extension takes effect, pay in all its capital, to be ascertained and certified in the manner provided in the third section; provided that such corporation may reduce its capital stock to any sum not below the amount actually paid in at the time of the renewal of its charter, and may, within one year from the time of its renewal, file with the treasurer of the state a certificate under the seal of the corporation, setting forth the sum to which the capital stock is to be reduced; and the sum so certified, after the filing of such certificate, shall be taken to be the amount of the capital stock of such bank.

✓ Sect. 6. No part of the capital stock of any bank shall, at any time, during the period, for which it is authorized to continue its banking operations, be withdrawn from such bank.

✓ Sect. 7. The stock, property, and concerns, of every such bank, shall be managed and conducted by directors to such number and appointed in such manner, as the act of incorporation shall direct, who shall be stockholders and inhabitants of the state, and shall hold their offices until others are appointed and qualified to act; and a majority of the directors shall be required to constitute a quorum.

✓ Sect. 8. The directors of any such bank shall be liable to pay to the creditors and stockholders of such bank, all losses which may be sustained in consequence of any violation, by them, of the provisions of this act, or of any other law, or other unfaithfulness in the discharge of their official duties; and any number of such directors may be sued in the same action by any claimant under the provisions of this section.

✓ Sect. 9. Further to secure the liabilities mentioned in the eighth section, each of the directors shall execute a bond to the treasurer of the state, in an equal amount, the aggregate amount of which bonds shall be equal to the amount of the capital stock actually paid in, with a condition for the payment and discharge of the liabilities mentioned in said eighth section; and such bonds shall be secured by one or more sufficient sureties, residing in this state and not directors, or by sufficient mortgage of real estate, to be examined and approved by the said commissioner and such bonds shall be for the security, and may be prosecuted for the benefit of any claimants under the provisions of the eighth section.

✓ Sect. 10. No director shall enter upon, or discharge any of the duties of his office, nor shall the bank go into operation, until such bonds have been executed and approved, as mentioned in the preceding section.

Sect. 11. Any director, who may have paid more than his share of the liabilities mentioned in the preceding sections, may have any of the proper action, in law or equity, against such other directors as shall not have paid their full shares.

Sect. 12. The directors, after being qualified to act as such, in the manner required by law, may appoint one of their number to be president of such bank; and may appoint and remove, at pleasure, a cashier, and all other necessary officers and servants, and fix their compensation; and may make all necessary by-laws and regulations, not inconsistent with the act of incorporation, or the laws of this state, to regulate: --

1. The conduct and duties of the several officers;
2. The times and places of holding, and the manner of notifying the meetings of the directors and of the corporation;
3. The terms and conditions on which all loans and discounts shall be made, and other negotiations of the corporation shall be transacted;
4. The disposition of the stock, property, and effects, of said corporation;
5. The election of directors and filling vacancies in that office;

And all other regulations necessary for the proper management of the business of the bank, and to carry into effect the purposes of its incorporation.

Sect. 13. The cashier of the bank shall be required, before he enters upon the duties of his office, to give a bond to the treasurer of this state, with sufficient sureties, to be approved by the bank commissioner, in the sum of not less than twenty thousand dollars, conditioned for the faithful discharge of the duties of his office, which shall be for the security, and may be prosecuted for the benefit, not only of the corporation, but of all others interested.

Sect. 14. Any such bank may loan and negotiate its moneys and effects, by discounting on banking principles, upon such security as the directors shall deem expedient; and dividends of the profits of the bank may be made by the directors every six months.

Sect. 15. Such corporation shall not receive or demand any greater interest or discount, on any note, draft, or security, than at the rate of six per cent. per annum; but such interest or discount may be calculated and taken according to the established rules of banking.

Sect. 16. No such corporation shall, directly or indirectly, employ its money in trade or commerce, or deal or trade in buying or selling any goods, chattels, wares, or merchandize; provided that such corporation may sell all kinds of property which shall come into its possession in the ordinary collection of its debts.

Sect. 17. No stockholder, director, or other officer, shall at any time, be, either directly or indirectly, indebted to the bank, in a greater amount than five per cent. of the capital stock actually paid in; nor shall any individual, company or corporation other than such stockholder, director or other officer, be at any one time indebted to any bank in a greater amount than the sum of ten per cent. of the capital stock so paid in, except for deposits made by such bank for the purpose of redeeming their bills at the place of such redemption, or on the purchase of bills of exchange; and all the directors and other officers shall not, at any one time, be directly or indirectly, indebted to the bank, to a greater amount than the aggregate amount of three per cent. of such capital stock, for each director.

Sect. 18. No such bank shall issue bills, or otherwise contract debts, to a greater amount than the amount of the deposits, and twice the amount of the capital stock actually paid in; but the violation of this provision shall not avoid any contract, or be construed to prevent the collection of any debt, contracted by such bank.

Sect. 19. All the bills and notes of such bank shall be deemed to be payable at such bank, and shall at all times be received by said bank, on all judgments, executions, or demands, made payable to, or the property of, such bank.

Sect. 20. If the officers of any such bank shall refuse or delay payment, in gold or silver money, of any bill or note of such bank, presented for payment in their usual hours of business, the said bank shall be liable to pay the holder of such bill or note, as damages, at the rate of twelve per cent. a year, for the time during which such payment shall be refused or delayed.

✓ Sect. 21. At any time, within two years from the time any such bank may be incorporated or rechartered, such corporation shall be required, when requested by the legislature, to loan to this state any sum of money which may be so requested, to be repaid in three annual installments, or sooner, at the election of the state, with annual interest; provided, that the whole amount due to such bank from the state, for such loans, at any one time, shall not exceed five thousand dollars; provided also, that such corporation shall not be required to make such loan, when it shall be in violation of the provisions of the eighteenth section of this act.

✓ Sect. 22. No loan shall be made, or any bill or note discounted, without the consent of a majority of the directors.

✓ Sect. 23. No bank shall issue bills of a less denomination than one dollar, or bills which contain fractional parts of a dollar, under penalty of one hundred dollars, payable to the treasurer of state, which may be recovered of such bank, in an action of debt, in the name of said treasurer.

✓ Sect. 24. All such banking corporations shall semi-annually, at the times at which the directors shall usually declare the dividends of the profits of such bank, pay into the treasury of this state one per cent. of the capital stock actually paid in, as a tax upon the income of such bank; provided, that if the directors shall keep a sufficient deposit of funds in the city of Boston in the Commonwealth of Massachusetts, and shall at that city uniformly cause their bills to be redeemed at par, such corporation shall be exempt from such payment; but if they shall fail so to redeem their bills for the period of ten days in the whole, in any one year, the said tax shall be paid for that year.

✓ Sect. 25. The directors of any bank shall not loan or pay out any money, or allow the same to be loaned or paid out on the pledge of any stock in such bank.

✓ Sect. 26. The real estate, which it shall be lawful for any such bank to hold, shall be only such as shall be needed for the accomodation of said bank, in the transaction of its business, such as shall have been mortgaged to it, by way of security, or conveyed to it in payment of debts previously contracted, or set off on execution in satisfaction of the debts of such bank.

✓ Sect. 27. Each stockholder shall be entitled to a number of votes, proportioned to the number of shares which may have been held by such stockholder, at least three months before the time of voting, according to the following rats, -- one vote for each share not exceed-

ing four; five notes for six shares, six votes for eight shares, and seven votes for ten shares, one vote for every five shares above ten; provided that no stockholder shall be entitled to more than twenty votes; and absent stockholders may vote by proxy, authorized in writing; but no stockholder residing out of the state shall be entitled to vote, in any way, in the meetings of the corporation, nor shall any stockholder be entitled to more votes in his own right and by proxy than one fourth of all the votes given. *Vote by Proxy* *Ex*

✓ Sect. 28. The directors may determine at what times, and in what proportion, the stockholders shall pay into the bank the amount unpaid on their shares of the capital stock; and they shall give notice thereof, by publishing their order, three weeks successively, in some one or more of the newspapers printed in the county, where the bank is located; or if no newspaper shall at the time, be printed in such county in one or more newspapers in an adjoining county, which shall most generally circulate in the vicinity of such bank; the last of which publications shall be at least thirty days before the time appointed for such payment; and if any stockholder shall neglect to make payment on any share, according to such order, for the period of thirty days from the time appointed for such payment, such share and all the moneys previously paid thereon, and all dividends accruing or due thereon, shall be forfeited to the use of such corporation.

✓ Sect. 29. If, by any means, the capital stock of any such bank shall be reduced, the amount of five per cent. below the amount which shall have been paid into the bank, it shall be the duty of the directors, immediately to raise the amount of the deficiency, by assessments on the several shares, in the manner and subject to all the regulations provided in the preceding section, and the stockholders shall be subject to the liabilities, and the shares to the forfeiture provided in that section; and the amount so raised shall be held and deemed a part of the capital stock, within the meaning of this act.

✓ Sect. 30. If the bank commissioner, on examination, shall ascertain, that any of the capital stock of any bank shall have been lost, as provided in the preceding section, he may make an order, requiring the directors, within a time to be fixed by him, to raise the amount of the deficiency, as provided in the preceding section, and give written notice of such order to the president or cashier of such bank; and if the directors shall neglect to raise such amount within the time limited, such corporation may be proceeded against, by such commissioner, and enjoined by the court of chancery, as an insolvent corporation, as provided in the eightieth chapter of the Revised Statutes.

✓ Sect. 31. If any such bank shall, directly or indirectly, make any loan or discount contrary to the provisions of this act, or if any such bank shall directly or indirectly, distribute or divide any portion

of its capital stock, among the stockholders of such corporation before the expiration of its charter, such bank may be proceeded against and enjoined as an insolvent corporation, as provided in the eightieth chapter of the Revised Statutes.

✓ Sect. 32. If any director or other officer of any bank, or any person interested in or having charge or control of the same, shall, corruptly or by design, put or cause to be put in circulation any amount of the bills of such bank, beyond the amount limited and prescribed by this act, he shall, on conviction thereof, be confined to hard labor in the state prison for a period not exceeding ten years.

✓ Sect. 33. If any director or other officer, or any person interested in or having charge or control of the same, shall wilfully or corruptly loan or pay any money, or cause the same to be loaned or paid to any director or other officer or stockholder, or individual or company or corporation, or discount or cause to be discounted any bill, note or other obligation or security, for any such director, or officer, or stockholder, or individual, or company or corporation, so that such director, officer, or stockholder, individual, or company or corporation, shall thereby become indebted to such bank to a greater amount than is allowed by the seventeenth section of this act, the person so offending shall, on conviction thereof, be confined to hard labor in the state prison for a period not exceeding five years.

✓ Sect. 34. The shares in any such bank shall be transferable in such manner as may be provided in the act of incorporation, or by the by-laws; but no transfer shall be valid until recorded in a book kept in said bank for that purpose, nor until the person making such transfer shall have discharged all the liabilities due from him to such corporation.

✓ Sect. 35. All acts, incorporating banking companies, are declared to be public acts, and shall be construed in all courts and places benignly and favorably for every beneficial purpose therein mentioned.

✓ Sect. 36. The bank commissioner is authorized to visit and inspect the condition and affairs of any banking corporation, at any time, on the application of any creditor or stockholder, if he shall judge the interest of the creditors or stockholders shall require it.

✓ Sect. 37. The auditor of accounts shall audit the accounts of the bank commissioner, and draw orders on the state treasurer, for such sum as he shall find justly due, which the treasurer shall pay out of the bank fund.

✓ Sect. 38. All bonds, taken according to the provisions of this act, may be put in suit on the application of the receiver appointed by the court of chancery, as provided in the eightieth chapter of the Revised Statutes, or by order of the bank commissioner; and the avails of all such bonds shall be applied in the same manner, as provided in the twenty-first section of the eightieth chapter of the Revised Statutes, until the debts of such bank shall be satisfied; and the balance, if any, shall be returned to the directors, from whom the same was collected, respectively.

✓ Sect. 39. If the directors of any banking corporation subject to the provisions of this chapter, shall execute bonds to the treasurer of the state to the amount and with the security required in the ninth section of this act, to be approved by the bank commissioner, and deposited with said treasurer, conditioned that such directors shall at all times pay and redeem, according to law, all the bills issued by such bank, and shall pay and refund all deposits made in such bank, when such payments are demanded, while such directors are in office, such bank shall thereafter be exempt from all payments required in the eightieth chapter of the Revised Statutes, to the bank fund, and from all the provisions of the establishment, preservation and regulation of said fund; and in such case, the bond required in this act to be given by the cashier, shall be given and made payable to such corporation; - provided in such case, such bank shall pay the bank commissioner, out of its own funds, for his services in making the examination required by law.

✓ Sect. 40. It shall be the duty of the bank commissioner, annually, or oftener, to examine the condition of the bonds required by this act to be given by the directors; and he may require the same to be renewed, with additional security, within such time as he may prescribe; and if the directors shall neglect to furnish security in the manner and by the time prescribed by the commissioner, and if the commissioner shall deem the security of the bonds insufficient, such bank may be proceeded against by such commissioner, and enjoined by the court of chancery as an insolvent corporation, as provided in the eightieth chapter of the Revised Statutes.

Approved, Oct. 28, 1840.

A - identical

Newport law of 1831

B - same in substance

C - differ to minor degree

D - differ to major degree

2d section

1. B

2. D

a) pay in ~~January~~ October

b) ~~1/2 of 1% of capital~~ 3/4 of 1% on capital instead of 1/2

3. A

4. D

a) Fund equal to 4 1/2 percent

5. C

a) Only Treasurer of state needed, and Comptroller

6. C

a) same as 5 - Treasurer in place of Comptroller

7. C

a) same as 5. " " " " "

8. D

a) pay in October in event of reduction of fund

b) Treasurer instead of Comptroller

c) 3/4 of 1% for annual assessment instead of 1/2

9. BC

Treasurer

10. B

11. B

12. A

13. B

Treasurer

14. A

15. D

a) 1/2 Commission to farmer at least once in 12 (4 N.Y.) months

16. D

a) same except 12 months ^{more frequently than once in} for special promotion

17. A

18. B

(?)

~~19.~~

Some reserve rights to avoid any action of
bank and avoid money in safety fund, subject to
fund reserve of cash in case reserve bank has been closed
person at isolated

19. Entirely different

20. - (N.Y. 19) B (October for January) joint

21 - N.Y. 20 - C 1 committee elected by Legislature
2 committee by banks. passed
of day out of New York
(N.Y. 26)

22 - N.Y. 27 & 28 D a) circulation could not exceed 3
times capital, (N.Y. 2) - units
N.Y. 2 1/2 - cap loan ratio

b) reserve payments suspension
limited to 60 days, rather
than 90 for N.Y.

23 (N.Y. 29) B

24. N.Y. 32 (B -

25 - N.Y. 34) D a) 50% capital paid in before start, because
N.Y. req 100%

26 - ~~If~~ Entirely different - If bank
establishes unlimited liability for
shareholders to secure bills, not
subject to terms of this act.

21-26

30-31

33

method of fixing ~~amount~~
legal rate
demand rate

*General Banking Law
1849*

*pertaining only to the
Bank during this
period:
2 failed
1 reorganized*

APPENDIX

Resolved, by the Senate and House of Representatives, That the Secretary of State be directed to cause to be published with the Laws, as an Appendix, the bill to authorize the business of Banking.

Adopted by the two Houses, November 13, 1849.

An Act to Authorize the Business of Banking

It is hereby enacted by the General Assembly of the State of Vermont, as follows:

Section 1. The Treasurer of the State is hereby authorized and required to cause to be engraved and printed in the best manner to guard against counterfeiting, such quantity of circulating notes in the similitude of bank notes in blank, of the different denominations authorized to be issued by the incorporated banks of this State, as he may from time to time deem necessary to carry into effect the provisions of this act, and of such form as he may prescribe. Such blank circulating notes shall be countersigned, numbered and registered in proper books to be provided and kept for that purpose, in the office of said treasurer, under his direction, by such person or persons as the said treasurer shall appoint for that purpose, so that each denomination of such circulating notes shall bear the uniform signature of such register, or one of such registers.

Section 2. Whenever any person or association of persons, formed for the purpose of banking under the provisions of this act, shall lawfully transfer to the said treasurer any portion of the public stock issued, or to be issued, by the United States, the State of Massachusetts, New York, or Maine, such person, or association of persons, shall be entitled to receive from the said treasurer, an equal amount of such circulating notes, of different denominations, registered and countersigned as aforesaid; but such public stock shall in all cases be, or be made to be, equal to a stock producing six per cent. per annum; and it shall not be lawful for the treasurer to take such stock at a rate above its par value, nor above its current market value.

