A SURVEY OF THE SAVINGS BANKS OF BOSTON

MAY FRANCES WHITE
A SURVEY OF THE SAVINGS BANKS
OF
BOSTON

BY
MAY FRANCES WHITE

A thesis submitted
as partial requirement for
Degree of
MASTER OF BUSINESS ADMINISTRATION

BOSTON UNIVERSITY
1930.
A SURVEY OF THE MUTUAL SAVINGS BANKS OF BOSTON

PART I.    

Chapter I. History and Development of the Savings Bank    1-12

First recorded savings bank in the world
Early European banks
First self-supporting savings bank
The Mutual savings bank
Founders
First Public Act of Legislature for savings banks
Banking capital of State in 1816; of Nation.
James Savage
The Provident Institution for Savings
A copy of the original circular reflecting the attitude of the public
Why New England heads the list of savings banks in successful growth.
Invasion of "spirit of commercialism."
Greatest weakness of mutual savings banks.
Reputation
Economic value
Main purpose

PART II    

Chapter II. Forms of Savings Bank Organizations    13-17

Stock
Mutual
Guaranty
Departments in Commercial Banks
Postal Savings Bank System

Chapter III. What a Mutual Savings Bank is.    18-27

Mutual Savings Bank defined.
Original purpose
Significant characteristic
Legally speaking
From an economic point of view
Analogy with Insurance Corporations
Distribution of profits
General locations
PART III.

Chapter IV. Legal Status of Mutual Savings Banks in Massachusetts

Operated under strict Banking Laws.
How a savings bank is formed
First Legislative Act
The chartering of banks
Relationship of savings banks and its trustees
Liability of trustees to depositors
Investments regulated by law
By-laws
Compulsory verification of pass-books
Audit
Tax refund
Banks chartered previous to enactment of General Law
Statutes relating to Savings Banks.

PART IV.

Chapter V. Organization and Functions of Mutual Savings Banks

Relation to other banks
Primary functions
Characteristics of Savings Bank Investments
The habit of saving
The pass-book
Bank payments
Women savers
The organization
Trusteeship
Management of Mutual Savings Banks
Women's Department
Dormant Accounts
SURVEY OF THE MUTUAL SAVINGS BANKS OF BOSTON.
(continued)

PART IV

Chapter VI. Services

Individual Accounts
Accounts with Societies, Clubs and Lodges
Joint accounts
Accounts with children and minors.
Accounts with executors and administrators and Guardians
Checks and coupons for deposit
Checks cashed
Treasurer's checks
Withdrawals
Loans on pass-books
Banking by mail
Safe-keeping of United States Bonds
Foreign drafts and travelers checks
Investment information
Confidential consultations
Lost pass-books

Chapter VII. Loans

Protective Reserves
Investments
Real Estate Mortgages
The mortgage outlook for 1930
Individual loans - Creditors Group Insurance
Pass-book loans

Chapter VIII Dividends.

The most important feature of a Savings Bank.
Compound interest as compared with simple interest.
How dividends are figured
Present rate
Policy of interest from day of deposit to day of withdrawal
Result of this experiment
Opposition to this policy
Extra dividends a statutory requirement.
A SURVEY OF THE MUTUAL SAVINGS BANKS OF BOSTON.

PART IV (continued)

Chapter IX. Thrift Savings

Club Savings
Christmas
Vacation
Taxes, coal or insurance

School Savings

Chapter X. Savings Bank Insurance

PART V.

Chapter XI. History and Growth of Boston Savings Banks

A history in summary form of each of the twenty-four savings banks of Boston, with tables showing the increase in deposits and increase in assets.

Tables.
Provident Institution for Savings
Institutions for Savings for Roxbury and Vicinity
Warren Institution for Savings
Suffolk Savings Bank for Seamen and Others
East Boston Savings Bank
Charlestown Five Cents Savings Bank
Boston Five Cents Savings Bank
Boston Penny Savings Bank
Brighton Five Cents Savings Bank
Franklin Savings Bank
South Boston Savings Bank
Eliot Savings Bank
Union Savings Bank
Home Savings Bank
Massachusetts Savings Bank
Chapter XI. Tables. (continued)
Hyde Park Savings Bank
Wildey Savings Bank
Dorchester Savings Bank
Sumner Savings Bank
Blackstone Savings Bank
Columbus Savings Bank
Hibernia Savings Bank
Grove Hall Savings Bank
Lincoln Savings Bank

Chart
Population of Boston, 1820-1930

PART VI.

Chapter XII. Conclusion.

Savings Bank Competition
Present Status
Analysis of 1,000 successful and unsuccessful accounts
The effect of the Stock Market crash of 1929 on the savings banks of the United States; of Massachusetts.

Appendix

Bibliography

Statutes of the Commonwealth of Massachusetts, General Laws, Chapters 158, Section 17; 167; 168; 266, Sections 52-55, and Amendments to December 31, 1929.

Savings Bank Life Insurance
Chapter 26, Sections 9-12
Chapter 63, Section 18
PREFACE

The history of the Mutual Savings Banks of Boston is significant. It reflects the prosperity of this section of the country, the character and intelligence of its people, as well as the excellent repute of the savings banks. Millions of people have learned to believe implicitly in a system which united the advantages of private initiative, strict supervision by the government, and volunteer service by disinterested citizens.

What the school is to the intellectual welfare, the hospital to the physical welfare of the community, the savings bank is to the economic welfare.

Many of Boston's savings banks have depositors in every part of the world, not only in the various countries of Europe, but in places as remote as South Africa, Honolulu, and Shanghai.

New England has always been in the forefront of the savings bank movement. A recent authority says, "No section of the United States shows more constant gain in the amount of its savings bank deposits than that of the New England States."

Thus, if New England leads the country, Massachusetts leads New England, and Boston in its turn leads Massachusetts.
PART I.
HISTORY AND DEVELOPMENT
OF THE
SAVINGS BANK
I.