Section 3. Such person or association of persons, are hereby authorized, after having executed and signed such circulating notes in the manner required by law, to make them obligatory promissory notes payable on demand, at the place of business within this State, of such person or association, to loan and circulate the same as money, according to the ordinary course of banking business, as regulated by the laws and usages of this State.

Section 4. In case the maker or makers of any such circulating note or notes, countersigned and registered as aforesaid, shall at any time hereafter, on lawful demand, during the usual hours of business, between the hours of ten and three o'clock, at the place where such note or notes is or are payable, fail or refuse to redeem such note in the lawful money of the United States, the holder of such note or notes, making such demand, may cause the same to be protested for non-payment by a notary public, under his official seal, in the usual manner; and the treasurer, on receiving and filing in his office such protest, shall forthwith give notice in writing, to the maker or makers of such note or notes, to pay the same; and if he or they shall omit to do so, for ten days after such notice, the treasurer shall immediately thereupon, (unless he shall be satisfied that there is a good and legal defence against the payment of such note or notes,) give notice that all the circulating notes issued by such person or association, will be redeemed out of the trust funds in his hands for that purpose, which notice shall be given by publishing the same in some newspaper printed in the county where the business of such person or association is established, or in case there is no newspaper printed in such county, such notice shall be published in some newspaper printed at Montpelier; and the treasurer shall be required to apply the said trust funds, belonging to the maker or makers of such protested note or notes, to the payment pro rata of all such circulating notes, whether protested or not, put in circulation by the maker or makers of such protested note or notes, pursuant to the provisions of this act, and to adopt such measures for the payment of such notes as will in his opinion most effectually prevent loss to the holders thereof.

Section 5. The treasurer may give to any person or association of persons, so transferring stock, in pursuance of the provisions of this act, powers of attorney to receive interest or dividends thereon, which such person or association may receive and apply to their own use; but such power may be revoked upon such person or association failing to redeem the circulating notes so issued, or whenever in the opinion of the treasurer the principal of such stock shall become an insufficient security; and the said treasurer, upon application of the owner or owners of such transferred stock in trust, may, in his discretion, change or transfer the same for other stocks of the kinds before specified in this act, or may transfer the said stocks or any part thereof, of the mortgages, or any of them hereinafter mentioned and provided for, upon receiving and cancelling an equal amount of such circulating notes delivered by him to such person or association in such manner that the circulating notes shall always be secured in full, either by stocks, or by stocks and mortgages, as in this act provided.

Section 6. The bills or notes so to be countersigned, and the payment of which shall be so secured by the transfer of public stocks, shall be stamped on their face, "secured by the pledge of public stocks."

Section 7. Instead of transferring public stocks as aforesaid, to secure the whole amount of such bills or notes, it shall be lawful for such person or association of persons, in case they shall so elect, before receiving any of the said bills or notes, to secure the payment of one half of the whole amount so to be issued, by transferring to the treasurer bonds and mortgages upon real estate bearing at least six per cent. interest payable annually or semi-annually, in which case all such bills or notes issued by the said person or association of persons, shall be stamped on their face, "secured by the pledge of public stocks and real estate."

Section 8. The real estate so mortgaged, must be improved, productive, unincumbered lands in this State, exclusive of any buildings thereon, and the amount for which said lands are so mortgaged must not exceed two fifths of the value of said lands; nor shall any mortgage be received for a greater amount than five thousand dollars each, and the treasurer shall prescribe such regulations for ascertaining the title and value of such lands, as he may deem necessary, and such bonds shall be payable within such time as the treasurer may direct.

Section 9. The treasurer may, in his discretion, re-assign the said bonds and mortgages, or any of them, to the person or association who transferred the same, on receiving other approved bonds and mortgages of equal amount; and when any sum of the principal of the bonds and mortgages transferred to the treasurer shall be paid to him, he shall notify the person or association that transferred the bonds and mortgages, of such payment, and may pay the same to such person or association, on receiving other approved bonds and mortgages of equal amount.

Section 10. The person or association of persons, assigning such bonds and mortgages to the treasurer, may receive the annual interest to come thereon, unless default shall be made in paying the bills or notes to be countersigned as aforesaid, or unless, in the opinion of the treasurer, the bonds and mortgages, or stocks so pledged, shall become an insufficient security for the payment of such bills or notes.

Section 11. In case such person or association of persons, shall fail or refuse to pay such bills or notes, on demand, in the manner specified in the fourth section of this act, the treasurer, after the ten days notice therein mentioned, may proceed to sell at public auction the public stocks so pledged, or the bonds and mortgages so assigned, or any or either of them, and out of the proceeds of such sale shall pay and cancel the said bills or notes, default in paying which shall have been made as aforesaid; but nothing in this act contained shall be con-

sidered as implying any pledge on the part of the State for the payment of said bills or notes, beyond the proper application of the securities pledged to the treasurer for their redemption.

Section 12. The public stocks and bonds and mortgages to be deposited with the treasurer, by any such person or association shall be held by him exclusively for the redemption of the bills or notes of such person or association, put in circulation as money, until the same are paid.

Section 13. The plates, dies and materials to be procured by the treasurer, for the printing and making of the circulating notes provided for hereby, shall remain in his custody, and under his direction; the expenses necessarily incurred in executing the provisions of this act, shall be paid by the treasurer out of any moneys in the treasury not otherwise appropriated; and for the purpose of reimbursing the same, the said treasurer is hereby authorized and required to charge against, and receive from such person or association, applying for such circulating notes, such rate per cent. thereon as may be sufficient for that purpose and as may be just and reasonable.

Section 14. It shall not be lawful for the treasurer, or other officer, to countersign bills, or notes, for any person or association of persons, to an amount in the aggregate exceeding the public stocks, or public stocks and bonds and mortgages, at their value, as before provided in this act, deposited with the treasurer by such person or association, and any treasurer, or other officer, who shall violate the provisions of this section shall, upon conviction, be adjudged guilty of a misdemeanor and shall be punished by a fine not less than five thousand dollars, or be imprisoned not less than five years in the State prison, or by both such fine and imprisonment.

Section 15. Any number of persons may associate to establish offices of discount, deposit and circulation, upon the terms and conditions, and subject to the liabilities, prescribed in this act; but the aggregate amount of the capital stock of any such association shall not be less than fifty thousand dollars, nor more than two hundred and fifty thousand dollars.

Section 16. Such persons, under their hands and seals, shall make a certificate which shall specify: -- 1. The name assumed to distinguish such association, and to be used in its dealings. 2. The place where the operations of discount and deposit of such association are to be carried on, designating the particular city, town, or village. 3. The amount of capital stock of such association, and the number of shares into which the same shall be divided. 4. The names and places of residence of the shareholders, and the number of shares held by each of them respectively. 5. The period at which such association shall

commence and terminate; which certificate shall be acknowledged and recorded in the office of the clerk of the county where any office of such association shall be established, and a copy thereof filed in the office of the Secretary of State.

Section 17. The certificate, required by the last preceding section to be recorded and filed in the office of the clerk of the county, and Secretary of State aforesaid, or copies thereof, duly certified by either of those officers, may be used as evidence in all courts and places, for and against any such association.

Section 18. All banking associations, or individual bankers, organized under the provisions of this act, shall be banks of discount and deposit as well as of circulation, and shall have power to carry on the business of banking, by discounting bills, notes, and other evidences of debt; by receiving deposits, by buying and selling gold and silver bullion, foreign coin and bills of exchange, in the manner specified in their articles of association, for the purposes authorized by this act; by loaning money on real and personal security; and by exercising such incidental powers as shall be necessary to carry on such business; to choose one of their number as president of such association, and to appoint a cashier, and such other officers and agents as their business may require, and to remove such president, cashier, officers and agents at pleasure, and to appoint others in their place. And the usual business of banking of said association or individual banker, shall be transacted at the place where such banking association or individual banker shall be located, agreeable to the location specified in the certificate directed to be made by the second clause of the sixteenth section of this act, and not elsewhere.

Section 19. The shares of said association shall be deemed personal property, and shall be transferable on the books of the association, in such manner as may be agreed on in the articles of association; and every person becoming a shareholder by such transfer, shall, in proportion to his shares, succeed to all the rights and liabilities of prior shareholders; and no change shall be made in the articles of association, by which the rights, remedies, or securities of its existing creditors shall be weakened or impaired. Such association shall not be dissolved by the death or insanity of any of the shareholders therein.

Section 20. It shall be lawful for any association of persons, organized under the provisions of this act, by their articles of association, to provide for an increase of their capital, and of the number of their associates, from time to time as they may think proper, the aggregate capital not to exceed two hundred and fifty thousand dollars, as before provided.

Sec. 21. Contracts made by any such association, and all notes and bills by them issued and put in circulation as money, shall be signed by the president or vice president, and cashier thereof; and all suits, actions and proceedings, brought or prosecuted by or on behalf of such association, may be brought or prosecuted in the name of such association.

Sec. 22. All persons having demands against any such association, may maintain actions at law or in equity, according to the nature of the case, against such association by their name; and all judgments and decrees obtained or rendered against such association, for any debt or liability of such association, shall be enforced only against the joint property of the association, and which property shall be liable to be taken and sold by execution under any such judgment or decree.

Sec. 23. No shareholder of any such association shall be liable in his individual capacity, for any contract, debt, or engagement of such association, unless the articles of association by him signed shall have declared that the shareholders shall be so liable.

Sec. 24. It shall be lawful for such association to purchase hold and convey real estate for the following purposes: 1. Such as shall be necessary for its immediate accomodation in the convenient transaction of its business; or, 2d, such as shall be mortgaged to it in good faith, by way of security for loans made by, or moneys due to, such association; or, 3d, such as shall be conveyed to it in satisfaction of debts previously contracted, in the course of its dealings; or 4th, such as it shall acquire by way of execution. The said association shall not purchase, hold, or convey real estate, in any other case, or for any other purpose; and all conveyances of such real estate shall be made in the name of the association.

Sec. 25. Upon the application of creditors, or shareholders of any such association, whose debts or shares shall amount to one thousand dollars, and stating facts, verified by affidavit, a chancellor may, in his discretion, order a strict examination to be made by a master of chancery, of all the affairs of such association, for the purpose of ascertaining the safety of its investments, and the prudence of its management; and the result of every such examination, together with the opinion of the master and of the chancellor thereon, shall be published in such manner as the chancellor shall direct, who shall make such order in respect to the expense of such examination and publication, as he may deem proper.

Sec. 26. If any portion of the original capital of any such association shall be withdrawn for any purpose whatever, whilst any debts of the association shall remain unsatisfied, no dividends or profits on the shares of the capital stock of the association shall thereafter be made, until the deficit of capital shall have been made good, either by subscription of the shareholders, or out of the subsequently accruing pro-

fits of the association; and if it shall appear that any such dividends have been made, it shall be the duty of a chancellor, on application of any person in interest, to make the necessary orders and decrees for closing the affairs of the association, and distributing its property and effects among its creditors and shareholders.

Sec. 27. Such association shall be liable to pay the holder of every bill or note, put in circulation as money, the payment of which shall have been demanded and refused, damages for non-payment thereof, in lieu of interest, at and after the rate of twelve per cent. per annum, from the time of such refusal, until the payment of such evidence of debt and the damages thereon.

Sec. 28. The president and cashier of every association formed pursuant to the provisions of this act, shall at all times keep a true and correct list of the names of all the shareholders of such association, and shall file a copy of such list in the office of the clerk of the county, where any office of such association may be located, and, also in the office of the treasurer, on the first Mondays of January and July in every year.

Sec. 29. It shall not be lawful for any association formed under the provisions of this act, to make any of its bills or notes to be put in circulation as money, payable at any other place than at the office where the business of the association is carried on and conducted, and said bills or notes shall be made payable on demand, and without interest.

Sec. 30. Whenever the securities deposited for the redemption of circulating notes shall, in the opinion of the treasurer, become insufficient for that purpose, he may receive the dividends on all stocks, as well as the interest on bonds and mortgages, and shall deposit the same in some safe bank or banking association in this State, in his name, in trust for the association, or banker to whom the same may belong; the deposit to be made on such terms and at such rate of interest as the treasurer may deem most conducive to the interest of such association or banker, and to be withdrawn and paid over, whenever, in the opinion of the treasurer, the securities of such association or banker shall be sufficient to warrant it.

Sec. 31. The bonds and mortgages mentioned in this act, for securing the payment of the circulating bills or notes, may be made or executed to the treasurer.

Sec. 32. All fees for protesting the circulating notes issued by any banking association or individual banker, shall be paid by the person procuring the services to be performed, for which such association or banker shall be liable, but no part of the securities deposited by such association or banker shall be applied to the payment of such fees.

Sec. 33. It shall be the duty of the bank commissioner, at least once a year, and oftener if he shall deem it necessary, to inspect every bank established under the provisions of this act, and report to the State auditor: 1st. The amount of the certified stock of the capital stock of the banking association, or individual banker, paid in or invested according to law, or in pursuance of its articles of association, and the amount of such stock as then possessed: 2d. The value of the real estate of the association, or individual banker, and specifying what portion is occupied by the association, or individual banker, for the transaction of business: 3d. The shares of stock held by such association or individual banker, whether absolutely, or as collateral security, specifying each kind and description of stock and the number and value of the shares of each: 4th. The debts owing to the association, or individual banker, specifying such as are due from moneyed or other corporations, or associations, the names of such corporations, or associations, and the amount due from each, and also specifying the amount secured by bond and mortgage, the amount which ought to be included in the computation of losses, and the total amount of debts then collectable: 5th. The amount of debts owing by the association, or individual banker, specifying such as are payable on demand, and such as are due to moneyed or other corporations, associations or individual bankers, the names of such corporations or associations, or individual bankers, and the amount due to each: 6th. The amount of claims against the association, or individual banker, not acknowledged by it or him as debts: 7th. The amount for which the association or individual banker is bound as surety, or for which it may become liable on the happening of contingent events: 8th. The amount of the notes or bills then in circulation of said association or individual banker, of loans and discounts, and specie on hand: 9th. The amount of losses of the association or individual banker (if any) charged, specifying whether charged on its or his capital or profits, since the last preceding statement, and of the dividends declared and made during the same period. 10th. The amount of real estate, mortgages, and of stocks, together with a description of such stocks deposited by each association or individual banker, with the treasurer as security for the circulating notes issued; the market value of said stocks, as near as the same can be ascertained, and the date to which payment of interest has been made upon real estate, mortgages and stocks, and whether said interest has been paid to such banking association or individual banker, or passed to their or his credit on the books of the treasurer.

Sec. 34. In case any of the said associations or individual bankers shall refuse to submit its books, papers and concerns to the inspection of said commissioner, or whose officers shall refuse to submit to be examined on oath, touching the concerns of such association or individual banker, by said commissioner, or which shall be found to have

violated any law of this State, binding upon such association or individual banker, such association or individual banker shall be liable to be proceeded against by said commissioner in the same manner and with like effect as any incorporated bank may be proceeded against for a violation of its charter.

Sec. 35. The shareholders, or a majority of them in amount, who shall be owners of any incorporated bank continuing the business of banking until the expiration of their charter, and who shall have associated themselves for the purpose of banking under the provisions of this act, shall be entitled to receive from the treasurer, who is hereby authorized to issue to the association so formed, circulating notes, in amounts of not less than ten thousand dollars, upon the deposit of securities of the kind before described and required by the provisions of this act, to an amount equal to the circulating notes so issued. But if such banking association, so formed, shall not have deposited with the treasurer during the three years next following the date of their articles of association, an amount equal to that required by the provisions of this act, as security for circulating notes, previous to commencing the business of banking, the treasurer is hereby empowered to retain the interest accruing upon securities so deposited, until such association has complied with the provisions of this act in relation to the amount of security to be deposited with the treasurer.

Sec. 36. If the shareholders, or a majority of them in amount, of any incorporated bank, within one year of the expiration of its charter, shall file with the president thereof a notice in writing that they intend to avail themselves of the provisions of this act, to associate for the purpose of banking, it shall be lawful for the directors of said bank to purchase and hold such stock and other securities as the treasurer is or may be authorized to receive for circulating notes under the provisions of this act, to such an amount as they shall deem for the interest of the shareholders thereof.