Various countries claim to be the originators of the first savings banks. At any rate it is certain that the first savings banks were very different from the ones which were formed in the United States, and which exist in Massachusetts, and other states today.¹

The first recorded savings banks in the world were government affairs; Pharaoh and Joseph were the executive officers. We read of them in Genesis, forty-first chapter, page 7.²

The early institutions of Hamburg, Germany, simply took the spare cash of servants, and craftsmen and granted annuities as the members reached the required age. No withdrawals of money were allowed.³

Before the year 1810, the banks which had been established for savings were more in the nature of charitable institutions, supported by benevolent persons. The first person to organize a self-supporting savings bank was Henry Duncan, a Dumfieshire clergyman.¹

The Reverend Duncan's Bank at Ruthwell, Scotland was the first real savings bank of which we have record. Dr. Duncan seems to have grasped the fact that the savings bank should be organized,

¹-Romance of the Savings Bank -Archibald Granger Bowie- page 2
²-One Hundred Years of Savings Banks -Edward L. Robinson Page 7
and that while philanthropic in its management is far from being a charity in benefits.

He discovered that even in the poorest family there are odds and ends of income which are likely to get frittered away in thoughtless extravagances. He planned, therefore, to induce the people to comprehend the value of saving.¹

Daniel Defoe, the author of Robinson Crusoe, who was the founder of the savings bank idea in England, in 1697, suggested among other things the propriety of providing for, and encouraging small savings among the common people.²

About one hundred and fifteen years ago, Boston people heard that in two or three places, both in Europe and in this country, there had been started something called "Saving Banks." Until that time, such banks as there were, could be used only by the rich people; the middle class, and the poor hid their money in their houses or buried it in the ground.³

A group of men, who wanted to help the city, and the people who lived in it, were

¹- The Savings Bank and its Practical Work—William K. Kniffin, Jr. Page 8
²- History of Massachusetts Banks—William Woodward Page 2
³- Massachusetts Mutual Savings Bank—Massachusetts Savings Bank Association Page 1
much interested in the "Savings Bank" idea, as they believed there should be a place where people who were not rich could put their money, and have it kept safely for them.

The only security which the investors of early institutions for savings in Europe had was confidence in the integrity of the rich, and it is satisfactory to know that this confidence was seldom misplaced.¹

It was not until about 1816 or 1817 that the savings banks, as we know them, were started on a uniform basis, or that legislative measures were taken with regard to them, and at that time Boston was in prominence in this field.¹

In December 1816 a group of men started a Savings Bank in Boston. It was called the "Provident Institution for Savings in the Town of Boston," and its object was "to receive and securely invest the savings of persons of moderate means, who have not the means nor opportunity of making investments for themselves."²

¹- The Romance of the Savings Bank - Archibald Granger Bowie Page 15
²- Massachusetts Mutual Savings Bank - Massachusetts Savings Bank Association
These men wanted no profits for themselves; they even served in the bank without pay. Their one thought was to encourage thrift among the working people by giving them a place to put their money for "safety and increase."\(^1\)

Every "Mutual" is owned entirely by its depositors, and pays the net profits to them as interest. Only those officers who give working time as staff members receive salaries. Trustees who direct the bank's affairs generously serve without pay.\(^1\)

President Coolidge once served without pay as vice-president and then as president of a Mutual Bank in Massachusetts.

Boston enjoys the distinction of having the oldest incorporated savings institution in the United States; the Provident Institution for Savings in the Town of Boston, having received its charter on December 13, 1816, eleven days after the Philadelphia Saving Fund Society opened its doors. A public meeting called by Honorable James

\(^1\) A Story of Mutual Banks—Union Institution for Savings Pamphlet
\(^2\) One Hundred Years of Savings Banks—Edward L. Robinson
\(*\) Philadelphia Savings Fund Society was not incorporated.
Savage was held in Boston in December 1816, and the following sentiment endorsed: "It is not by the alms of the wealthy that the good of the lower classes can be generally promoted. By such encouragement is far oftener given to idleness and hypocrisy, than aid to suffering worthy. He is the most effective benefactor to the poor who encourages them in habits of industry, sobriety and frugality."

The bank began to do business early in 1817, and declared its first quarterly dividend of one per cent in July of the same year. This institution continues to enjoy the confidence of its depositors. It is the largest mutual savings bank in Boston.1

To James Savage, lawyer, scholar and philanthropist, more than to any other person, the Institution owes its existence. He first became interested in the project of establishing a savings bank while visiting in Gardiner, Maine. In a letter to Mrs. Robert Hallowell Gardiner, dated November 6, 1816.

---

1- One Hundred Years of Savings Banks—Edward L. Robinson
2- History of the Provident Institution for Savings—Bank pamphlet
1816, he says:—

"I saw over the fireplace at Gardiner a plan on a single sheet of paper of the Institution in England (London) for the Savings Banks. ..... Though I did not half read, I was much occupied with the subject on my way up, and find it a very desirable project to introduce here."¹

Mr. Savage fought a brave battle against the apathy, distrust, and even the ridicule with which many prominent men of his day met the project, and finally he launched the institution safely upon its successful career.¹

At the time the Provident Institution for Savings was formed, the banking capital of the State was $11,475,000, and of the nation $125,000,000. The fact is significant as indicating the comparative maturity of the general banking business of the country,² at the inception of the Institution.

The word "bank" did not appear in this connection until 1833. It is supposed that this was arranged so as to differentiate

¹-History of the Provident Institution for Savings - Bank pamphlet
null
between banks for savings and existing banks, which were not looked upon with favor by the common people.¹

Not only was the first of such institutions, under legal enactment in the United States, founded in Boston, but the act of December 13, 1816 is believed to be the first public act of legislature in the world investing such institutions with the protection of the law.²

The following is a copy of one of the early circulars issued by the first bank. It reflects the attitude of the public.

"The Provident Institutions for Savings' office (1823) is established at a room in Scollay Buildings on Pembroke Hill, near Court Street. It will be open only every Wednesday from 9 to 1 o'clock.

1. Seamen, mechanics and others whose income depends upon their daily labour, may secure themselves from the scenes of distress and degradation which are the never failing attendants in the sick-bed of the improvident poor, by placing in the bank a small part of their wages, which most of them, by economy could easily spare in time of health."³

¹-Massachusetts Institutions for Savings-Massachusetts Savings Bank Association Page 6
² History of Massachusetts Savings Banks-William Woodward Page 5
³-The Brothers-Published for the trustees of the Publishing Fund, Provident Institution for Savings 1823.
2. By providing an easy and profitable way of disposing of money, it may induce many to lay up what would otherwise be spent in fine clothes or useless amusements.