Sec. 37. An association hereafter formed to take the place of an incorporated bank, whose charter has expired, or is about to expire, may, when all the shareholders of such incorporated bank have assented to its organization under this act, take and hold, in addition to such real estate as is prescribed by the twenty-fourth section of this act, such other real estate as such bank may hold at the time of the transfer of the property of the incorporated bank, having been received by it in payment of debts previously contracted to said bank, according to law.

Sec. 38. When any individual banker, or the officers of any banking association, desirous of relinquishing the banking business, shall have redeemed at least ninety per cent. of their circulating notes, and shall

produce to the treasurer a certificate of a deposit to his credit in such bank as he shall approve, to an equal amount with the circulating notes of such bank unredeemed, it shall be lawful for him to receive the same, and to give up all the securities theretofore deposited by such banker or banking association, for the redemption of circulating notes issued.

Sec. 39. Such individual banker or banking association, after having complied with the provisions of the last preceding section, may give notice for two years in some newspaper in the county where such bank shall have been located, that all circulating notes issued by such individual banker or banking association, must be presented at the treasurer's office within two years from the date of such notice, or that the funds deposited for the redemption of the notes will be given up to the bank or association; and on receiving satisfactory proof of the giving such notice for the time aforesaid, the treasurer shall surrender to the order of said association or bank, any securities which he may hold for the payment of any unredeemed notes of the said association or bank.

Sec. 40. Every individual banker who shall establish banking under the provisions of this act, shall file with the treasurer a certificate stating the town, city, or village in which he resides, and thereafter it shall not be lawful for such individual banker to transact business under this act in any other place than in which he resides, and in case of any change of residence of such individual banker, he shall forthwith file a notice thereof in the treasurer's office as aforesaid. Any person neglecting to comply with the requirements of this section shall for such neglect forfeit and pay to the treasurer of this State one thousand dollars, to be sued for and recovered by the State's attorney for the county in which such bank shall have been established, in the name of the State treasurer.

Sec. 41. It shall be the duty of the treasurer to receive mutilated circulating notes issued by him, and after making a record of them, their denomination and amount, to deliver in lieu thereof other circulating notes to the same amount.

Sec. 42. There shall be appointed, annually, a joint committee of the legislature, whose duty it shall be to examine such of the securities deposited in the treasurer's office, by banking associations and individual bankers, together with the books and papers therein relating to the business of banking, as the said committee may deem necessary to enable them to report the true state and condition of that department to the legislature.

Sec. 43. The report of the bank commissioner shall show the amount of loans and discounts, over drafts, due from banks, due from directors of said banks, due from brokers, real estate specie, cash items, stock

and promissory notes, bills of solvent banks, bills of suspended banks, loss and expense account, capital, circulation, profits, amount due to banks, amount due to individuals, amount due to treasurer of State, amount due depositors on hand, amount due not included under either of the above heads.

Sec. 44. The capital stock of every banker or banking association, established under the provisions of this act, shall be liable to taxation, and it shall be the duty of the cashier of such banker or banking association, to transmit to the clerks of the several towns within this State, in which any shareholders of the same shall reside, a true list of the names of all such shareholders, with the amount every such shareholder may own on the first day of April in each year, which amount shall by the listers be set in the list of such shareholder, at its actual market value.

Sec. 45. The directors of any such banking association, or individual banker, shall be liable to pay to the creditors and stockholders of any such bank all losses which may be sustained in consequence of any violation by them of the provisions of this act, or of any other law, or other unfaithfulness in the discharge of their official duties; and ^{any} number of such directors may be sued in the same action by any claimant under the provisions of this section. _{may}

Sec. 46. Any director, who may have paid more than his share of the liabilities mentioned in the preceding section of this act, may have any proper action in law or equity against such other directors as shall not have paid their full shares.

Sec. 47. Such banking association or individual banker, shall not receive or demand any greater interest or discount on any note, draft, or security, than at the rate of six per cent. per annum; but such interest or discount may be calculated and taken according to the established rules of banking.

Sec. 48. No such banking association or individual banker, shall directly or indirectly employ its money in trade or commerce, other than is in this act provided, or deal, or trade in buying or selling any goods, chabbels, wares, or merchandise; Provided, That such banking association may sell all kinds of property which shall come into its possession, in the ordinary collection of its debts.

Sec. 49. All bills and notes of such banking association or individual banker, shall at all times be received by said association or individual banker, on all judgments, executions, or demands, made payable to, or the property of, such banking association or individual banker.

Sec. 50. All such banking associations or individual bankers shall semi-annually, at the times at which the dividends of profits shall, be usually declared, pay into the treasury of this State one per cent, of the capital of such banks; Provided, That if such banking association or individual banker, shall keep a sufficient deposit of funds, in the city of Boston, in the Commonwealth of Massachusetts, and shall at that city uniformly cause their bills to be redeemed at par, such bank shall be exempt from such payment; but if they shall fail to redeem their bills or notes, for the period of ten days in the whole, in any one year, the said tax shall be paid for that year.

Sec. 51. The legislature may at any time alter or repeal this act.

Sec. 52. This act shall take effect from its passage.

No. 46. AN ACT IN ADDITION TO CHAPTER EIGHTY-FOUR OF THE
COMPILED STATUTES, RELATING TO BANKS.

Section

1. Bank commissioner annually to ascertain whether the directors of any bank have not given bond required by section fifty-seven and section eighty-seven of chapter eighty-four of the compiled statutes, and in such case to require directors to give such bond.
2. Office of director failing to comply with such order to become vacant. Remaining directors to fill

Section

- vacancy and furnish bonds, and on failure thereof commissioner to proceed against the bank as insolvent.
3. No banks to issue bills, &c. until bonds required by section fifty-seven and section eighty-seven of chapter eighty-four of the compiled statutes are executed.
4. Bank fund to remain liable, &c.
5. Disposition of remaining part of bank fund.

It is hereby enacted by the General Assembly of the State of Vermont, as follows:

Section 1. It shall be the duty of the bank commissioner annually, during the months of January and February, to ascertain whether there are any banks in this State whose directors have not given the proper bond required by sections fifty-seven and eighty-seven of chapter eighty-four of the compiled statutes; and upon ascertaining that there are such, it shall be the duty of said commissioner to file with all such banks a written order, therein requiring the directors of such banks to procure bonds agreeably to the provisions of said sections fifty-seven and eighty-seven, within a certain time to be fixed in said order, not exceeding sixty days.

Section 2. If any director or directors shall fail to comply with said order, his or their said office shall so far become vacant as to authorize and require the remaining portion of said board of directors within ten days to fill said vacancy and duly certify the same to the commissioner; and if said board of directors shall fail to fill said vacancy and to have the necessary bond or bonds furnished to said commissioner within ten days, it shall be the duty of said commissioner to proceed against said bank as an insolvent bank; and such neglect to furnish said bond or bonds shall be deemed an act of insolvency on the part of such bank.

Section 3. No bank shall hereafter issue bills or commence business as such until the bonds shall first have been executed agreeably to sections fifty-seven and eighty-seven of chapter eighty-four of the compiled statutes.

✓ Section 4. "The bank fund" already accumulated, or which may accumulate, shall remain liable, agreeably to the provisions of chapter eighty-four of the compiled statutes, until all of the banks of this State shall have complied with the provisions of section one of this act, or until such banks as do not comply with said section one have been proceeded against and finally closed agreeably to section two of this act and the provisions of chapter eighty-four of the compiled statutes.

✓ Section 5. If anything remains of said bank fund after all the provisions of this act and of said chapter eighty-four are complied with, the same shall be disposed of agreeably to the provisions of said chapter eighty-four of the compiled statutes.

Approved, November 10, 1857.

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Section

- ✓ ✓ 1. Certain banks subject to the provisions of this chapter.
Bank Fund
- ✓ ✓ 2. Amount to be paid to state treasurer annually.
- ✓ ✓ 3. Affidavit stating the amount of stock, etc. to be delivered treasurer.
- ✓ ✓ 4. Four and a half per cent. on capital to be paid for bank fund.
- ✓ ✓ 5. Treasurer to keep account of bank fund.
- ✓ ✓ 6. Fund to be the property of the banks, to be vested in productive securities.
- ✓ ✓ 7. Income of the fund to be paid to banks.
- ✓ ✓ 8. If bank fund is reduced, payments to be again made.
- ✓ ✓ 9. If bank prove insolvent, ^{chancery} ~~chancery~~ to order treasurer to pay out of bank fund.
- ✓ ✓ 10. Treasurer, on the receipt of such order, to pay to receiver.
- ✓ ✓ 11. If bank fund is insufficient, first moneys received thereafter to be applied.
- ✓ ✓ 12. Money paid by treasurer to be a charge on the bank fund.
- ✓ ✓ 13. Each bank, on the expiration of its charter, entitled to its share of the bank fund.
- ✓ ✓ 14. Creditors of the bank not entitled to interest before demand, or after the order of chancery.

1. original law attached. Red pencil brackets [] and Corrections show law as published in Chapter 80 Revised Statutes of 1840. Page 375.

green pencil give number of corresponding section of this Chapter on original law, Law of 1839, & 1840.

2. number of original Law sections

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Section

Bank Commissioner

given by
1) 2)

- 15. Bank commissioner, to be annually appointed, to visit and inspect each bank once in twelve months.
- 16, 17. Inspection of banks, when to be made. *[16] 15 of this Chapter Sect 1- #40-1843*
[17] # 34 of 1847.
(to be made on August)
- 18. Commissioner to make report.
- 19. Stockholder of bank, not to be appointed commissioner.
- 20. Items of report of commissioner. *xx include from report all debts due, uncollectable, or too
To show separately doubtful & uncertain debts.
amt of liabilities of each bank, cash value.*
- 21. Commissioner to report amount of dividends declared by banks. *in 15 days of Sept.*
- 22. Commissioner to be under oath; - his compensation. (
- 23. His accounts, how audited and paid.
- 24. To inspect at any time, on request.
- 25. His authority to visit, etc. *about the same as in the case of a bank, but in the case of a bank, the commissioner is to be appointed by the court.*
- 26. May examine officers on oath.

Proceedings Against Insolvent Banks

- 27. If bank is insolvent, or has violated its charter, commissioner to procure an injunction, etc., notice to be given.
 - 28. Court of chancery, on granting an injunction, to appoint receiver, etc.
 - 29. Receiver to give bonds, etc.
 - 30. Powers and duties of receiver.
 - 31. If moneys collected by receiver is insufficient to redeem bills, bank fund to be applied.
(for further provisions see paragraph 91-100 of this Chapter.
- Penalties for Certain Acts
- 32. Bank charter forfeited, for issuing bills illegally, for not paying to treasurer, if one half capital lost, if it suspend specie payments over sixty days, if officers refuse to be examined by commissioner.

1) Section 19, divided into 4 sections as.

Section

26 23 33. Punishment for making false statement, or exhibiting false papers.

Closing of Bank before Expiration
of Charter

40 34. Bank may close its business before charter expires -- governor may issue proclamation.

41 35. Proclamation not to issue unless two-thirds of the votes in favor, etc.

Provisions to Which Only Banks Incorporated
Previously to 1840, Are Subject

28 25¹⁾ 36. Fifty per cent. of capital stock to be paid in before discount.

29 25¹⁾ 37. Bank rechartered to reduce, or pay in, all its capital stock.

30 25¹⁾ 38. Certificate under seal to be filed with treasurer.

31 26 39. Bank not subject to the provisions of this chapter, if private property is holden.

3. 40. Punishment for fraudulently issuing bills, etc.

33 41. Loans not to be made on pledge of stock.

34 42. Stockholders and officers not to be indebted more than fifteen per cent. of capital stock.

35 43. If more than fifty per cent., charter forfeit.

36 44. Bank hereafter chartered, not to loan until all capital stock is paid in.

37 45. Capital stock not to be divided until charter expires.

38 46. Bank committee not to visit banks subject to this chapter.

39 47. Auditor of accounts to audit accounts of the bank commissioner, -- how paid.

Banks Subject to Remaining Provisions
of This Chapter

1²⁾ 48. Banks chartered in 1840 or since; to what provisions subject.

see insert
attached

49. Banks previously chartered may avail themselves of same provisions.

1) original law sect 25, divided into 3 sections

2. Blue pencil, correspond with original laws of 1840. attached.

Section

*Inscribed
taken from
Chapter 14
of Revised Stat.*

- 50. Manner of proceeding for this purpose.
- 51. To lodge with treasurer copy of vote.
- 35 52. Bank charters declared public acts.

Their Management, Officers, Etc.

- 7 53. General management. Qualifications of directors, -- their term of office.
- 27 54. Votes of stockholders, how apportioned. Votes by proxy. Exceptions.
- 28 55. Payments on shares regulated. Notice to be given, 30 days before time of payment. Forfeiture in case of neglect.
- 8 56. Liabilities of directors.
- 9 57. Bonds to the treasurer, how conditioned, secured, and by whom approved. Bonds may be prosecuted.
- 10 58. Restriction.
- 11 59. Remedy in case of delinquent directors.
- 12 60. Officers, how appointed. Term of office. Compensation. By-laws, how made, and for what purposes.
- 13 61. Cashier to give bonds. Conditions of bond.
- 34 62. Shares transferable. Transfers, when valid.

Capital Stock, When to Be Paid In, Etc.

- 2 63. When loans or discounts may be made. Further restrictions.
- 3 64. Duty of bank commissioner. Certificate to be made to the treasurer.
- 4 65. Further restrictions.
- 5 66. Duty of bank, in case of extension of charter. Proviso.
- 6 67. Capital stock not to be withdrawn.
- 29 68. Assessments on shares regulated.

Section

30 69. Losses of capital stock, provision for raising deficiency. Directors for neglect, may be proceeded against.

26 70. To what extent real estate may be holden.

Loans, Discounts, Etc.

14 71. Loans and discounts. Dividends.

15 72. Rate of interest.

16 73. Restriction. Proviso.

17 74. Limitation of indebtedness in case of stockholders and officers. Further restrictions.

75. Above restrictions not to extend to deposits in banks in commercial cities. (See 74).

22 76. No loan exceeding \$50, to be made without approval of majority of directors.

25 77. Loans on pledge of stock prohibited.

21 78. Consequences of unlawful loans, etc.

33 79. Penalty in case of loans contrary to section 74.

21 80. Loans to state regulated.

Bills, Notes, Their Issue, Payment, Etc.

18 81. Issue of bills limited.

19 82. Bills and notes where payable.

20 83. Liabilities of bank in case of refusal or delay of payment in gold or silver.

23 84. No fractional bills to be issued.

32 85. Penalty for over issue of bills.

Section

Tax to the State and Exemptions Therefrom;
And Exemptions from Payment to the Bank Fund.

24 86. Semiannual tax to be paid to state treasurer. Proviso.

39 87. Conditional exemption from payment to the bank fund.

Bonds of the Directors; Their Renewal,
Discharge and Prosecution.

40 88. Duty of bank commissioner. Bonds may be renewed, with additional securities. Liabilities in case of refusal or neglect.

89. Treasurer may discharge mortgage. *#1971844 given by Bank Director (see sub 67).*

38 90. Prosecution of bonds, etc.

Proceedings Against Insolvent Banks,
Further Provisions.

91. Proceedings against insolvent banks, chancellor to limit time for presenting and proving claims. *taken from law of 1842.*

92. Claims may be submitted to chancellor or commissioner, upon request, etc.

93. Receivers empowered to prosecute directors for benefit of creditors. Damages recovered to be deemed assets. How disposed of.

94. Receivers empowered and directed to institute suits in certain cases.

95. Moneys or real estate set off on execution to be held by receiver as assets of the bank. How disposed of.

96. When assets are sufficient to pay bills returned within a certain time, chancellor not to draw for any part of bank fund.

97. If assets of bank prove insufficient, duty of chancellor -- of the receiver.

98. Further contingency -- duty of chancellor.

99. Claims against bank, how investigated. Conditions of payment.

100. Bonds of directors, suits regulated.

Appeal from Decree of Chancellor

101. Appeal may be had to supreme court.

102. Subscriptions for Stock

102. Subscriber to make oath that his subscription is bona fide, etc. Provision in case subscriber is sick or otherwise disabled. Subscriptions by trustees, etc.

103. Commissioner may administer oath.

COMPILED STATUTES
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Banks

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✓ Sect. 49. Any banking company in this state, chartered prior to the year 1840, may avail themselves of the provisions of "an act relating to banks", approved October 28, 1840, (Paragraphs 48, 52 and subsequent, designated as secs. of No. 1 of 1840), with the exception of section thirty-nine of said act, (paragraphs 87 of this chap.) in the manner provided in section two of this act, (paragraph 50 of this chap.). (Sec. 1 of No. 43 of 1842.)