3. If a part of the money now spent in grog shops, those common pests to our country, be directed to this institutions, the danger of intemperance and vice will be lessened; and on this account every wife and mother should exert her influence with her husband and children, to lead them to this method of investing their spare cash.

4. Banking companies pay no interest on deposits, and do not like to receive small sums for safe keeping, and daily experience proves the danger and folly of the mechanic or labourer, or domestic trusting his little all in the hands of those whom he supposes rich. Let the rich lend to the rich—the Savings Bank is the proper place for the poor man's savings, there his interest is accumulating while he sleeps, and he can receive both principal and interest in time of need.

5. The money deposited is invested in the most safe and productive public stocks, and all the interest it gains is paid to the depositors.

1-The Brothers -Published for the trustees of the Publishing Fund, Provident Institutions for Savings 1823.
except what is necessary for books and frugal expenses:—two per cent interest is paid every six months, and the surplus is distributed at the end of five years, to those who have money in the bank. This, at the last division, brought the interest up to six per cent per annum for the whole time.

6. The gentlemen who manage this institution receive no payment for their services. Their characters are pledged for the faithful execution of their trust, and their only object is to promote the comfort, respectability, and moral improvement of the poor. ¹

Hamilton says that the reason New England, and particularly Massachusetts, heads the list in the success of savings banks is because "notwithstanding the large foreign population, the dominant type is more homogeneous and more Anglo-Saxon than in any other section...There is also an unusual amount of public spirit, of collection rather than a neighborly character, as seen in the institution of the town meeting.²

¹-The Brothers-Published for the trustees of the Publishing Fund, Provident Institution for Savings 1823
².Readings in Money and Banking-Chester Arthur Phillip Page 273
After a few years these Institutions for Savings were called "Savings Banks."

Soon such banks were started in other places, and there are now over 600 in the United States, 196 of them, or nearly one-third being in Massachusetts.¹

The self-sacrificing spirit of the administration of pioneer savings banks greatly increased the chances of aggressive work, and reduced the chances of dishonesty or of betrayal of trust, and it afforded great economies in the initial stage, the cost of administration being hardly a factor.²

A trustee bank, conservatively managed, should enjoy greater confidence than Commercial banks for the reason that its funds are loaned upon securities less elastic in value, and especially for the reason that personal security is not accepted.³

The original savings bank is the trustee bank. As Hamilton says "It stands for the attempt on the part of the well-to-do to improve the condition of the poorer classes, and involves a self-sacrificing service on

1- Massachusetts Mutual Savings Banks
   Massachusetts Savings Bank Association
2- Savings and Savings Institutions-James Henry Hamilton Page 184
3- Savings and Savings Institutions-James Henry Hamilton Page 213
the part of a few in the interest of many." While many of the early savings banks partook of this nature, others were organized from purely selfish motives, and were characterized by bad management, and bad faith from the start. However, there have been very few failures in Boston, and the losses to saving bank depositors has been almost negligible. ¹

The "Spirit of Commercialism" has invaded the domain of the mutual savings bank, and it cannot be said that some of the newer banks were organized from the spirit of philanthropy, although the management as a whole may be above suspicion, and honorable in the highest degree. ¹

Between 1816 and 1833 twenty-two charters for savings banks were granted. ²

The greatest weakness of the mutual savings bank is this: Lacking the "essential element" that prompts men to undertake such ventures (profit) it does not appeal to the average man of means unless he is

¹-Reading in Money and Banking- Chester Arthur Phillips Page 272
²-History of Massachusetts Savings Banks- William Woodward Page 7
sentimentally inclined; and not being indispensable to trade, and commerce, like a bank of discount, it does not come to be a commercial necessity. Even in a great state like New York we find twenty-eight counties with no savings banks, and in many of these counties there are large and thriving towns and cities. This is true of the city of Jamestown with over 30,000 population which has no savings banks, while Elmira with over 35,000 population has but one, and that has only half a million assets.¹

The main purpose of mutual savings banks is to enable people to live better, and become independent through saving. This explains the tremendous popularity of mutual banks.

¹- Readings in Money & Banking - Chester Arthur Phillips Page 272
PART II.

Chapter II.
FORMS OF SAVINGS BANK ORGANIZATIONS

Chapter III.
WHAT IS A MUTUAL SAVINGS BANK
II.

FORMS OF SAVINGS BANK ORGANIZATIONS

There are the following forms of savings bank organization:

1. **Stock Savings Bank.** A corporation is formed to operate this kind of bank. Its capital and surplus act as a protection to the depositors. The stockholders divide the profits in the form of dividends on their stock.¹

   The stock savings bank, where it is a savings bank and not a bank of discount under a savings title, differs in no essential degree from the mutual institution. The mutual bank belongs to the depositors, the stock bank to the stockholders. The mutual bank pays dividends to the depositors only; the stock bank pays dividends to both stockholders and depositors. The stock bank does not pretend to be philanthropic in its management.²

2. **Mutual Banks.** Trustees who serve without pay conduct the business of the bank. The earnings, minus a fund which is deducted for reserves, are paid to the depositors.¹ This form of savings institution is studied in detail in the next chapter.

---

1. Material for the Study of Banking - James Dysart Magee Page 264
2. Readings in Money and Banking - Chester Archer Phillips Page 279
The text on this page is not legible, and therefore cannot be accurately transcribed or read.
3. Guaranty Banks. In New Hampshire, the mutual type is modified by the acceptance of special deposits which act as a guaranty fund for the ordinary deposits, and in return receive the earnings above the stipulated rate paid to depositors.¹

New Hampshire is the only state in which the "guaranty savings banks" are found. They are a combination of mutual and stock, a cross between the two. They do not transact a commercial business, being strictly savings banks in their function yet having "special deposits" which to all intents and purposes are capital stock.²

The guaranty savings bank differs from the ordinary mutual savings bank in that it has capital stock or special deposits, as they are called. It pays a certain stipulated rate of interest to its general depositors, and any earnings above this dividend is available for dividends on the capital stock or special deposits.²

¹- Material for the Study of Banking- James Dysart Magee Page 264
²- Readings in Money and Banking-Chester Archer Phillips Page 274
The special deposits constitute a guaranty fund for the general depositors, and the charter ordinarily stipulates that the special deposits shall always equal 10 per cent of the deposits. In return for the higher interest rate, the special depositors assume all the risk of loss or depreciation, and as in the case of stock concerns, they would be the first to suffer in the event of insolvency. 1.

4. Departments in commercial banks and trust companies 2. These banks accept savings deposits as well as commercial accounts.

In the early days of savings banks, commercial and financial banks could not, and would not attend to small savings accounts, and therefore the lawmakers, urged by public spirited citizens, incorporated institutions which would. Today this is not the case. Many of the national banks have organized savings departments for the special care of individual depositors. These accounts are not generally subject to check, but withdrawals may be made by presenting pass-books, and the banks

1- Readings in Money and Banking - Chester Archer Phillips Pages 274-275  
2. Materials for the Study of Banking - James Dysart Magee Page 264  
reserve the right to oblige the depositors to give due notice of the desire to withdraw large sums. Some banks require two weeks, and some thirty days if money conditions warrant such measures. This savings bank system places large sums of money in the commercial bank, which if carefully invested is a source of revenue to the bank.

Non-mutual or so-called "commercial" institutions are stock corporations; that is to say they have capital which has been subscribed for, and which is owned by the shareholders. Commercial banks are, therefore, corporations organized for the purpose of conducting the business of banking with a view to making a profit for their shareholders. The depositors in a commercial institution may or may not be holders of the capital stock of the bank, but the fact that they are depositors in the institution does not of itself give them any interest in the capital stock, nor does it entitle them in any way to share in the profits of the business. They

1-Modern Banking Methods - Albert R. Barrett
Page 167
2-The Savings Banks and its Practical Work
Page 67 William H. Kniffin, Jr.
are creditors of the institution, and that is all.

5. **Postal savings banks** are operated by the Post Office department. They appeal to persons who do not have confidence in other banks, and they pay a comparatively low rate of interest.

The Postal Saving Bank System of the United States began operation July 3, 1911 by opening a postal savings bank in each state. It is under the control of a board of trustees, consisting of the Postmaster-General, the Secretary of the Treasury, and the Attorney-General.

It is said that this system came into operation to take care of large funds which were created by foreigners who wanted to save money, and did so by purchasing money orders payable to themselves. The postal authorities noticed that a great many money orders remained unredeemed, and that the amount increased greatly each year. An investigation resulted in the establishment of the Postal Savings Bank System.

---

1- The Savings Banks and its Practical Work, William H. Kniffin, Jr. Page 77
2- Materials for the Study of Banking by James Dysart Magee Page 264
3- Readings in Money & Banking- Chester Archer Phillips Page 279
4- Professor Leo Drew O'Neil- Lecture.
III.

WHAT IS A MUTUAL SAVINGS BANK?

In tracing the mutual savings bank back to its origin, we find that it had its beginning in the "sick and aid" and other friendly societies which have existed for centuries in many parts of Europe; for the savings bank is simply the culmination of the attempts of thrifty people to provide for a rainy day.

The Mutual Savings Bank in America furnishes one of the best known illustrations of the small beginnings of mighty institutions. At the close of the Revolutionary War, financial conditions in this country were in a most discouraging state. The public debt was overwhelming, tax systems were loose, paper money had no reliable value, and poverty was increasing rapidly. Looking across to Europe, some outstanding and foresighted men studied the operation of the Mutual Savings Bank idea. As a result of their observations and study, foundations were laid for the much-needed savings banks that came quickly into being. There had been little need for such banks prior to that time because of the little money in circulation, and because America

1- The Savings Bank and their Practical Works—William H. Kniffin, Jr. Page 62
2- A Million a Day - Boston Penny Savings Bank
farmers put their savings into their farms, buying more live stock, equipment and land. With the development of shipping and commerce, a new class of employees sprang up, and as they worked for others, they could not use their surplus to increase their holdings, as the farmer, and the ship-owner had done.\footnote{1}

Any bank in Massachusetts which uses the word "savings" in its name is a mutual bank. The profits that the mutual savings banks may make belong entirely to its stockholders. On the other hand the significant characteristic of a mutual savings bank is that it has no stockholders. It is a corporation without stock or stockholders. Legally speaking, it is a membership corporation similar to that of a club or lodge. From the economic point of view it is a cooperative society for savings. It is precisely similar to the mutual life insurance companies, which are cooperative societies for the purpose of insuring the lives of members of the society.\footnote{2}

The depositors in a mutual savings bank are the only persons financially interested in it. The trustees divide among its members the

\footnote{1- A Million A Day - Boston Penny Savings Bank}
\footnote{2- What is a Mutual Bank- Robert L. Hoguet}
entire net income from the bank's investments, less deductions of expenses and a portion of the profits which is set aside from year to year as a safety, or reserve or surplus fund. This surplus belongs to the depositors, and is a protection against contingencies. The income upon this fund is part of the income of the bank.\(^1\)

Characteristics of a Mutual Savings Bank:

1. The investments of such institutions are usually carefully restricted, the primary element being safety. As long as the trustees keep their funds so invested they cannot be held, either in law or morals, responsible for losses.

2. Predominating of the mortgage loan. The nature of the deposits being more or less permanent, investments of a permanent character may be made without fear of sudden demand for their return on the part of the depositors, and to safeguard the banks from such unexpected calls, quite generally trustee banks are permitted by law to require notice, the usual time being sixty or

---

1. *What is a Mutual Bank*—Robert L. Hoguet

2. *Materials for the Study of Banking*—James Dysart Magee Page 265
ninety days.

3. The third distinguishing feature is the self-perpetuation of the board of managers. No amount of money can buy a man's way into a mutual savings bank. He cannot, as in a stock concern, buy enough stock to vote himself into office, he can only gain office as the other men advocate his cause. And on the contrary he cannot be voted out of office. Only an act, such as bankruptcy, which voids his office, can effect him, for like a supreme court judge, he is appointed during good behavior.