✓ Sect. 50. Any such banking company, desiring to avail themselves of the provisions of the act aforesaid, (No. 1 of 1840,) may at any meeting warned for that purpose, and warned in the manner required for the choice of directors vote to avail themselves of the provisions of the act aforesaid, and thereupon such banking company shall be entitled to all the benefits, and exemptions, and shall be subject to all the liabilities and restrictions of said act, with the exception of said section thirty-nine, (paragraph 87 of this chap.) (Sec. 2 of No. 43 of 1842.)

✓ Sect. 51. Such banking company shall not avail themselves of the provisions of the act aforesaid, (No. 1 of 1840) until such company shall lodge with the treasurer of this state a certified copy of said vote, under the seal of such company, and signed by the president and cashier thereof. (Sec. 3 of No. 43 of 1842.)

CHAPTER 84.

Section 1. Every moneyed corporation, having banking powers, which shall have been created or rechartered, subsequent to the first day of October, in the year of our Lord, one thousand eight hundred and thirty-one, shall be subject to the provisions hereinafter contained. (Sec. 1 of R. S.)

Bank Fund.

✓ Section 2. For the purpose of creating and continuing the fund herein established, every such corporation shall, on or before the third Thursday of October, in every year, pay to the treasurer of this state a sum equal to three fourths of one per cent. on the capital stock of said corporation paid in, after excepting therefrom such part of said capital stock as is, or may be held by this state, and at that rate for such time as such corporation shall have been in operation, if less than one year. (Sec. 2 of R. S.)

✓ Section 3. At the time of making such payment, the corporation making the same, shall cause to be delivered to such treasurer, a statement, signed by the president and cashier of the corporation, and verified by their oaths, specifying the actual amount of the capital stock of such corporation, paid in, and designating, in such statement, the amount of such capital stock as shall be owned by the state. (Sec. 3 of R. S.)

✓ Section 4. Such annual payments shall continue to be made until every such moneyed corporation shall have paid into the treasury four and one half per cent. upon its capital stock, which shall be and remain a perpetual fund, to be denominated "the bank fund," and to be inviolably appropriated and applied to the payment of such portion of the debts, exclusive of the capital stock, of any of the said corporations which shall become insolvent, as shall remain unpaid, after applying the property and effects of said insolvent corporation, as hereinafter provided. (Sec. 4 of R. S.)

✓ Section 5. The treasurer of the state shall keep proper accounts of the said bank fund, separate and distinct from the funds of the state, and shall, from time to time, report to the general assembly the condition thereof. (Sec. 5 of R. S.)

✓ Section 6. The fund aforesaid shall be the property of the respective corporations by which the same shall have been paid, in proportion to the amount which each of such corporations shall have contributed thereto; but the treasurer shall have power, and it shall be his duty,

Chapter 89 relating to banks, contains no reference to the Bank Fund, except Sections 88 and 89, as follows:

"Bank Fund Not Affected

- ✓ Sect. 88. Nothing in this chapter shall in any way affect "the bank fund" so called, which has already accumulated, or which may accumulate, under any previous laws of the state, providing for and creating a safety fund for the payment of bills of insolvent banks, but the same shall be and remain liable, agreeably to the provisions of the existing laws under which the fund was created, to all intents and purposes, until all claims upon such fund shall be satisfied; and if anything remains of said fund after such claims have been satisfied, the same shall be disposed of agreeably to the provisions of the law creating the fund, and in such case made and provided.

"Repeal of Certain Acts, Etc.

- ✓ Sect. 89. All laws heretofore passed on the subject of banking which are inconsistent with the provisions of this chapter, or are superseded by it, are hereby repealed; but their repeal shall not affect or impair any right or liability which has accrued under the same, but all such rights and liabilities shall be and remain the same as if there had been no repeal thereof, and may be enforced in the same way.

Resolved, by the Senate and House of Representatives, That the Secretary of State be directed to cause to be published with the Laws, as an Appendix, the bill to authorize the business of Banking.

Adopted by the two Houses, November 13, 1849.

An Act to Authorize the Business of Banking

It is hereby enacted by the General Assembly of the State of Vermont, as follows:

✓ Section 1. The Treasurer of the State is hereby authorized and required to cause to be engraved and printed in the best manner to guard against counterfeiting, such quantity of circulating notes in the similitude of bank notes in blank, of the different denominations authorized to be issued by the incorporated banks of this State, as he may from time to time deem necessary to carry into effect the provisions of this act, and of such form as he may prescribe. Such blank circulating notes shall be countersigned, numbered and registered in proper books to be provided and kept for that purpose, in the office of said treasurer, under his direction, by such person or persons as the said treasurer shall appoint for that purpose, so that each denomination of such circulating notes shall bear the uniform signature of such register, or one of such registers.

✓ Section 2. Whenever any person or association of persons, formed for the purpose of banking under the provisions of this act, shall lawfully transfer to the said treasurer any portion of the public stock issued, or to be issued, by the United States, the State of Massachusetts, New York, or Maine, such person, or association of persons, shall be entitled to receive from the said treasurer, an equal amount of such circulating notes, of different denominations, registered and countersigned as aforesaid; but such public stock shall in all cases be, or be made to be, equal to a stock producing six per cent. per annum; and it shall not be lawful for the treasurer to take such stock at a rate above its par value, nor above its current market value.

✓ Section 3. Such person or association of persons, are hereby authorized, after having executed and signed such circulating notes in the manner required by law, to make them obligatory promissory notes payable on demand, at the place of business within this State, of such person or association, to loan and circulate the same as money, according to the ordinary course of banking business, as regulated by the laws and usages of this State.

Section 4. In case the maker or makers of any such circulating note or notes, countersigned and registered as aforesaid, shall at any time hereafter, on lawful demand, during the usual hours of business, between the hours of ten and three o'clock, at the place where such note or notes is or are payable, fail or refuse to redeem such note in the lawful money of the United States, the holder of such note or notes, making such demand, may cause the same to be protested for non-payment by a notary public, under his official seal, in the usual manner; and the treasurer, on receiving and filing in his office such protest, shall forthwith give notice in writing, to the maker or makers of such note or notes, to pay the same; and if he or they shall omit to do so, for ten days after such notice, the treasurer shall immediately thereupon, (unless he shall be satisfied that there is a good and legal defence against the payment of such note or notes,) give notice that all the circulating notes issued by such person or association, will be redeemed out of the trust funds in his hands for that purpose, which notice shall be given by publishing the same in some newspaper printed in the county where the business of such person or association is established, or in case there is no newspaper printed in such county, such notice shall be published in some newspaper printed at Montpelier; and the treasurer shall be required to apply the said trust funds, belonging to the maker or makers of such protested note or notes, to the payment pro rata of all such circulating notes, whether protested or not, put in circulation by the maker or makers of such protested note or notes, pursuant to the provisions of this act, and to adopt such measures for the payment of such notes as will in his opinion most effectually prevent loss to the holders thereof.

Section 5. The treasurer may give to any person or association of persons, so transferring stock, in pursuance of the provisions of this act, powers of attorney to receive interest or dividends thereon, which such person or association may receive and apply to their own use; but such power may be revoked upon such person or association failing to redeem the circulating notes so issued, or whenever in the opinion of the treasurer the principal of such stock shall become an insufficient security; and the said treasurer, upon application of the owner or owners of such transferred stock in trust, may, in his discretion, change or transfer the same for other stocks of the kinds before specified in this act, or may transfer the said stocks or any part thereof, of the mortgages, or any of them hereinafter mentioned and provided for, upon receiving and cancelling an equal amount of such circulating notes delivered by him to such person or association in such manner that the circulating notes shall always be secured in full, either by stocks, or by stocks and mortgages, as in this act provided.

Section 6. The bills or notes so to be countersigned, and the payment of which shall be so secured by the transfer of public stocks, shall be stamped on their face, "secured by the pledge of public stocks."

Section 7. Instead of transferring public stocks as aforesaid, to secure the whole amount of such bills or notes, it shall be lawful for such person or association of persons, in case they shall so elect, before receiving any of the said bills or notes, to secure the payment of one half of the whole amount so to be issued, by transferring to the treasurer bonds and mortgages upon real estate bearing at least six per cent. interest payable annually or semi-annually, in which case all such bills or notes issued by the said person or association of persons, shall be stamped on their face, "secured by the pledge of public stocks and real estate."

Section 8. The real estate so mortgaged, must be improved, productive, unincumbered lands in this State, exclusive of any buildings thereon, and the amount for which said lands are so mortgaged must not exceed two fifths of the value of said lands; nor shall any mortgage be received for a greater amount than five thousand dollars each, and the treasurer shall prescribe such regulations for ascertaining the title and value of such lands, as he may deem necessary, and such bonds shall be payable within such time as the treasurer may direct.

Section 9. The treasurer may, in his discretion, re-assign the said bonds and mortgages, or any of them, to the person or association who transferred the same, on receiving other approved bonds and mortgages of equal amount; and when any sum of the principal of the bonds and mortgages transferred to the treasurer shall be paid to him, he shall notify the person or association that transferred the bonds and mortgages, of such payment, and may pay the same to such person or association, on receiving other approved bonds and mortgages of equal amount.

Section 10. The person or association of persons, assigning such bonds and mortgages to the treasurer, may receive the annual interest to come thereon, unless default shall be made in paying the bills or notes to be countersigned as aforesaid, or unless, in the opinion of the treasurer, the bonds and mortgages, or stocks so pledged, shall become an insufficient security for the payment of such bills or notes.

Section 11. In case such person or association of persons, shall fail or refuse to pay such bills or notes, on demand, in the manner specified in the fourth section of this act, the treasurer, after the ten days notice therein mentioned, may proceed to sell at public auction the public stocks so pledged, or the bonds and mortgages so assigned, or any or either of them, and out of the proceeds of such sale shall pay and cancel the said bills or notes, default in paying which shall have been made as aforesaid; but nothing in this act contained shall be con-

sidered as implying any pledge on the part of the State for the payment of said bills or notes, beyond the proper application of the securities pledged to the treasurer for their redemption.

✓ Section 12. The public stocks and bonds and mortgages to be deposited with the treasurer, by any such person or association shall be held by him exclusively for the redemption of the bills or notes of such person or association, put in circulation as money, until the same are paid.

✓ Section 13. The plates, dies and materials to be procured by the treasurer, for the printing and making of the circulating notes provided for hereby, shall remain in his custody, and under his direction; the expenses necessarily incurred in executing the provisions of this act, shall be paid by the treasurer out of any moneys in the treasury not otherwise appropriated; and for the purpose of reimbursing the same, the said treasurer is hereby authorized and required to charge against, and receive from such person or association, applying for such circulating notes, such rate per cent. thereon as may be sufficient for that purpose and as may be just and reasonable.

✓ Section 14. It shall not be lawful for the treasurer, or other officer, to countersign bills, or notes, for any person or association of persons, to an amount in the aggregate exceeding the public stocks, or public stocks and bonds and mortgages, at their value, as before provided in this act, deposited with the treasurer by such person or association, and any treasurer, or other officer, who shall violate the provisions of this section shall, upon conviction, be adjudged guilty of a misdemeanor and shall be punished by a fine not less than five thousand dollars, or be imprisoned not less than five years in the State prison, or by both such fine and imprisonment.

✓ Section 15. Any number of persons may associate to establish offices of discount, deposit and circulation, upon the terms and conditions, and subject to the liabilities, prescribed in this act; but the aggregate amount of the capital stock of any such association shall not be less than fifty thousand dollars, nor more than two hundred and fifty thousand dollars.

✓ Section 16. Such persons, under their hands and seals, shall make a certificate which shall specify: -- 1. The name assumed to distinguish such association, and to be used in its dealings. 2. The place where the operations of discount and deposit of such association are to be carried on, designating the particular city, town, or village. 3. The amount of capital stock of such association, and the number of shares into which the same shall be divided. 4. The names and places of residence of the shareholders, and the number of shares held by each of them respectively. 5. The period at which such association shall

commence and terminate; which certificate shall be acknowledged and recorded in the office of the clerk of the county where any office of such association shall be established, and a copy thereof filed in the office of the Secretary of State.

Section 17. The certificate, required by the last preceding section to be recorded and filed in the office of the clerk of the county, and Secretary of State aforesaid, or copies thereof, duly certified by either of those officers, may be used as evidence in all courts and places, for and against any such association.

Section 18. All banking associations, or individual bankers, organized under the provisions of this act, shall be banks of discount and deposit as well as of circulation, and shall have power to carry on the business of banking, by discounting bills, notes, and other evidences of debt; by receiving deposits, by buying and selling gold and silver bullion, foreign coin and bills of exchange, in the manner specified in their articles of association, for the purposes authorized by this act; by loaning money on real and personal security; and by exercising such incidental powers as shall be necessary to carry on such business; to choose one of their number as president of such association, and to appoint a cashier, and such other officers and agents as their business may require, and to remove such president, cashier, officers and agents at pleasure, and to appoint others in their place. And the usual business of banking of said association or individual banker, shall be transacted at the place where such banking association or individual banker shall be located, agreeable to the location specified in the certificate directed to be made by the second clause of the sixteenth section of this act, and not elsewhere.

Section 19. The shares of said association shall be deemed personal property, and shall be transferable on the books of the association, in such manner as may be agreed on in the articles of association; and every person becoming a shareholder by such transfer, shall, in proportion to his shares, succeed to all the rights and liabilities of prior shareholders; and no change shall be made in the articles of association, by which the rights, remedies, or securities of its existing creditors shall be weakened or impaired. Such association shall not be dissolved by the death or insanity of any of the shareholders therein.

Section 20. It shall be lawful for any association of persons, organized under the provisions of this act, by their articles of association, to provide for an increase of their capital, and of the number of their associates, from time to time as they may think proper, the aggregate capital not to exceed two hundred and fifty thousand dollars, as before provided.

✓ Sec. 21. Contracts made by any such association, and all notes and bills by them issued and put in circulation as money, shall be signed by the president or vice president, and cashier thereof; and all suits, actions and proceedings, brought or prosecuted by or on behalf of such association, may be brought or prosecuted in the name of such association.

✓ Sec. 22. All persons having demands against any such association, may maintain actions at law or in equity, according to the nature of the case, against such association by their name; and all judgments and decrees obtained or rendered against such association, for any debt or liability of such association, shall be enforced only against the joint property of the association, and which property shall be liable to be taken and sold by execution under any such judgment or decree.

✓ Sec. 23. No shareholder of any such association shall be liable in his individual capacity, for any contract, debt, or engagement of such association, unless the articles of association by him signed shall have declared that the shareholders shall be so liable.

✓ Sec. 24. It shall be lawful for such association to purchase, hold and convey real estate for the following purposes: 1. Such as shall be necessary for its immediate accomodation in the convenient transaction of its business; or, 2d, such as shall be mortgaged to it in good faith, by way of security for loans made by, or moneys due to, such association; or, 3d, such as shall be conveyed to it in satisfaction of debts previously contracted, in the course of its dealings; or 4th, such as it shall acquire by way of execution. The said association shall not purchase, hold, or convey real estate, in any other case, or for any other purpose; and all donveyances of such real estate shall be made in the name of the association.

✓ Sec. 25. Upon the application of creditors, or shareholders of any such association, whose debts or shares shall amount to one thousand dollars, and stating facts, verified by affidavit, a chancellor may, in his discretion, order a strict examination to be made by a master of chancery, of all the affairs of such association, for the purpose of ascertaining the safety of its investments, and the prudence of its management; and the result of every such examination, together with the opinion of the master and of the chancellor thereon, shall be published in such manner as the chancellor shall direct, who shall make such order in respect to the expense of such examination and publication, as he may deem proper.

✓ Sec. 26. If any portion of the original capital of any such association shall be withdrawn for any purpose whatever, whilst any debts of the association shall remain unsatisfied, no dividends or profits on the shares of the capital stock of the association shall thereafter be made, until the deficit of capital shall have been made good, either by subscription of the shareholders, or out of the subsequently accruing pro-

fits of the association; and if it shall appear that any such dividends have been made, it shall be the duty of a chancellor, on application of any person in interest, to make the necessary orders and decrees for closing the affairs of the association, and distributing its property and effects among its creditors and shareholders.

Sec. 27. Such association shall be liable to pay the holder of every bill or note, put in circulation as money, the payment of which shall have been demanded and refused, damages for non-payment thereof, in lieu of interest, at and after the rate of twelve per cent. per annum, from the time of such refusal, until the payment of such evidence of debt and the damages thereon.