While safety comes first, the savings bank is something more than an impregnable vault for the storage of specie. It does not merely take the place of the long stocking, and the secret chest. Some one has called it a "mutual investment society," in which citizens of small means, and limited experience pool their resources, under the direction of trustworthy advisers, with the object of earning a reasonable income. 1

1- Union Savings Bank, Page 26
TABLE SHOWING HOW MUCH IT IS NECESSARY TO SAVE EACH MONTH AT A CERTAIN AGE TO REACH A GOAL, WITH INTEREST AT 4% COMPOUNDED QUARTERLY

<table>
<thead>
<tr>
<th>Amount at Age of 65</th>
<th>20</th>
<th>22</th>
<th>24</th>
<th>26</th>
<th>28</th>
<th>30</th>
<th>32</th>
<th>34</th>
<th>36</th>
<th>38</th>
<th>40</th>
<th>45</th>
<th>50</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000</td>
<td>33.31</td>
<td>3.64</td>
<td>4.02</td>
<td>4.44</td>
<td>4.92</td>
<td>5.46</td>
<td>6.08</td>
<td>6.80</td>
<td>7.62</td>
<td>8.56</td>
<td>9.71</td>
<td>13.60</td>
<td>20.27</td>
</tr>
<tr>
<td>10,000</td>
<td>6.62</td>
<td>7.29</td>
<td>8.06</td>
<td>8.89</td>
<td>9.95</td>
<td>10.93</td>
<td>12.17</td>
<td>13.60</td>
<td>15.24</td>
<td>17.18</td>
<td>19.41</td>
<td>27.21</td>
<td>40.54</td>
</tr>
<tr>
<td>15,000</td>
<td>9.94</td>
<td>10.94</td>
<td>12.07</td>
<td>13.34</td>
<td>14.77</td>
<td>16.40</td>
<td>18.26</td>
<td>20.40</td>
<td>22.87</td>
<td>25.74</td>
<td>29.13</td>
<td>40.82</td>
<td>60.81</td>
</tr>
<tr>
<td>20,000</td>
<td>13.25</td>
<td>14.59</td>
<td>16.10</td>
<td>17.79</td>
<td>19.70</td>
<td>21.87</td>
<td>24.35</td>
<td>27.20</td>
<td>30.48</td>
<td>34.33</td>
<td>38.84</td>
<td>54.42</td>
<td>81.08</td>
</tr>
<tr>
<td>25,000</td>
<td>16.57</td>
<td>18.24</td>
<td>20.12</td>
<td>22.24</td>
<td>24.63</td>
<td>27.34</td>
<td>30.44</td>
<td>34.00</td>
<td>38.11</td>
<td>42.91</td>
<td>48.55</td>
<td>68.03</td>
<td>101.35</td>
</tr>
<tr>
<td>30,000</td>
<td>19.88</td>
<td>21.89</td>
<td>24.15</td>
<td>26.68</td>
<td>29.55</td>
<td>32.81</td>
<td>35.53</td>
<td>40.80</td>
<td>45.74</td>
<td>51.49</td>
<td>58.26</td>
<td>81.64</td>
<td>121.62</td>
</tr>
<tr>
<td>40,000</td>
<td>26.51</td>
<td>29.19</td>
<td>32.20</td>
<td>35.58</td>
<td>39.40</td>
<td>43.75</td>
<td>48.71</td>
<td>54.40</td>
<td>60.99</td>
<td>69.66</td>
<td>77.69</td>
<td>108.98</td>
<td>162.17</td>
</tr>
<tr>
<td>50,000</td>
<td>33.14</td>
<td>36.49</td>
<td>40.25</td>
<td>44.48</td>
<td>49.26</td>
<td>54.69</td>
<td>60.89</td>
<td>68.00</td>
<td>76.23</td>
<td>85.83</td>
<td>97.11</td>
<td>136.08</td>
<td>202.71</td>
</tr>
</tbody>
</table>

Mary Frances White
### Table: How Much to Save Each Month

This table shows how much to save each month at a certain age to reach a goal, with interest at \(4\frac{1}{2}\%\) compounded semi-annually.

<table>
<thead>
<tr>
<th>Amount wanted</th>
<th>20</th>
<th>22</th>
<th>24</th>
<th>26</th>
<th>28</th>
<th>30</th>
<th>32</th>
<th>34</th>
<th>36</th>
<th>38</th>
<th>40</th>
<th>45</th>
<th>50</th>
</tr>
</thead>
<tbody>
<tr>
<td>At age 65</td>
<td>2.89</td>
<td>3.21</td>
<td>3.56</td>
<td>3.97</td>
<td>4.42</td>
<td>4.94</td>
<td>5.54</td>
<td>6.22</td>
<td>7.02</td>
<td>7.96</td>
<td>9.06</td>
<td>12.42</td>
<td>19.49</td>
</tr>
<tr>
<td>25,000</td>
<td>5.78</td>
<td>6.41</td>
<td>7.13</td>
<td>7.93</td>
<td>8.85</td>
<td>9.88</td>
<td>11.07</td>
<td>12.45</td>
<td>14.06</td>
<td>15.96</td>
<td>18.13</td>
<td>24.84</td>
<td>38.99</td>
</tr>
<tr>
<td>10,000</td>
<td>11.57</td>
<td>12.83</td>
<td>14.25</td>
<td>15.83</td>
<td>17.69</td>
<td>19.76</td>
<td>22.14</td>
<td>24.90</td>
<td>28.10</td>
<td>31.84</td>
<td>36.25</td>
<td>49.68</td>
<td>77.97</td>
</tr>
<tr>
<td>25,000</td>
<td>14.46</td>
<td>16.04</td>
<td>17.82</td>
<td>19.83</td>
<td>22.12</td>
<td>24.69</td>
<td>27.68</td>
<td>31.12</td>
<td>35.12</td>
<td>39.80</td>
<td>45.31</td>
<td>62.10</td>
<td>97.47</td>
</tr>
<tr>
<td>50,000</td>
<td>17.35</td>
<td>19.24</td>
<td>21.08</td>
<td>23.80</td>
<td>26.54</td>
<td>29.63</td>
<td>33.22</td>
<td>37.35</td>
<td>42.15</td>
<td>47.76</td>
<td>54.38</td>
<td>74.52</td>
<td>116.96</td>
</tr>
<tr>
<td>50,000</td>
<td>23.13</td>
<td>25.66</td>
<td>28.51</td>
<td>31.73</td>
<td>35.39</td>
<td>39.51</td>
<td>44.29</td>
<td>49.80</td>
<td>56.19</td>
<td>63.67</td>
<td>72.50</td>
<td>99.37</td>
<td>155.95</td>
</tr>
<tr>
<td>50,000</td>
<td>28.92</td>
<td>32.07</td>
<td>35.63</td>
<td>39.66</td>
<td>44.24</td>
<td>49.39</td>
<td>55.36</td>
<td>62.25</td>
<td>70.24</td>
<td>79.59</td>
<td>90.63</td>
<td>124.20</td>
<td>190.94</td>
</tr>
</tbody>
</table>

*Sankers Thrift Corp.*

Mary Frances White
The advantages of such a combination of resources are obvious. First of all, the principle of cooperation acts as an insurance to the cooperators. A loss, if one occurs, is absorbed by the reserve funds created for the protection of the depositors. A gain is shared by all, since every dollar of the accumulated assets belongs ultimately to the depositors. This includes the investments, the earnings, the guaranty fund, the reserves, the bank building, and whatever other resources the institution may possess. All economies, all profits, benefit the depositors, and them alone. As the profits not withdrawn are compounded semi-annually, deposits which are left undisturbed for a number of years show a constant increase. (Chart 1 and 2.)