Sec. 28. The president and cashier of every association formed pursuant to the provisions of this act, shall at all times keep a true and correct list of the names of all the shareholders of such association, and shall file a copy of such list in the office of the clerk of the county, where any office of such association may be located, and, also in the office of the treasurer, on the first Mondays of January and July in every year.

Sec. 29. It shall not be lawful for any association formed under the provisions of this act, to make any of its bills or notes to be put in circulation as money, payable at any other place than at the office where the business of the association is carried on and conducted, and said bills or notes shall be made payable on demand, and without interest.

Sec. 30. Whenever the securities deposited for the redemption of circulating notes shall, in the opinion of the treasurer, become insufficient for that purpose, he may receive the dividends on all stocks, as well as the interest on bonds and mortgages, and shall deposit the same in some safe bank or banking association in this State, in his name, in trust for the association, or banker to whom the same may belong: the deposit to be made on such terms and at such rate of interest as the treasurer may deem most conducive to the interest of such association or banker, and to be withdrawn and paid over, whenever, in the opinion of the treasurer, the securities of such association or banker shall be sufficient to warrant it.

Sec. 31. The bonds and mortgages mentioned in this act, for securing the payment of the circulating bills or notes, may be made or executed to the treasurer.

Sec. 32. All fees for protesting the circulating notes issued by any banking association or individual banker, shall be paid by the person procuring the services to be performed, for which such association or banker shall be liable, but no part of the securities deposited by such association or banker shall be applied to the payment of such fees.

Sec. 33. It shall be the duty of the bank commissioner, at least once a year, and oftener if he shall deem it necessary, to inspect every bank established under the provisions of this act, and report to the State auditor: 1st. The amount of the certified stock of the capital stock of the banking association, or individual banker, paid in or invested according to law, or in pursuance of its articles of association, and the amount of such stock as then possessed: 2d. The value of the real estate of the association, or individual banker, and specifying what portion is occupied by the association, or individual banker, for the transaction of business: 3d. The shares of stock held by such association or individual banker, whether absolutely, or as collateral security, specifying each kind and description of stock and the number and value of the shares of each: 4th. The debts owing to the association, or individual banker, specifying such as are due from moneyed or other corporations, or associations, the names of such corporations, or associations, and the amount due from each, and also specifying the amount secured by bond and mortgage, the amount which ought to be included in the computation of losses, and the total amount of debts then collectable: 5th. The amount of debts owing by the association, or individual banker, specifying such as are payable on demand, and such as are due to moneyed or other corporations, associations or individual bankers, the names of such corporations or associations, or individual bankers, and the amount due to each: 6th. The amount of claims against the association, or individual banker, not acknowledged by it or him as debts: 7th. The amount for which the association or individual banker is bound as surety, or for which it may become liable on the happening of contingent events: 8th. The amount of the notes or bills then in circulation of said association or individual banker, of loans and discounts, and specie on hand: 9th. The amount of losses of the association or individual banker (if any) charged, specifying whether charged on its or his capital or profits, since the last preceding statement, and of the dividends declared and made during the same period. 10th. The amount of real estate, mortgages, and of stocks, together with a description of such stocks deposited by each association or individual banker, with the treasurer as security for the circulating notes issued; the market value of said stocks, as near as the same can be ascertained, and the date to which payment of interest has been made upon real estate, mortgages and stocks, and whether said interest has been paid to such banking association or individual banker, or passed to their or his credit on the books of the treasurer.

Sec. 34. In case any of the said associations or individual bankers shall refuse to submit its books, papers and concerns to the inspection of said commissioner, or whose officers shall refuse to submit to be examined on oath, touching the concerns of such association or individual banker, by said commissioner, or which shall be found to have

violated any law of this State, binding upon such association or individual banker, such association or individual banker shall be liable to be proceeded against by said commissioner in the same manner and with like effect as any incorporated bank may be proceeded against for a violation of its charter.

✓ Sec. 35. The shareholders, or a majority of them in amount, who shall be owners of any incorporated bank continuing the business of banking until the expiration of their charter, and who shall have associated themselves for the purpose of banking under the provisions of this act, shall be entitled to receive from the treasurer, who is hereby authorized to issue to the association so formed, circulating notes, in amounts of not less than ten thousand dollars, upon the deposit of securities of the kind before described and required by the provisions of this act, to an amount equal to the circulating notes so issued. But if such banking association, so formed, shall not have deposited with the treasurer during the three years next following the date of their articles of association, an amount equal to that required by the provisions of this act, as security for circulating notes, previous to commencing the business of banking, the treasurer is hereby empowered to retain the interest accruing upon securities so deposited, until such association has complied with the provisions of this act in relation to the amount of security to be deposited with the treasurer.

✓ Sec. 36. If the shareholders, or a majority of them in amount, of any incorporated bank, within one year of the expiration of its charter, shall file with the president thereof a notice in writing that they intend to avail themselves of the provisions of this act, to associate for the purpose of banking, it shall be lawful for the directors of said bank to purchase and hold such stock and other securities as the treasurer is or may be authorized to receive for circulating notes under the provisions of this act, to such an amount as they shall deem for the interest of the shareholders thereof.

✓ Sec. 37. An association hereafter formed to take the place of an incorporated bank, whose charter has expired, or is about to expire, may, when all the shareholders of such incorporated bank have assented to its organization under this act, take and hold, in addition to such real estate as is prescribed by the twenty-fourth section of this act, such other real estate as such bank may hold at the time of the transfer of the property of the incorporated bank, having been received by it in payment of debts previously contracted to said bank, according to law.

✓ Sec. 38. When any individual banker, or the officers of any banking association, desirous of relinquishing the banking business, shall have redeemed at least ninety per cent. of their circulating notes, and shall

produce to the treasurer a certificate of a deposit to his credit in such bank as he shall approve, to an equal amount with the circulating notes of such bank unredeemed, it shall be lawful for him to receive the same, and to give up all the securities theretofore deposited by such banker or banking association, for the redemption of circulating notes issued.

✓ Sec. 39. Such individual banker or banking association, after having complied with the provisions of the last preceding section, may give notice for two years in some newspaper in the county where such bank shall have been located, that all circulating notes issued by such individual banker or banking association, must be presented at the treasurer's office within two years from the date of such notice, or that the funds deposited for the redemption of the notes will be given up to the bank or association; and on receiving satisfactory proof of the giving such notice for the time aforesaid, the treasurer shall surrender to the order of said association or bank, any securities which he may hold for the payment of any unredeemed notes of the said association or bank.

✓ Sec. 40. Every individual banker who shall establish banking under the provisions of this act, shall file with the treasurer a certificate stating the town, city, or village in which he resides, and thereafter it shall not be lawful for such individual banker to transact business under this act in any other place than in which he resides, and in case of any change of residence of such individual banker, he shall forthwith file a notice thereof in the treasurer's office as aforesaid. Any person neglecting to comply with the requirements of this section shall for such neglect forfeit and pay to the treasurer of this State one thousand dollars, to be sued for and recovered by the State's attorney for the county in which such bank shall have been established, in the name of the State treasurer.

✓ Sec. 41. It shall be the duty of the treasurer to receive mutilated circulating notes issued by him, and after making a record of them, their denomination and amount, to deliver in lieu thereof other circulating notes to the same amount.

✓ Sec. 42. There shall be appointed, annually, a joint committee of the legislature, whose duty it shall be to examine such of the securities deposited in the treasurer's office, by banking associations and individual bankers, together with the books and papers therein relating to the business of banking, as the said committee may deem necessary to enable them to report the true state and condition of that department to the legislature.

✓ Sec. 43. The report of the bank commissioner shall show the amount of loans and discounts, over drafts, due from banks, due from directors of said banks, due from brokers, real estate specie, cash items, stock

and promissory notes, bills of solvent banks, bills of suspended banks, loss and expense account, capital, circulation, profits, amount due to banks, amount due to individuals, amount due to treasurer of State, amount due depositors on hand, amount due not included under either of the above heads.

✓ Sec. 44. The capital stock of every banker or banking association, established under the provisions of this act, shall be liable to taxation, and it shall be the duty of the cashier of such banker or banking association, to transmit to the clerks of the several towns within this State, in which any shareholders of the same shall reside, a true list of the names of all such shareholders, with the amount every such shareholder may own on the first day of April in each year, which amount shall by the lister be set in the list of such shareholder, at its actual market value.

✓ Sec. 45. The directors of any such banking association, or individual banker, shall be liable to pay to the creditors and stockholders of any such bank all losses which may be sustained in consequence of any violation by them of the provisions of this act, or of any other law, or other unfaithfulness in the discharge of their official duties; and any number of such directors may be sued in the same action by any claimant under the provisions of this section.

✓ Sec. 46. Any director, who may have paid more than his share of the liabilities mentioned in the preceding section of this act, may have any proper action in law or equity against such other directors as shall not have paid their full shares.

✓ Sec. 47. Such banking association or individual banker, shall not receive or demand any greater interest or discount on any note, draft, or security, than at the rate of six per cent. per annum; but such interest or discount may be calculated and taken according to the established rules of banking.

✓ Sec. 48. No such banking association or individual banker, shall directly or indirectly employ its money in trade or commerce, other than is in this act provided, or deal, or trade in buying or selling any goods, chattels, wares, or merchandise; Provided, That such banking association may sell all kinds of property which shall come into its possession, in the ordinary collection of its debts.

✓ Sec. 49. All bills and notes of such banking association or individual banker, shall at all times be received by said association or individual banker, on all judgments, executions, or demands, made payable to, or the property of, such banking association or individual banker.

✓ Sec. 50. All such banking associations or individual bankers shall semi-annually, at the times at which the dividends of profits shall, be usually declared, pay into the treasury of this State one per cent, of the capital of such banks; Provided, That if such banking association or individual banker, shall keep a sufficient deposit of funds, in the city of Boston, in the Commonwealth of Massachusetts, and shall at that city uniformly cause their bills to be redeemed at par, such bank shall be exempt from such payment; but if they shall fail to redeem their bills or notes, for the period of ten days in the whole, in any one year, the said tax shall be paid for that year.

✓ Sec. 51. The legislature may at any time alter or repeal this act.

✓ Sec. 52. This act shall take effect from its passage.

*pertaining
to Bank fund*

GENERAL STATUTES OF VERMONT, 1862.

Chapter 89 relating to banks, contains no reference to the Bank Fund, except Sections 88 and 89, as follows:

"Bank Fund Not Affected

*Provisions of this
chapter
not to
affect
the fund
already
accumulated
under
such
laws
as
were
in
force
at
the
time
of
the
creation
of
the
fund
2347 721*

Sect. 88. Nothing in this chapter shall in any way affect "the bank fund", so called, which has already accumulated, or which may accumulate, under any previous laws of this state, providing for and creating a safety fund for the payment of bills of insolvent banks, but the same shall be and remain liable, agreeably to the provisions of the existing laws under which the fund was created, to all intents and purposes, until all claims upon such fund shall be satisfied; and if anything remains of said fund after such claims have been satisfied, the same shall be disposed of agreeably to the provisions of the law creating the fund, and in such case made and provided.

"Repeal of Certain Acts, Etc.

Sect. 89. All laws heretofore passed on the subject of banking which are inconsistent with the provisions of this chapter, or are superseded by it, are hereby repealed; but their repeal shall not affect or impair any right or liability which has accrued under the same, but all such rights and liabilities shall be and remain the same as if there had been no repeal thereof, and may be enforced in the same way."

WATKINS & WATKINS, for appellant.

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The theory of a guaranteed bank under state laws is not of recent origin. Such banks were in existence in the United States one hundred years ago. The seeds were first planted in the states of Vermont and New York, but seems to have fallen by the wayside and in thorny places, and did not long survive their enactment. *People v. Walker*, 17 N.Y. 502; in *Reciprocity Bank*, 22 N. Y. 9; *Elwood v. State*, 23 Vt. 701; *Danby Bank v. State*, 39 Vt. 92, cited Note 32 L. R. A. (N.S.) 1006.

Court decisions

WESTON, JONAS

FLUORESCENT

25% COTTON FIBER

Bk of St Albans

Decision of the Supreme Court of Vermont. September term, 1851.

Vol. 23. Vermont.

Page 701.

Isaac R. Elwood and Others v. Treasurer of Vermont.

Bank. Safety Fund. Liability of banks to contribution.

Under the general banking law of 1831 the entire safety fund was made liable for the payment of all the debts of any insolvent bank, exclusive of capital stock, and this without reference to the time, when the debts accrued, or when the insolvency accrued, or at what time any particular bank began to contribute.

Hence that part of the fund contributed by any particular bank could not be withheld from being appropriated for the payment of the debts of an insolvent bank, upon the ground that the bank, for the payment of whose debts it was required, became insolvent previous to the time, when the bank, contributing such part of the fund, came into existence under its charter.

Petition for a writ of mandamus. It was alleged, that an order had been made by the chancellor, that the treasurer of the state pay from the bank safety fund the sum of \$34,617.25 for the purpose of paying the debts of the Essex Bank, and that he refused to do so. The treasurer filed his answer, alleging that he had paid the entire fund, subject to his control, except that part of it which had been contributed by the Bank of St. Albans since its re-charter, - that bank having come into existence, under its re-charter, since the Essex Bank became insolvent.

C. W. Prentiss for petitioners.

_____ for Bank of St. Albans.

The opinion of the court was delivered by

Redfield, J. This is a motion for a peremptory mandamus against the defendant, to require him to pay over a sum of money in his hands, belonging to the bank safety fund, and contributed by the Bank of St. Albans, since its re-charter. This is claimed, to make up the deficiency in the redemption of the bills of the Essex Bank; and the application is resisted upon the ground, that the money is not liable for any such purpose. The Bank of St. Albans have appeared and been heard in the matter. The important facts are, that the Bank of St. Albans was chartered in 1825, and re-chartered in 1836. It went into operation, under its re-charter, in January, 1840, soon after the expiration of its first charter. The Essex Bank became insolvent, and was put under injunction and in a course of being wound up, in October, 1839.

By the general banking law of 1831, (which is re-enacted in the Revised Statutes,) by which the safety fund was created, it was provided, that all banks, chartered, or re-chartered, at that or any future session of the legislature, should be "subject to the provisions of that act." By section two it was provided,

that each bank should pay to the treasurer of the state three fourths of one per cent. on the capital stock paid in, annually, on the third Thursday of October. By section four, that this should continue, until each bank should have paid, in four and a half per cent. on its capital stock, - which should "remain inviolably appropriated to the payment of the debts exclusive of capital stock, of any of the said corporations, which shall become insolvent." By section eight, if the fund shall be reduced by payment of the debts of any insolvent corporation, "every moneyed corporation then existing, which shall be subject to this act and every one thereafter chartered, shall be assessed again by the treasurer, not exceeding the original rate, until the fund shall be restored to four and a half per cent. on the capital stock of said bank." Section eleven provides, that, if the funds in the treasurer's hands shall not be sufficient to pay the debts of any insolvent bank, the several solvent banks shall be assessed according to section eight, until the fund is sufficient to pay them, and then they shall be paid. Thus the law stood, until after the Bank of St. Albans went into operation under its re-charter.

This statute is doubtless very imperfect and unequal in many respects. But there does not seem to be any provision, for making the debts of an insolvent bank a charge upon the bank fund upon any rule of equitable obligation among the several banks coming under the general denomination of safety fund banks. It is the fund, and the entire fund, which is made liable for the payment of all the debts of any insolvent bank, exclusive of capital stock, - and this without reference to the time, when the debts accrued, or when the insolvency occurred, or at what time any particular bank began to contribute.

If this bank fund were to be marshalled upon the debts of an insolvent bank according to the law of partnership, it is obvious, something of that kind would have been provided for. It would certainly require a very different account of the proceedings, before the chancellor, from a mere statement of the amount of indebtedness and of assets, - which is all that the statute seems to require, preliminary to making an order upon the chancellor.

The statute of 1840, which was enacted after the re-charter of the Bank of St. Albans, could have no effect upon its liability, and was not intended to have. And the provision, that banks subsequently chartered should not be liable to contribute to pay the debts of banks, which had become insolvent before such banks were chartered, was altogether a new provision, and enacted with reference to the Essex Bank, doubtless, and because it was apprehended, that, without such a provision, even banks subsequently chartered must contribute to pay the debts of that bank.

We think the writ must issue, and it is allowed.

DANBY BANK v. STATE TREASURER

(In Chancery)

Banks.