The flexibility of the system is another advantage. The depositor has the privilege of adding to his investment up to the limit fixed by law, or he may reduce it at his pleasure, or withdraw it altogether. This privilege of addition and withdrawal makes the savings bank account almost as fluid as the national currency. The only limit on the withdrawal privilege is the right to require a reasonable notice, which

1- The Union Savings Bank- Page 27
is reserved by the bank, but only exercised in emergencies, when it may be required for the protection of the depositors.

The depositors are not the only beneficiaries of the savings bank system. It is an agency for the diffusion of capital which might otherwise lie stagnant and unprofitable. These great reservoirs, formed by the inflow of a million tiny rivulets, are used to irrigate the entire business community, supplying resources for a variety of legitimate needs. Their influence is felt in the promotion of home ownership, in industrial enterprise, in public utilities, and in the operations of government, through the ownership of national, state, and municipal bonds. In New Bedford the whaling industry was financed to a degree by the local savings banks. When that industry declined, the funds of the banks, always thoroughly secured, were used in part to develop cotton manufacturing, and thus maintain the prosperity of the city.¹

¹[The Union Savings Bank - Page 27]

New York was the first to institute the savings bank movement; Philadelphia the first to put it into practice, and Boston the first to...
charter savings banks. Rhode Island followed, shortly after, in 1819. The results were more gratifying than could possibly have been expected.¹

It is a peculiar fact that mutual savings banks exist in only seventeen of the forty-eight states of the Union. But they are more limited geographically speaking than even these figures indicate. There are none in the great states of Illinois and Michigan. They are most numerous in Massachusetts, although all of the New England States have them, and they are by far most powerful in New York. They are an important factor in Pennsylvania, New Jersey and Maryland, and are to be found also in Ohio, Indiana, Wisconsin and Minnesota, whence they jump to California, and the state of Washington, in which latter state several new ones have been formed in comparatively recent years. California has only one mutual savings bank, whereas, the commercial banks in that state carry enormous savings deposits.²

The trustee or mutual savings bank grew

¹- The Union Savings Bank - Page 27
²- The Savings Banker, Page 10, February 1930 Issue
naturally in the more thickly settled portions of the country, and where industry created a numerous employee class. The fact that westward expansion was until very recently largely agricultural, explains in part why so few of these banks have been established outside New England, and the Middle Atlantic States. They flourished most, in past decades, where immigrant classes were congregated in great numbers.¹

Mutual savings banks have done a mighty work in providing the safest known place for savings; another excellent work in helping people build their fortunes faster by safe and profitable investing. Their greatest work, however, is in helping millions of depositors onward toward prosperity and independence.

¹- The Savings Banker, February 1930 issue
PART III.

LEGAL STATUS OF MUTUAL SAVINGS BANKS

IN MASSACHUSETTS.
IV.

LEGAL STATUS OF SAVINGS BANKS IN MASSACHUSETTS.

Mutual savings banks in Massachusetts are operated under strict banking laws and safeguards. Approximately three million people have on deposit over $1,600,000,000 in 196 mutual savings banks.

When a savings bank is wanted in a city or town, some of the citizens go to the State House in Boston, and ask the Commissioner of Banks for a charter for a new bank. If it is decided that a savings bank is needed, and that the people asking for the charter are the kind who will see that the bank is run as it should be, and that the right kind of men have been chosen to manage it, a charter is given.¹

The people who get the charter are called the bank's "corporators." They choose officers, and contribute money enough to pay the expenses of starting the bank, this money being paid back to them later from the bank's earnings.¹ They hire a place for the bank to do business, buy the safe, books, and other necessary equipment, and begin to take deposits. The people who place their money in the bank are called depositors.

¹ How a Savings Bank is Started in Massachusetts - Massachusetts Association of Savings Banks Page 1 - 2.
The corporators meet once a year. At that meeting they may elect new corporators, and they do elect from their number a President, a Board of Trustees, and other officers. The Trustees elect a Treasurer, and a Board of Investment.

Through the Board of Investment, who say how the money shall be loaned, and the Treasurer who is in charge of the bank, the Trustees have the general management. They get no pay for being trustees. Sometimes the Board of Investment members get small salaries, and the President’s salary usually depends on how much time he gives to the bank.

The "Provident Institution for Savings in the Town of Boston" was chartered on December 13, 1816. "This," says Keyes, "was the first public act of legislation in the world which recognized the beneficent character of savings banks, and invested them with the sanction, and protection of the Law."

The relation between a savings bank, and its trustees or directors is that of principal and agent, and that of trustee and cestinque trust.

1-How a Savings Bank is Managed—Massachusetts Association of Savings Banks Page 2
2-The Savings Bank and Its Practical Work—William H. Kniffin, Jr. Page 15
one holding property for the use and benefit of another. The term "trustee" indicates this, and it is commonly accepted that the trustees have not, and cannot have any interest or title to the funds of the bank, except for the use of the beneficiaries, or depositors. 2

With respect to any ordinary deposit, the contract between the savings bank and its depositors, in the absence of any by-law or rule limiting the liability of the bank, is the ordinary one of debtor and creditor. That is to say, he has not loaned the bank his money, nor left it for safekeeping; nor left it with the bank as trustee, to hold for the use and benefit of the depositor, but given it to the bank, absolutely and unreservedly. This is common law. 2

The pass-book constitutes the contract of deposit, the terms are described therein, entries and signatures in it become very important from a legal point of view. 4

In the event that the savings bank should fail, as a few have done in the past, the trustees cannot be held liable unless they have grossly transgressed the law. 5

1- Hun. vs. Cary 82 N.Y. 65
2- The Savings Bank and its Practical Work- William H. Kniffin, Jr. Page 205
3- Fowler vs. Bowery Savings Bank 113 N.Y. 450
4- Banking Principles and Practice. Vol. I Page 182
The law regulates the savings bank's investments. It stipulates how much the bank can lend in mortgages, just what kind of bonds and notes it can buy, and what kind of security it must have on notes. It says that the officers of the bank who lend money cannot borrow from the same bank. If the Bank Commissioner, who is a State Officer in charge of banks, finds that the bank officers are breaking the law, he orders them to do differently, and if he is not obeyed he can close the bank, as he has done in Boston, in a few instances.¹

The "by-laws" of a savings bank are of more importance than at first sight they would seem to be. In fact, no single feature of savings bank management should receive more careful thought than the rules and regulations under which the affairs of the bank are conducted. The law generally allows a wide latitude, and banks are permitted to make their own regulations, limited only by the laws of the Commonwealth.²

The law requires that at some period during each third year the bank shall call in the depositors' pass-books for verification.

An audit of savings banks, and all other banks as well, is required by law. This examination is made once a year under the direction of the Commissioner of Banks. The purpose of this is to test the honesty and fidelity of the employees, and to determine that the institution is solvent, that the management is honest, the assets intact, the liabilities what they purport to be, that the law is not being violated, and that the policies are safe and sound, and that the work is reported properly to the board of managers. Small and sometimes large losses occur through carelessness or dishonesty of the clerical force, and it is important that every safeguard shall be afforded the men who receive, and pay money, as well as those who handle the securities and records. Every bank owes its employees a reasonable measure of protection against temptation, and thorough examinations are usually recognized among the best, if not the chief means to this end.

Two years ago, the idea was conceived that mutual savings banks were entitled to the

---

1 J. E. Sterrett, C.P. A. before Philadelphia Chapter A.I.B.
same treatment as a private trustee in regard to the refund of the 6% Massachusetts income tax which was guaranteed by certain public utility companies to individuals and trustees. It would have been hopeless for any bank to undertake to secure the refund by itself, so the Association of Savings Banks prepared forms, and suggested that the demand for refund be made on the same day by all banks. The issue was not a legal one, but it was on the moral ground that mutual savings banks are in practically the same situation as trustees in their guardianship of the people's money.1

The first year approximately $23,000 was refunded to the banks in this state as a result of this united request. Only one company refused to make the refund. A year ago, a similar attempt was made, and the resulting refund amounted to nearly $65,000. Three companies did not refund.

Recently another demand was made by the savings banks for refunds on public utility bonds, and a rough estimate indicates that the refunds this year should be nearly $100,000.1

Inasmuch as those banks chartered previous to the enactment of the general laws of 1834 1- The Savings-Banker December 1929 issue page 9
have an interest all their own, by virtue of their priority, it has been considered desirable to name them in this connection. They will be found in the order in which the charters were granted.

1. Provident Institution for Savings in the town of Boston, December 13, 1816.

2. Institution for Savings in the town of Roxbury and vicinity, February 22, 1825.


4. Savings Bank for Seamen in the city of Boston, March 7, 1833. The name of this bank has been since changed, and is now Suffolk Savings Bank.

1. History of Massachusetts Savings Banks—William Woodward
PART IV.

ORGANIZATION AND FUNCTIONS OF MUTUAL SAVINGS BANKS.
V.

ORGANIZATION AND FUNCTIONS.

Properly speaking, savings banks do not conduct a banking business, and such institutions are not banks in the strict sense of the word.¹

Savings banks are in a sense further removed from commercial banking than almost any other class of banks, but their large accumulation of current savings, and their purchase of negotiable securities give them an influence in the market for capital, which cannot be ignored.²

There was a time, not so many years ago, when the only place of deposit for thrift money was the savings bank, but that is no longer the case. Banks of discount and trust companies have realized the possibilities in this line, and have energetically cultivated the field once reserved for the savings bank, producing a strong unit of competition for the savings bank.

Such institutions, the country over, have opened savings departments under various names, such as "interest department," "special accounts," and the like, issuing pass-books like the savings bank, and accepting deposits under conditions

1-The Modern Bank - Amos Kidder Fiske, Page 244 and 246
2-Principles of Banking- Charles A. Conant Page 201-202
3-The Savings Bank & Its Practical Work-William H. Kniffin, Jr Page 56-57
Quite similar to the latter. Judging by the results, the experiment has succeeded.

The basic purpose of the savings bank is to encourage thrift and savings. It provides at once a safe place for the working classes to keep their savings, and an expert, reliable agency for their investment in the safest way. The deposits are invested largely in mortgages, bonds, and other high grade securities. Primarily, the savings bank serves the wage-earner, not the business man.¹

The function of savings banks is to gather small savings from many people, and make the combined amounts available for investment.

Character of Savings Banks:²

Less active than checking accounts
Funds are often accumulated for emergencies.

Character of Investments of Savings Banks:

Long-term investments are held, the reasons being to save trouble of re-investing, and to get higher returns.

Saving is a matter of regulating one's habits so that a portion of one's income is systematically deposited regularly in a good interest-paying bank, there to accumulate until there is enough to invest in some good security.³

1- Money and Banking - John T. Holdsworth - Page 151
2- Materials for the Study of Banking - James Dysart Magee, Page 264
3. Banking & Business Ethics - Borden & Hooper - Page 168
It has been proved that the person who begins with a saving ability of $200 or $300 a year, can show, while still in the prime of life, $1,000 for every year he has saved.\footnote{1}

The savings bank has always been regarded as an investment, rather than a lending, institution. It is a trust relationship. It makes the majority of its payments against depositors' accounts by means of cash over the counter, whereas, the commercial bank makes most of its payments through the clearing house or through the mail methods.\footnote{2}

The organization of a mutual savings bank is, to a considerable extent, controlled by the law of the state in which it operates. While the organization, as determined by law, is not subject to change, a study of the positions created within the organization, the functions of the several officers and committees, and the duties assigned to them by by-laws or otherwise may be profitable. In banks, in the same state, operating under the same general form of organization, there is a wide divergence of practice as to the duties, and assignments of the different officers and committees.\footnote{3}

The positions of trustees are sought,

\footnotesize{\begin{itemize}
  \item[1] How to get an Independent Income - Homes Savings Bank - Page 6
  \item[3] Reports of the Committee on Operations and Investments Page 4-5, National Association of Mutual Savings Banks June 1929
\end{itemize}}
when the institution becomes a large sized bank, for it stamps a man as a leading citizen, and not every man can qualify.