The Danby Bank was in business several years without contributing to the bank fund, the directors giving bonds instead for the security of the bills and deposits. After 1856 the directors did not give bonds but paid into the fund. Held, that the liability of the fund attached at once upon the failure of the directors to give bonds.

Held, also, that the state treasurer was properly made a party to the application for the fund.

Appeal from Chancery. The facts set forth in the petition, answer and replication, and the decree of the court, made at the March term, 1864, Kellogg, Chancellor, are sufficiently stated in the opinion of the court.

E. Edgerton, for the petitionee.

The four banks, that contributed the fund in question by C. S., Ch. 84, Sec. 6, are made its "owners," with the exception of that portion of it paid in by the Danby Bank; and one of these (The Farmers' Bank) has already, under Sec. 13 of the same statute, claimed payment of its share from the state treasurer. These banks should therefore all be made parties to the present proceeding, that their respective rights may be conclusively settled by such order as the court shall make. Story's Eq. Pl. Sec. 207; Noyes v. Sawyer, 3 Vt. 160.

The Danby Bank prior to the payment to the state treasurer of any part of the \$750. had suspended its redemptions and all its business, and had finally failed and become insolvent, and although this payment was not intended, probably, as a fraud, it nevertheless has that effect upon the other safety fund banks, and should not subject them to the payment of the Danby Bank debts. See C. S., Ch. 84, Sec. 6, 7 and 8.

Another point which the court are requested to consider, is, whether the directors of the Danby Bank, having given bonds as they did, pursuant to Section 46, p. 490 of the statutes up to the year 1856 could subsequently make their debts a charge upon the bank fund, by neglecting thereafter to renew their annual bonds. (Sec. 87, p. 495, C. S.) Especially when it does not appear when the insolvency actually accrued.

The decree should have been made for the amount of the bank fund merely, which is shown by the case to be but \$13,125.

Prout & Dunton, on the same side.

1. When the directors gave bonds for the redemption of the bills, &c., the bank thereafter became exempt from all the provisions of the statute relative to the bank fund. C. S., p. 495, Sec. 87,88,89.

It is absurd to contend that a bank might adopt this system of securing its bill holders and depositors by the bonds of its directors, until it was in failing circumstances, then elect a new board of directors, and, by their neglect or refusal to give the requisite bonds for the redemption of the bills and payment of the depositors, thereby charge the bank fund.

As to the construction of statutes not explicit, see Kent 521, and note and cases there cited.

This bank fund is the property of the banks that contributed it, (see C. S., p. 482, Sec. 6,) and its owners can only be divested of it by a strict compliance with the statute. Spear v. Ditty, 9 Vt. 283; Brown et al. v. Wright, 17 Vt. 97; Chandler v. Spear, 22 Vt. 388; Culver v. Hayden, 1 Vt. 364.

The Danby Bank has not complied with the statute. The directors did not either give the requisite bonds or contribute to the bank fund, until after the bank failed.

If true that the bill holders and depositors have no security if their bank fund fails them, it does not alter the case. The equities of the owners of this fund, are, to say the least, equal to the equities of the bill holders and other creditors of the bank; and when the equities are equal the law must prevail. 1 Story's Eq., p. 57; Fitzsimmons v. Ogden, 7 Cranch; Mitford Eq. Pl. 274.

G. W. Harman, for the receiver of Danby Bank, maintained that if the directors give bonds for the payment of bills and deposits, such act exempts the bank from all payments to the "bank fund", but this exemption exists only while the bonds are extant. The general provisions of the statute make it the duty of the bank to contribute to the "bank fund". The exception is that if the directors give the bonds to pay the bills and deposits, while they are in office, the bank shall "thereafter" be exempt from all payments to the "bank fund".

The court are called upon by construction, to give a meaning to the term "thereafter" as used in this statute. We claim that it should be limited to the period for which the directors furnish their bonds; that such is the only rational construction.

Should the decree of the court of chancery be affirmed, the cause should be remanded, untrammelled by any order which shall preclude the receiver or creditors from a full examination of the state of the "bank fund".

Peck & Fifield, for the creditors.

1. The act of 1840 permitting directors to give bonds is an exception to the general rule prescribed by Sec. 1, ch. 84. All banks are safety fund banks unless the directors give bonds, &c. When therefore the directors of this bank ceased to give bonds they became ipso facto a safety fund bank, and if the treasurer of the state omitted to collect their contribution, it was the fault of the state and not of these creditors.

2. But in September, 1857, the bank paid its full contribution for 1856 and 1857 and took the state treasurer's receipt for it. This made the bank a safety fund bank. It was competent for the state to waive the payment of the contribution on the day it was due. Instead of asserting a forfeiture for this neglect they waived it and took the money.

3. The answer alleges that the bank suspended the redemption of its bills, discontinued business and in fact failed before the payments were made to the safety fund. The case, however, shows that the bank elected directors in 1856 and 1857, kept up its organization, and made the payments mentioned in 1857, so that business was not entirely discontinued. Most of the banks in the state did in 1857 suspend specie payments and business. But,

4. Conceding all the answer claims, the bank would continue subject to the provisions of the safety fund act, until "it shall become insolvent and have been proceeded against as hereinafter mentioned;" Sec. 9, ch. 84. This bank could not be regarded as legally insolvent within the meaning of the statute until it was proceeded against as an insolvent corporation which was long subsequent to 1857. The 27th and following sections of the act point out the manner in which insolvent banks shall be proceeded against, and until these proceedings are commenced the corporation cannot be regarded as insolvent.

5. The Danby Bank then, being subject to the safety fund law, the decree of the chancellor was right and in accordance with the 9th section of chapter 84. *Elwood v. State Treasurer*, 23 Vt. 701.

Pierpont, J. This case comes before this court upon an appeal from an order of the court of chancery, made in the course of proceedings instituted to settle up the affairs of the Danby Bank, as an insolvent banking institution.

The order appealed from fixes the amount of debts against the corporation, the amount of assets applied towards the payment of such debts and the balance still due; and directs the receiver, appointed to close the affairs of said bank, to apply to, and receive from, the treasurer of the state, in the manner provided by the statute, a sum sufficient to pay such balance.

This order is based upon the supposition that the bank fund, so called, in the hands of the treasurer of the state, is properly applicable to the payment of the said deficiency.

Before proceeding to make the said order upon the treasurer, the court of chancery caused said treasurer to be cited in, to show cause why the order should not be made. The treasurer appeared before said court, and resisted the making of the order, on the ground that the bank fund in his hands cannot properly be applied to the payment of such deficiency. The decision of the court being adverse to his claim, he has brought the question here by appeal. And the principal question now to be considered is as to the correctness of the order in this respect.

The Danby Bank was chartered in 1850. By the statute of this state then in force, every moneyed corporation having banking powers chartered subsequent to 1831 were required on or before the third Thursday of October in every year, to pay to the treasurer of the state a sum equal to three-fourths of one per cent. on the capital stock of said corporation paid in, (with certain exceptions not affecting this question) until such corporation shall have paid into the treasury four and one-half per cent. upon its capital stock, to remain a perpetual fund, to be denominated the bank fund, and to be inviolably appropriated, and applied to the payment of such portion of the debts, exclusive of the capital stock, of any of said corporations that should become insolvent, as remain unpaid, after applying the property and effects of such insolvent corporation towards the payment of its debts. See C. S. 481-2.

The legislature of this state at its session in 1840 passed an act in relation to banks, in addition to the then existing law on the subject, which is incorporated into the Compiled Statutes, in which it was provided in section 8 of that act, and sections 56 and 57 of chapter 84 of the Compiled Statutes, that the directors of every bank, chartered or re-chartered, at that or any subsequent session, should be liable to pay to the creditors and stockholders of such bank, all losses sustained in consequence of any violation, by them, of the provisions of that act, or of any other law, or other unfaithfulness in the discharge of their official duties; and to secure such liabilities, each of the directors are required to execute a bond to the treasurer of the state, with sufficient sureties, approved by the bank commissioner, the aggregate amount

of which bonds to be equal to the amount of the capital stock of such bank, actually paid in. See Compiled Statutes, 490. The statute requires these bonds to be executed, before the bank can go into operation, or the directors discharge the duties of their office.

By the 87th section it is provided that if the directors of any bank corporation subject to the provisions of this chapter shall execute bonds to the treasurer of the state, to the amount and with the security required in section 57, to be approved by the bank commissioner, and deposited with said treasurer, conditioned that such directors shall at all times pay and redeem according to law all the bills issued by such bank, and shall pay and refund all deposits made in such bank, when such payments are demanded, while such directors are in office, such bank shall thereafter be exempt from all payments, required to be paid in to the bank fund, and from all the provisions for the establishment, preservation and regulation of said fund.

It appears that from the agreed facts in the case, when the Danby Bank first went into operation in 1851, the directors executed bonds according to the provisions of the said 87th section, and continued so to do, until the annual election of directors of said bank on the 2d Tuesday in January, 1856, thus relieving the bank from the annual contribution to the bank fund, as otherwise required by law. After the said second Tuesday in January, 1856, the directors then elected did not execute bonds as provided by said 87th section, but continued the operations of said bank, and at a subsequent period, paid to the treasurer of the state, for the benefit of the bank fund, the required annual contribution for the years 1856 and 1857, amounting to the sum of \$750.

It is now insisted on the part of the state treasurer, that the directors having once given bonds according to the provisions of section 87, and operated their bank under the system therein provided, a subsequent failure to execute such bonds does not leave the bank subject to the provisions of the law relating to the bank fund, but only makes them liable to be proceeded against, by the bank commissioner, in a court of chancery, as an insolvent corporation.

In testing the correctness of this position, it must be borne in mind, that the bank, when created, was made subject to the provisions of the law relating to the bank fund. No act of the bank was necessary to bring it within its provisions. It is not a case where it is necessary that the bank should make a choice, or take any action on the subject, to make its organization complete, or for the transaction of its business. When the directors have executed the bonds as required by the 57th section, they are authorized to discharge the duties of directors, and the bank to go into operation. The organization is perfect, and the

corporation exists as a banking institution under the law, and is liable to make its annual contribution for the benefit of the bank fund.

By the 87th section a method is provided by which the bank may become exempt from this liability to contribute, and that is by the directors giving bonds to redeem the bills of the bank, and pay the deposits, while such directors are in office. The directors of the Danby Bank having executed such bonds according to the provisions of this section, the bank thereby became exempt from this liability. The question then arises, for what length of time did that exemption continue? The natural and common sense answer would seem to be, just as long as the facts, upon which the exemption was based, continue to exist, and no longer; or in other words, as long as the directors continued to execute such bonds; and that when they fail so to do, the liability under the bank fund law at once attaches, thus effecting the obvious purpose of the statute, that is security to the bill holders, either by means of the bank fund, or the directors' bonds.

But it is said that when the bonds are once executed, so that the exemption exists, by the terms of the statute the exemption is made perpetual, the language being that "such bank shall thereafter be exempt," &c. The word "thereafter" in its ordinary signification has no future limitation; but it is apparent that the word is not used in this section in that unlimited sense. To give it that meaning would defeat the object the legislature had in view, which was to provide a security for the redemption of the bills issued by the several banks in this state, through the medium of the bank fund, or the bonds of the directors.

If when the bank is once exempt by reason of the bonds, they are always thereafter exempt, the neglect of any board of directors, subsequently elected, to execute such bonds would leave the bill holders without any security for the redemption of the bills, beyond the ordinary assets of the bank, unless they could resort to the bank fund. Even if such neglect would make the bank liable to be proceeded against as an insolvent institution, that would afford no additional security to the bill holders. Again, the statute does not require the directors at any time, or under any circumstances, to give bonds of this character. It is optional with every board of directors to do it or not. When their bonds are once executed they stand as a substituted security to the bill holders, in place of the bank fund, so long as those bonds continue in force and operation as such security, which is in fact until the next annual election of directors. Then such bonds cease to have that effect, and new bonds become necessary to the continuance of the exemption. If they are not executed, the bank resumes its original position and obligation, under the law creating and regulating the bank fund.

We think it was the intention of the legislature, as evidenced by the language of the said 87th section in connection with the spirit and purpose of all our legislation upon this subject, to exempt the banks from contribution to the bank fund, so long as the directors of said banks should furnish security for the redemption of their bills, and the payment of depositors, by bonds executed according to the provisions of said section, and no longer; and that the word "thereafter" as used in that section should be taken and considered in that sense.

It is said that under this view of the statute the directors of a bank that is in embarrassed circumstances may, by neglecting to execute bonds, make the bank fund chargeable with the redemption of their bills, when said bank has never contributed anything to said fund, and this is to the prejudice of those banks which had contributed. If this be so the fault is with the legislature, and this court cannot remedy the evil. The legislature in all these provisions was seeking to protect the bill holders, rather than those who should contribute to the fund. But the liability of the fund to redeem the bills of a particular bank is not made to depend upon the fact, whether the bank has contributed much or little to the fund, or at all. If the bank had never contributed to the fund, or its directors executed bonds under said 87th section, and the proper authorities had neglected to discharge their duties, and the bank had continued its business until it failed, it will hardly be contended, I apprehend, that the fund would not be liable.

A question has been raised as to the propriety of making the treasurer of the state a party to this application. Whether to do so was the only proper course, it is not necessary now to inquire. We certainly see no impropriety in making him a party. The bank fund is in his hands; he is the keeper, and the only person who has any control over it; he represents the state in the matter. The object of the application was to obtain an order of the chancellor directing the treasurer to pay the bank fund in his hands to the receiver. On notice to him he appears and objects to the granting of the order on the ground that the creditors have no claim upon the fund, for the reasons which we have been considering. This it was clearly competent and proper for him to do. And probably there was no method by which this question could be so readily and economically settled as that adopted, and the chancellor was clearly right in entertaining it.

No question could arise upon this application of the receiver, as to the amount of the bank fund in the hands of the treasurer, the source from which it came, or the claims of others, if any, upon it. All questions of such a character, if they arise, must be settled in the course of other proceedings instituted for that purpose. The only question to be settled here is as to the right of the receiver to resort to this fund, and the amount which he is entitled to apply for, and recover, from the

treasurer. These questions settled in his favor, the order follows as a matter of course. All this would be necessary if there was no money in the hands of the treasurer belonging to the bank fund -- the statute pointing out the course to be pursued in such a case.

The decree of the chancellor is affirmed and the case remanded.

Decision of the Supreme Court of Vermont. November, 1866.

Receiver of Danby Bank v. State Treasurer.

Banks. Bank Fund. State Treasurer. Practice. Venue.

The bond provided for in paragraph 87, ch. 84, p. 495, C. S., is a mere substitute for the liability and duty of the bank to pay in towards the Bank Fund, for its creation or replenishment; and the giving of such bond has no effect upon the fund already accumulated, nor upon the right of the bank to draw out its proportionate share of it.

When a bank ceases to do business in consequence of its insolvency, the Bank Fund then become chargeable for the indebtedness of the bank in excess of its property and effects.

It is the duty of the State Treasurer to pay over to a receiver of an insolvent bank so much of the Bank Fund as may be in the hands of the Treasurer under the statute, and necessary to pay such indebtedness, upon the order of the court of chancery.

The Treasurer holds the money constituting the Bank Fund as a specific fund in which the State has no property, and he is charged with special duties in respect thereto; therefore upon petition of a receiver for a writ of MANDAMUS to compel the Treasurer to pay over said fund, pursuant to a decree of the court of chancery, the order should not require him to pay to the Receiver any money of the state as distinguished from the Bank Fund; nor should it require him to pay money of his own, on the score of his having subjected himself to liability for the deficit of that fund by reason of his having wrongfully paid it over to banks not entitled to have it.

The Receiver properly instituted this proceeding in the county of his personal residence, although the former decree was obtained in another county in which the bank was located.

PETITION FOR MANDAMUS. The petition was dated December 22d, 1865, and was addressed to the Bennington county supreme court, January term, 1866.

The petitioner, A. L. Miner, of Manchester, in said county, represents that the Danby Bank was enjoined by the court of chancery, on the 29th day of December 1857, that he was appointed receiver of said bank, on the same day, and that one year from that date was allowed by the chancellor for the creditors of said bank to present their claims to the petitioner, as such receiver, for allowance.

There was an unpaid balance due the creditors upon claims allowed by the receiver, after applying the assets of the bank towards the pay-

ment of said claims under direction of the chancellor, to the amount of \$34,623.48, including interest.

The Danby Bank having contributed to the bank fund, as required by law, the receiver, on the 14th day of January, 1864, applied to the court of chancery for an order that the treasurer of the state, should pay to the receiver a sum sufficient from the bank fund to satisfy the claims against the Danby Bank, which have been allowed.

The hearing on said application was continued from time to time, until the 27th day of April, 1864, when the state treasurer filed his written answer, that there was in the treasury, belonging to, and being such bank fund, the sum of \$13,125., exclusive of interest, and that of that sum, the Danby Bank had contributed the sum of \$750.00; the Battenkill Bank, at Manchester, \$2,225.00; the Poultney Bank, at Poultney, \$2,225.00; the Farmers' Bank of Orwell, \$4,500.00; the Bank of Newbury, at Wells River in Newbury, \$3,375.00. Whereupon the court of chancery made an order and decree in compliance with the application, from which the treasurer appealed to the supreme court. And at the Rutland County January Term, 1865, the appeal was entered, a hearing had thereon, the decree of the court of chancery affirmed, and the case remanded. And on the 25th of August, 1865, the court of chancery made a final order in accordance with the decision of the supreme court.

The receiver, on the 26th day of August, 1865, filed with Hon. John B. Page, the state treasurer, a duly certified copy of said last mentioned decree, and demanded the amount of money specified in said decree, for the purpose aforesaid. Whereupon the said treasurer paid to the said receiver the sum of \$7,380.00, being the amount contributed by the Danby Bank, the Battenkill Bank, and the Bank of Newbury, with the interest which had accumulated at that time, and refused to pay the receiver any further sum.

The receiver further represents that there was then in said treasurer's custody, the amount contributed by the Farmers Bank, of Orwell, and the Bank of Poultney, at Poultney, to said bank fund, the sum of \$7,532.00, including interest on the same since the time interest had been paid to the said banks. And the receiver further says, that in the year 1855, the state treasurer made his annual report to the auditor of accounts, that there was then in the said bank fund the sum of

.....	\$29,400.44
And that there was paid into said fund in the	
year 1855, after said report was made	
the sum of	718.75
Also in the year 1856, the sum of	134.50
Also in the year 1857, the sum of	<u>750.00</u>
Making an aggregate sum of\$31,003.69

102
32
70

Which by the statute laws of this state, should have remained in the state treasury, a perpetual fund, to be inviolably appropriated to the payment of such portion of the debts, exclusive of the capital stock, of any corporation which should become insolvent, as remained unpaid, after applying the property and effects of such insolvent corporation.

And the receiver further says, that a former state treasurer, in the year 1849, refunded and paid back from said bank fund, to the Stark Bank of Bennington, the sum of \$188.81; also, in the same year, to the Black River Bank, at Cavendish, the sum of \$300.00; all of which was paid without the authority of law, and should have remained in the treasury as aforesaid, which two sums being added to the above sum, makes the sum of \$31,492.50.

And the receiver says, that a former state treasurer had refunded or paid back to the following banks, from the said bank fund, the several sums as below specified:

To the Bank of Brattleboro, in 1855	\$3,156.25
To the Bank of Vergennes, in 1856,	4,500.00
To the Bank of Bellows Falls, in 1858	4,500.00

All of which re-payments were made to said banks without the authority of law, and in violation of the provisions of the statutes; and said fund should have remained inviolably in the state treasury for the purpose aforesaid.

The said Miner, receiver of Danby Bank, prays the court that a peremptory writ of mandamus may issue, commanding the said John B. Page, treasurer, to pay to the said Miner, as such receiver, the sum above mentioned, in the decree of the court of chancery made on the 25th day of August, 1865, as aforesaid, that the same maybe applied in payment of the debts allowed against the Danby Bank, as aforesaid.

The said John B. Page, state treasurer, represented in his answer to said petition, that he based his refusal to pay said receiver any further sum at the time demanded, upon the fact (of which he then apprised said receiver,) that the Farmers' Bank of Orwell, and the Bank of Poultney were claiming the balance of said bank fund the remaining in his hands, and had notified him of their claims.

After stating the account of the bank fund from 1854, as taken from the state treasurers' books, the said Page set forth that on the 17th of October, 1860, he received from his predecessor in office on account of said bank fund the sum of \$13,125.00, which comprised the entire bank fund which ever came into his hands, except interest that had accrued thereon. It further appeared in the answers of the banks named, to said petition, that October 8, 1855, the directors of the Bank of Brattleboro, and October 8th, 1856, the directors of the Bank of Vergennes,

and September 17th, 1857, the directors of the Bank of Bellows Falls, and in the year 1849 the respective directors of the Stark Bank, and the Black River Bank, respectively executed bonds to the treasurer of the state in conformity with the provisions of section 57 and 87 of the Compiled Statutes, to secure the payment of the bills issued, and the debts of said banks respectively; and on the occasion of issuing and depositing said bonds, each of said banks withdrew its proportional share of said bank fund, and the same was paid over to said banks by the state treasurer.

It appeared from the answer of M. Clark, agent of the Bank of Poultney, that the charter of said bank expired on the first day of January, 1857, but was extended for the purpose of closing its concerns, by several acts of the legislature, until first of January, 1866. And the said bank claimed that said acts of the legislature did not affect its right to withdraw from the bank fund at the time of the expiration of its charter in 1857, its contributions to said fund, but that the then state treasurer, H. M. Bates, refused upon demand, September 3d, 1859, to pay over the same.

And the answer of said Clark further said that the said receiver did not file his application for said bank fund as above set forth, until January, 1864.

And further answering the defendant said that the Danby Bank was located and did business in Danby, in the county of Rutland, and that all the prior proceedings instituted for the purpose of closing up the affairs of said bank, were in the court of chancery, in and for the county of Rutland, and that the proceedings in this suit were supplemented thereto, and should have been preferred in the supreme court, in and for the county of Rutland; and these petitionees insisted that said petition should, also, for that reason be dismissed.

The answer of the Farmers' Bank, of Orwell, was substantially like that of the Bank of Poultney; both banks insisting upon their right to demand and receive from the treasurer their respective contributions to the bank fund, on the ground of there being no legal charge thereon in favor of the creditors of Danby Bank, at the time of the expiration of their respective charters. The charter of the Farmers' Bank expired January 1st, 1864. The charters of the said Bank of Brattleboro, Bank of Vergennes, Black River Bank, and the Stark Bank, are still in life and full force.

It was further claimed in the answer of the National Bank of Vergennes as a cause for dismissing said petition; that in 1853 it was provided by an Act of the legislature, that at the expiration of its then running charter, on the first day of January, 1856, the said bank should be reorganized; that all of its old affairs should be adjusted and its

capital increased, and that in pursuance of said Act the contribution of said bank to the bank fund, was appraised as assets, and a dividend to stockholders was made, based upon said appraisal, whereby the sum of \$4,500., which constituted said contribution, was appropriated and exhausted for the benefit of retiring stockholders under the direction of a committee of the legislature; and thereupon the directors of the reorganized bank, gave bonds as required by law for the redemption of bills, etc. Other facts upon this point are omitted, as the question raised thereon is not decided in the opinion. This defendant also raised the question of jurisdiction, which was raised by all of the banks, but not by the treasurer.

Other facts are stated in the opinion.

A. L. Miner and Peck & Fifield, for Petitioner.

G. W. Harmon, for petitioner and Creditors.

E. Edgerton, for State Treasurer.

George F. Edmunds, for National Bank of Vergennes.

Prout & Dunton, for Farmers' Bank and Bank of Poultney.

C. H. Chapman, for Bank of Black River.

The opinion of the court was delivered by

Barrett, J. For the purposes of this proceeding, we think it was proper for the receiver to institute it in the county of his personal residence. This is not a continuation, by way of supplement, of the original proceeding under the statute, in such a sense that the venue of that proceeding draws to it and fixes the venue of this petition. Of course, then, the venue depends on the general provisions of the statute, and by them the receiver properly instituted the proceedings in the supreme court in and for Bennington county.

The several banks interested in the "bank fund" under the claim of the receiver, were notified of the petition, and they have appeared and been heard in an argument upon issues and questions made by their respective answers, as also has the treasurer. The court therefore not only feel at liberty, but in view of the character of the case and of the interests connected therewith, it would seem to be a duty, to express opinions on some points beyond what would be necessary for the present disposition of the case by the order to be made.

The mode of creating the "bank fund" and of continuing and replenishing it, in connection with the purposes for which it was created, and the provisions for administering it, shows clearly that it was de-

signed to be and remain perpetual, subject to the purposes and provisions of the law. The statute provides only two modes for appropriating and withdrawing money from that fund: One in payment of the debts of an insolvent bank; the other, -- in sec. 13 of the chapter on Banks in the Compiled Statutes, -- in repayment to a bank, of which the charter has expired, its proportional share of said fund. Section 87 does not provide anything in relation to the appropriation of said fund, nor as to the rights of the banks in it. It provides that on giving a certain bond the bank shall thereafter be exempt from all payments required to be made to the "bank fund", "and from all the provisions for the establishment, preservation and regulation of said fund", The court regard this exemption as prospective, commencing with the giving of the required bond and continuing only so long as such bond shall be kept good. In other words, the bond provided for in the 87th section is a mere substitute for the liability and duty of the bank to pay in towards the "bank fund" for its creation or replenishment; and the giving of such bond has no effect upon the fund already accumulated, nor upon the right of the bank of draw out its proportionate share of it.

The exemption "from all the provisions for the establishment, preservation, and regulation of the fund", was designed to be only coextensive, in the time of its operation, and in respect to the subject matter on which it was to operate, with the exemption from all payments to said fund, required in said chapter to be made.

None of the banks, therefore, that had contributed to that fund, were entitled, by reason of having given the required bond, to withdraw what they had paid in towards that fund pursuant to the provisions of that chapter. The right to do so accrued only upon the expiration of the charters of the several banks respectively. The purpose of creating the fund was to provide a security for, and a means of paying the balance of the indebtedness of a bank that had become insolvent in excess of its property and effects. That balance would of course depend on the amount of its debts, and the amount of money to be realized from the property owned by it at the time it ceased to do business in consequence of its insolvency. In view of the purpose for which the fund was created, it seems plain that the fund must be chargeable for the balance of such debts as of the time when the bank ceased to do business by reason of its insolvency. The proceedings in the court of chancery, required by the law to be instituted upon the happenings of such insolvency, are for the purpose of ascertaining the extent to which the fund is to be subjected, and to appropriate it accordingly. This being so, none of the banks that had contributed to the fund, now claimed by the receiver, were entitled to withdraw their contribution thereto, by reason of the expiration of their respective charters, unless it be the Vergennes Bank, for it stands confessed that none of their charters had expired at the time Danby Bank stopped business on account of being insolvent.

Whether the charter of the Vergennes Bank is to be regarded as having expired at that time, and therefore said bank was entitled to have any money repaid, as it has been, it is not now necessary, nor perhaps important, that the court should express an opinion. The matter stands upon the peculiar provisions of the acts by which that bank has been kept on foot, and the course taken under those acts for continuing it, either as the old bank extended, or as a new one, absorbing and standing in the place of the old one. It seems more appropriate to leave the decision of the question till it shall become necessary under some proceeding that shall raise the issue directly between the proper and necessary parties to it.

It is obvious from what has now been said, that, in the opinion of the court, it is the right of the receiver to have, and the duty of the treasurer to pay over to him so much of the "bank fund" as is now in the hands of the treasurer under the statute, charged by the order of the court of chancery. To this extent the court have no doubt that a peremptory writ should issue.

But it is claimed that, under the law, it should be held that the whole amount of that fund is in the hands of the treasurer, undiminished by the payments that have been made to the banks named of the proportions they had respectively contributed to said fund. The soundness of this claim depends on the real character in which the treasurer receives and holds the money which goes to constitute the "Bank Fund". If it be a receiving and holding of the money as the property of the state, the same as he receives and holds the money that is paid into the treasury by the collectors of taxes, that is to say, if it be money of the state, subject indiscriminately with the money derived from taxation, to a special charge by a permanent general law, and an appropriation by virtue of such charge to the satisfaction thereof, then it would follow that the treasurer should pay over to the receiver, of the money in the treasury, indiscriminately to the full extent of money in his hands as treasurer, not exceeding the extent of such charge. But, in the opinion of the court, this is not the correct view to be taken of the subject. We think the treasurer holds the money as a specific fund in which the state has no property. He is charged with special duties in respect to that fund, and becomes officially responsible for the proper discharge of those duties. Whether in virtue of his official responsibility, and his liability under his official bond to respond for his official defaults, the state sustains such a relation as to render it, in supposable cases, its duty to make good any deficiency in the "bank fund", the court are not called on to decide or express views. For present purposes it need only be added, that all the provisions of the statute upon the subject, preclude the idea of that fund being absorbed by the state as a part of its general assets, with only the duty on the part of the state to permit an equal amount to be taken from the treasury to answer the

purposes of the statute as to that fund. The statute provides for an entire separation of the fund; for its investment by the treasurer; for its recall by him or its replacement by the sale of securities which he has received by way of investment; and, moreover, it expressly declares that it shall be the property of the several banks that have contributed to its creation. There is no provision for the treasurer to supply any deficiency in that fund at any time, or for any purpose, by transferring the moneys of the state in his hands to the account of said fund. To supply the money to meet the charges upon the fund the only mode is by the sale of the securities, a collection of the loans, and a resort to further contributions by the banks, as provided in the statute. Hence, it is obvious that, in order to warrant the treasurer to appropriate the money of the state to the purposes of the "Bank Fund", special authority, by act of the legislature, would be necessary. The order, therefore, by mandamus should not require him to pay to the receiver any money of the state as distinguished from the "bank fund". In the opinion of the court, also, such order should not require him to pay money of his own, on the score of his having subjected himself to liability for the deficit of that fund by reason of his having wrongfully paid it over to banks not entitled to have it. In the first place this is not the appropriate proceedings in which to make the issue and try the question of his liability on this score. In the next place the order can properly extend only to require him to do what it is his clear ministerial duty to do. That ministerial duty must be regarded as limited to the paying over of the funds in his hands. Whether he may be liable to respond in damages for official or personal default, can properly be determined only by a different proceeding, and if so liable, the final remedy would be by process to enforce pecuniary satisfaction by payment of the adjudged damages.

But in the present case, a conclusive reason for limiting the order exists in the fact that the present treasurer has had nothing to do with the "bank fund", except to receive from a predecessor the sum now in his hands, and no more, and that predecessor, (Hon. John B. Page,) passed to the present treasurer, all that he received from H. M. Bates, a former treasurer, except what he has paid to the receiver under the order of the chancellor. The amount of the fund, in the accumulation and disposition of it since 1854, and the present condition of it, are set forth in the answer of said John B. Page, which is adopted and supplemented by the present treasurer; by which it appears that all the requirements made to the the various banks that had contributed to the fund, were made by Mr. Bates while he was treasurer. John B. Page stands therefore clear of any ground or reason for imputing to him official fault or misjudgement in this respect; and, in view of the facts set forth in his answer constituting the reason for his withholding from the receiver the balance of the fund claimed by the Farmer's Bank and the Bank of Poultney, there seems to be no ground for imputing to him any personal shortcoming in thus withholding that balance. The same remarks apply as well to the present Treasurer.

It is therefore adjudged that a writ issue in due form, commanding John A. Page, treasurer of this state, to pay over, under the said order made by the chancellor the sum of _____, being the amount of the "bank fund" in his hands as treasurer, after deducting therefrom the sum paid, or to be paid, to their counsel by the said John A. and John B. Page, for the reasonable charges of such counsel, for the reasonable charges for such counsel, for appearing and answering in court to said petition, to be fixed and allowed by the chancellor by whom the original order upon the treasurer to pay over the bank fund to said receiver was made."

Decision of the Supreme Court of Vermont. November, 1866.

Receiver of Danby Bank v. State Treasurer.

Banks. Bank Fund. State Treasurer. Practice. Venue.

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The Treasurer holds the money constituting the Bank Fund as a specific fund in which the State has no property, and he is charged with special duties in respect thereto; therefore upon petition of a Receiver for a writ of MANDAMUS to compel the Treasurer to pay over said fund, pursuant to a decree of the court of chancery, the order should not require him to pay to the Receiver any money of the state as distinguished from the Bank Fund; nor should it require him to pay money of his own, on the score of his having subjected himself to liability for the deficit of that fund by reason of his having wrongfully paid it over to banks not entitled to have it.

The Receiver properly instituted this proceeding in the county of his personal residence, although the former decree was obtained in another county in which the bank was located.

PETITION FOR MANDAMUS. The petition was dated December 22d, 1865, and was addressed to the Bennington county supreme court, January Term, 1866.

The petitioner, A. L. Miner, of Manchester, in said county, represents that the Danby Bank was enjoined by the court of chancery, on the 29th day of Dec. 1857, that he was appointed receiver of said bank, on the same day, and that one year from that date was allowed by the chancellor for the creditors of said bank to present their claims to the petitioner, as such receiver, for allowance.

There was an unpaid balance due the creditors upon claims allowed by the receiver, after applying the assets of the bank towards the payment of said claims, under direction of the chancellor, to the amount of \$34,623.48, including interest.

The Danby Bank having contributed to the bank fund, as required by law,

the receiver, on the 14th day of January, 1864, applied to the court of chancery for an order that the treasurer of the state, should pay to the receiver a sum sufficient from the bank fund to satisfy the claims against the Danby Bank, which have been allowed.

The hearing on said application was continued from time to time, until the 27th day of April, 1864, when the state treasurer filed his written answer, that there was in the treasury, belonging to, and being such bank fund, the sum of \$13,125., exclusive of interest, and that of that sum, the Danby Bank had contributed the sum of \$750.00; the Battenkill Bank, at Manchester, \$2,225.00; the Poultney Bank, at Poultney, \$2,225.00; the Farmers' Bank at Orwell, \$4,500.00; the Bank of Newbury, at Wells River in Newbury, \$3,375.00. Whereupon the court of chancery made an order and decree in compliance with the application, from which the treasurer appealed to the supreme court. And at the Rutland County January Term, 1865, the appeal was entered, a hearing had thereon, the decree of the court of chancery affirmed, and the case remanded. And on the 25th of August, 1865, the court of chancery made a final order in accordance with the decision of the supreme court.

The receiver, on the 26th day of August, 1865, filed with Hon. John B. Page, the state treasurer, a duly certified copy of said last mentioned decree, and demanded the amount of money specified in said decree, for the purpose aforesaid. Whereupon the said treasurer paid to the said receiver the sum of \$7,380.00, being the amount contributed by the Danby Bank, the Battenkill Bank, and the Bank of Newbury, with the interest which had accumulated at that time, and refused to pay the receiver any further sum.

The receiver further represents that there was then in said treasurer's custody, the amount contributed by the Farmers Bank, of Orwell, and the Bank of Poultney, at Poultney, to said bank fund, the sum of \$7,532.00, including interest on the same since the time interest had been paid to the said banks. And the receiver further says, that in the year 1855, the state treasurer made his annual report to the auditor of accounts, that there was then in the said bank fund the sum of ----- \$29,400.44

And that there was paid into said fund in the	
year 1855, after said report was made	
the sum of -----	718.75
Also in the year 1856, the sum of -----	134.50
Also in the year 1857, the sum of -----	750.00
Making an aggregate sum of -----	\$31,003.69

Which by the statute laws of this state, should have remained in the state treasury, a perpetual fund, to be inviolably appropriated to the payment of such portion of the debts, exclusive of the capital stock, of any such corporation which should become insolvent, as remained unpaid, after applying the property and effects of such insolvent corporation.

And the receiver further says, that a former state treasurer, in the year 1849, refused to pay to said bank on the first day of January, 1850, but was compelled by the passage of a law by several acts of the legislature, until first of January, 1858. And the said bank claimed that said acts of the legislature did not affect its right to withdraw from the bank fund at the time of the expiration of its charter in 1857, its contribution to said fund but that the then state treasurer, H. W. Bates, refused upon demand,

refunded and paid back from said bank fund, to the Stark Bank of Bennington, the sum of \$188.81.; also, in the same year, to the Black River Bank, at Cavendish, the sum of \$300.00; all of which was paid without the authority of law, and should have remained in the treasury as aforesaid, which two sums being added to the above sum, makes the sum of \$31,492.50.

And the receiver says, that a former state treasurer had refunded or paid back to the following banks, from the said bank fund, the several sums as below specified:

To the Bank of Brattleboro, in 1855, - - - - -	\$3,156.25
To the Bank of Vergennes, in 1856, - - - - -	4,500.00
To the Bank of Bellows Falls, in 1858- - - - -	4,500.00

All of which re-payments were made to said banks without the authority of law, and in violation of the provisions of the statutes; and said fund should have remained inviolably in the state treasury for the purpose aforesaid.

The said Miner, receiver of Danby Bank, prays the court that a peremptory writ of mandamus may issue, commanding the said John B. Page, treasurer, to pay to the said Miner, as such receiver, the sum above mentioned, in the decree of the court of chancery made on the 25th day of August, 1865, as aforesaid, that the same may be applied in payment of the debts allowed against the Danby Bank, as aforesaid.

The said John B. Page, state treasurer, represented in his answer to said petition, that he based his refusal to pay said receiver any further sum at the time demanded, upon the fact (of which he then apprised said receiver,) that the Farmers' Bank of Orwell, and the Bank of Poultney were claiming the balance of said bank fund the remaining in his hands, and had notified him of their claims.

After stating the account of the bank fund from 1854, as taken from the state treasurer's books, the said Page set forth that on the 17th of October, 1860, he received from his predecessor in office on account of said bank fund the sum of \$13,125.00, which comprised the entire bank fund which ever came into his hands, except interest that had accrued thereon. It further appeared in the answers of the banks named, to said petition, that October 8, 1855, the directors of the Bank of Brattleboro, and October 8th, 1856, the directors of the Bank of Vergennes, and September 17th, 1857, the directors of the Bank of Bellows Falls, and in the year 1849 the respective directors of the Stark Bank, and the Black River Bank, respectively executed bonds to the treasurer of the state in conformity with the provisions of sections 57 and 87 of the Compiled Statutes, to secure the payment of the bills issued, and the debts of said banks respectively; and on the occasion of issuing and depositing said bonds, each of said banks withdrew its proportional share of said bank fund, and the same was paid over to said banks by the state treasurer.

It appeared from the answer of M. Clark, agent of the Bank of Poultney, that the charter of said bank expired on the first day of January, 1857, but was extended for the purpose of closing its concerns, by several acts of the legislature, until first of January, 1866. And the said bank claimed that said acts of the legislature did not affect its right to withdraw from the bank fund at the time of the expiration of its charter in 1857, its contributions to said fund, but that the then state treasurer, H. M. Bates, refused upon demand,

September 3d, 1859, to pay over the same.

And the answer of said Clark further said that the said receiver did not file his application for said bank fund, as above set forth, until January, 1864.

And further answering the defendant said that the Danby Bank was located and did business in Danby, in the county of Rutland, and that all the prior proceedings instituted for the purpose of closing up the affairs of said bank, were in the court of chancery, in and for the county of Rutland, and that the proceedings in this suit were supplemented thereto, and should have been preferred in the supreme court, in and for the county of Rutland; and these petitionees insisted that said petition should, also, for that reason be dismissed.

The answer of the Farmers' Bank, of Orwell, was substantially like that of the Bank of Poultney; both banks insisting upon their right to demand and receive from the treasurer their respective contributions to the bank fund, on the ground of there being no legal charge thereon in favor of the creditors of Danby Bank, at the time of the expiration of their respective charters. The charter of the Farmers' Bank expired January 1st, 1864. The charters of the said Bank of Brattleboro, Bank of Vergennes, Black River Bank, and the Stark Bank, are each still in life and full force.

It was further claimed in the answer of the National Bank of Vergennes as a cause for dismissing said petition; that in 1853 it was provided by an Act of the legislature, that at the expiration of its then running charter, on the first day of January, 1856, the said bank should be reorganized; that all of its old affairs should be adjusted and its capital increased, and that in pursuance of said Act the contribution of said bank to the bank fund, was appraised as assets, and a dividend to stockholders was made, based upon said appraisal, whereby the sum of \$4,500., which constituted said contribution, was appropriated and exhausted for the benefit of retiring stockholders under the direction of a committee of the legislature; and thereupon the directors of the reorganized bank, gave bonds as required by law for the redemption of bills, etc. Other facts upon this point are omitted, as the question raised thereon is not decided in the opinion. This defendant also raised the question of jurisdiction, which was raised by all the banks, but not by the treasurer.

Other facts are stated in the opinion.

A. L. Miner and Peck & Fifield, for Petitioner.

G. W. Harmon, for Petitioner and Creditors.

E. Edgerton, for State Treasurer.

George F. Edmunds, for National Bank of Vergennes.

Prout & Dunton, for Farmers' Bank and Bank of Poultney.

C. H. Chapman, for Bank of Black River.

The opinion of the court was delivered by

Barrett, J. For the purposes of this proceeding, we think it was proper for the receiver to institute it in the county of his personal residence. This is not a continuation, by way of supplement, of the original proceeding under the statute, in such a sense that the venue of that proceeding draws to it and fixes the venue of this petition. Of course, then, the venue depends on the general provisions of the statute, and by them the receiver properly instituted the proceedings in the supreme court in and for Bennington county.

The several banks interested in the "bank fund," under the claim of the receiver, were notified of the petition, and they have appeared and been heard in an argument upon issues and questions made by their respective answers, as also has the treasurer. The court therefore not only feel at liberty, but, in view of the character of the case and of the interests connected therewith, it would seem to be a duty, to express opinions on some points beyond what would be necessary for the present disposition of the case by the order to be made.

The mode of creating the "bank fund," and of continuing and replenishing it, in connection with the purposes for which it was created, and the provisions for administering it, shows clearly that it was designed to be and remain perpetual, subject to the purposes and provisions of the law. The statute provides only two modes for appropriating and withdrawing money from that fund: one in payment of the debts of an insolvent bank; the other, - in sec. 13 of the chapter on Banks in the Compiled Statutes, - in repayment to a bank, of which the charter has expired, its proportional share of said fund. Section 87 does not provide anything in relation to the appropriation of said fund, nor as to the rights of the banks in it. It provides that on giving a certain bond the bank shall thereafter be exempt from all payments required to be made to the "bank fund," "and from all the provisions for the establishment, preservation and regulation of said fund." The court regard this exemption as prospective, commencing with the giving of the required bond and continuing only so long as such bond shall be kept good. In other words, the bond provided for in the 87th section is a mere substitute for the liability and duty of the bank to pay in towards the "bank fund" for its creation or replenishment; and the giving of such bond has no effect upon the fund already accumulated, nor upon the right of the bank to draw out its proportionate share of it.

The exemption "from all the provisions for the establishment, preservation, and regulation of the fund," was designed to be only coextensive, in the time of its operation, and in respect to the subject matter on which it was to operate, with the exemption from all payments to said fund, required in said chapter to be made.

None of the banks, therefore, that had contributed to that fund, were entitled, by reason of having given the required bond, to withdraw what they had paid in towards that fund pursuant to the provisions of that chapter. The right to do so accrued only upon the expiration of the charters of the several banks respectively. The purpose of creating the fund was to provide a security for, and a means of paying the balance of the indebtedness of a bank that had become insolvent in excess of its property and effects. That balance would of course depend on the amount of its debts, and the amount of money to be realized from the property owned by it at the time it ceased to do business in consequence of its insolvency.

In view of the purpose for which the fund was created, it seems plain that the fund must be chargeable for the balance of such debts as of the time when the bank ceased to do business by reason of its insolvency. The proceedings in the court of chancery, required by the law to be instituted upon the happenings of such insolvency, are for the purpose of ascertaining the extent to which the fund is to be subjected, and to appropriate it accordingly. This being so, none of the banks that had contributed to the fund, now claimed by the receiver, were entitled to withdraw their contribution thereto, by reason of the expiration of their respective charters, unless it be the Vergennes Bank, for it stands confessed that none of their charters had expired at the time Danby Bank stopped business on account of being insolvent.

Whether the charter of the Vergennes Bank is to be regarded as having expired at that time, and therefore said bank was entitled to have the money repaid, as it has been, it is not now necessary, nor perhaps important, that the court should express an opinion. The matter stands upon the peculiar provisions of the acts by which that bank has been kept on foot, and the course taken under those acts for continuing it, either as the old bank extended, or as a new one, absorbing and standing in the place of the old one. It seems more appropriate to leave the decision of the question till it shall become necessary under some proceeding that shall raise the issue directly between the proper and necessary parties to it.

It is obvious from what has now been said, that, in the opinion of the court, it is the right of the receiver to have, and the duty of the treasurer to pay over to him so much of the "bank fund" as is now in the hands of the treasurer under the statute, charged by the order of the court of chancery. To this extent the court have no doubt that a peremptory writ should issue.

But it is claimed that, under the law, it should be held that the whole amount of that fund is in the hands of the treasurer, undiminished by the payments that have been made to the banks named of the proportions they had respectively contributed to said fund. The soundness of this claim depends on the real character in which the treasurer receives and holds the money which goes to constitute the "bank fund." If it be a receiving and holding of the money as the property of the state, the same as he receives and holds the money that is paid into the treasury by the collectors of taxes, that is to say, if it be money of the state, subject, indiscriminately with the money derived from taxation, to a special charge by a permanent general law, and an appropriation by virtue of such charge to the satisfaction thereof, then it would follow that the treasurer should pay over to the receiver, of the money in the treasury, indiscriminately to the full extent of money in his hands as treasurer, not exceeding the extent of such charge. But, in the opinion of the court, this is not the correct view to be taken of the subject. We think the treasurer holds the money as a specific fund in which the state has no property. He is charged with special duties in respect to that fund, and becomes officially responsible for the proper discharge of those duties. Whether in virtue of his official responsibility, and his liability under his official bond to respond for his official defaults, the state sustains such a relation as to render it, in supposable cases, its duty to make good any deficiency in the "bank fund," the court are not called on to decide or express views. For present purposes it need not only be added, that all the provisions of the statute upon the subject,

preclude the idea of that fund being absorbed by the state as a part of its general assets, with only the duty on the part of the state to permit an equal amount to be taken from the treasury to answer the purposes of the statute as to that fund. The statute provides for an entire separation of the fund; for its investment by the treasurer; for its recall by him or its replacement by the sale of securities which he has received by way of investment; and, moreover, it expressly declares that it shall be the property of the several banks that have contributed to its creation. There is no provision for the treasurer to supply any deficiency in that fund at any time, or for any purpose, by transferring the moneys of the state in his hands to the account of said fund. To supply the money to meet the charges upon the fund the only mode is by the sale of the securities, a collection of the loans, and a resort to further contributions by the banks, as provided in the statute. Hence it is obvious that, in order to warrant the treasurer to appropriate the money of the state to the purposes of the "bank fund," special authority, by act of the legislature, would be necessary. The order, therefore, by mandamus should not require him to pay to the receiver any money of the state as distinguished from the "bank fund." In the opinion of the court, also, such order should not require him to pay money of his own, on the score of his having subjected himself to liability for the deficit of that fund by reason of his having wrongfully paid it over to banks not entitled to have it. In the first place this is not the appropriate proceedings in which to make the issue and try the question of his liability on this score. In the next place the order can properly extend only to require him to do what it is his clear ministerial duty to do. That ministerial duty must be regarded as limited to the paying over of the funds in his hands. Whether he may be liable to respond in damages for official or personal default, can properly be determined only by a different proceeding, and if so liable, the final remedy would be by process to enforce pecuniary satisfaction by payment of the adjudged damages.

But, in the present case, a conclusive reason for limiting the order exists in the fact that the present treasurer has had nothing to do with the "bank fund," except to receive from a predecessor the sum now in his hands, and no more, and that predecessor, (Hon. John B. Page,) passed to the present treasurer, all that he received from H. M. Bates, a former treasurer, except what he has paid to the receiver under the order of the chancellor. The amount of the fund, in the accumulation and disposition of it since 1854, and the present condition of it, are set forth in the answer of said John B. Page, which is adopted and supplemented by the present treasurer; by which it appears that all the requirements made to the various banks that had contributed to the fund, were made by Mr. Bates while he was treasurer. John B. Page stands therefore clear of any ground or reason for imputing to him official fault or misjudgment in this respect; and, in view of the facts set forth in his answer constituting the reason for his withholding from the receiver the balance of the fund claimed by the Farmers' Bank and the Bank of Poultney, there seems to be no ground for imputing to him any personal short coming in thus withholding that balance. The same remarks apply as well to the present treasurer.

It is therefore adjudged that a writ issue in due form, commanding John A. Page, treasurer of this state, to pay over, under the said order made by the chancellor, the sum of _____, being the amount of the "bank fund" in his hands as treasurer, after deducting therefrom the sum paid, or to be paid, to their counsel by the

the reasonable charges of such counsel, for appearing and answering in court to said petition, to be fixed and allowed by the chancellor by whom the original order upon the treasurer to pay over the bank fund to said receiver was made. "