The management resolves itself into three departments, administrative, executive, and clerical. The general administrative is entrusted to a board of trustees.¹

This body is created at the time of organization by the granting of the charter, by the Department of State; in Massachusetts by the Commissioner of Banks, State House, Boston. Thereafter, the board of trustees is generally self-perpetuating.

The executive work of the bank devolves upon committees and officers. The committees have general oversight of the business, but the conduct of the bank really rests upon the officials.¹ While the investing of funds, and making of loans is a function of the finance or funding committee, and the periodical examinations are made by auditing or examining committee, the executive work falls to the attending officers.

The executive officials consist of a president, treasurer, and secretary. Some banks combine the offices of secretary and treasurer, while some

¹- The Savings Bank and Its Practical Work - William H. Kniffin, Jr. Page 145 - 146
add a cashier whose duties are similar to those of a comptroller or secretary.

It is a principle of law and banking that the relationship between a savings bank, and its depositors is:\(^{1}\)

1. Not the relationship of partners.
2. Not the relationship of bailee.
3. It is that of trustee for the depositors.
4. It is that of agent for the depositors.
5. It is that of debtor and creditor.

The women's department in savings banks is a feature not to be overlooked. Courses in thrift promotion, and in home economics at the Universities are suggested in preparation for savings bank work, and women who enroll as candidates for the positions, and who satisfactorily complete the course designated, are placed as far as possible by the Association of Mutual Savings Banks. This Association takes an active interest in getting the banks the right kind of women managers.

The work of the savings bank woman is varied

---

1- American and English Law  p. 1246  2nd Edition
2- The Women's Department - Anne Seward  pages 93-99
according to the neighborhood in which her bank is located. The general plan, however, is the same, and includes the organization, and conduct of school savings, and industrial savings, talks before women's clubs, and other community organizations, services to the customer in the bank, on budgeting, investments, employment, and various other problems.¹

In many instances the director of the service department has charge of all bank advertising, the preparation of pamphlets and circulars, and often edits a magazine for school circulation. There is no question too confidential, no burden too complex for her to undertake. She is a budget expert.¹ Her services are available to men as well as women.

The work that these women managers, or directors, as they are called, accomplish through their efforts with schools, philanthropic associations, with clubs, stores, industrial plants, and factories, is producing a marked effect upon the spirit of thrift among the wage-earning population of the country.

¹ The Women's Department - Anne Seward page 100
Officers of the largest mutual savings bank in the West, made a survey of the number of persons visiting the bank on business over a period of 26 days. It was found that 53 per cent of the clients were women. Not only did women come to the bank to make deposits, but they comprised a large portion of real estate loan patrons. It was estimated that they negotiated about half the number of loans.

What is true of the Western bank, is generally true throughout the country. There are more women savers than men, and it is said that women hold a little more than forty per cent of the wealth of the United States.

Women and men save to become better off, to have more to live on and enjoy, to become independent. In order to have money earning an income somebody who knows how must manage their savings for them, and this is taken care of by the savings banks.

In order to take care of inevitable loses, the mutual savings bank immediately begins to accumulate a surplus or general fund to serve the

1- Savings Bank Journal, December 1929 Page 17
bank in lieu of capital. The maximum amount of surplus permitted in Massachusetts is fixed at ten per cent, and at twenty-five per cent in New York. Other states prescribe no maximum, but allow a wide latitude of judgement to the trustees.¹

There is no feature about a mutual savings bank of Massachusetts that deserves more attention than their protective reserves. Although a mutual savings bank gives all that it earns to its depositors, it retains a tiny portion out of each year's income, for building up these protective reserves. These reserves belong to the depositors, and are used solely for the benefit of depositors.²

No single feature of savings bank management is more generally misunderstood on the part of the public than the matter of dormant accounts. In some localities rumors are frequently heard that the ornate buildings of savings institutions have been built with these substantial balances.³ Such erroneous ideas have caused much unfavorable criticism of the bank management.

In Massachusetts, after thirty years the money

¹- One Hundred Years of Savings Banking - Edward L. Robinson
²- Some Interesting Facts - Union Institution for Savings
³- The Savings Bank and Its Practical Work - William H. Kniffin Page 480
of such accounts is paid to the State Treasurer, who must hold himself in readiness to repay upon presentation of duly authenticated claims.

Some banks stop interest after a stipulated term, running from ten to twenty-two years, while a few continue to pay interest as long as the account remains on their books.¹

Most banks make provisions in their by-laws for dormancy.

¹- The Savings Bank and Its Practical Work - William H. Kniffin, Jr. Page 483
VI.
SERVICES

Services rendered by most of the Boston banks include the following:

Deposits of one dollar to four thousand dollars may be received from any person. Dividends are allowed on deposits amounting to three dollars and upwards, and deposits may accumulate until the principal with the dividends amounts to eight thousand dollars.

Accounts with societies, clubs and lodges are opened freely. In the case of religious or charitable corporations, or labor unions, there is no limit to the amount which may be deposited. Such reasonable restrictions upon withdrawals as the organization may wish to impose will be honored by the bank. Special forms for lists of officers authorized to sign, and for withdrawals, are issued for use in such accounts.

In handling accounts of societies, lodges or church organizations and the like, it is necessary to use extreme care in making payments, in order that the bank may hold the receipt of officers who are authorized to withdraw the money of the organization.

---

1-What the "Home" can do for you- Homes Savings Bank June 1927
2-The Savings Bank and Its Practical Work - William H. Kniffin, Jr.
Deposits up to eight thousand dollars may be made on Joint accounts, payable to either of two persons, or to the survivor in case of death. Joint accounts may accumulate by the addition of dividends, until they amount to sixteen thousand dollars.

Accounts with children and minors may be opened directly with those old enough to write. In the case of substantial deposits for young children, a trust account in the name of parent or other interested person, as trustee, is preferable.

Trustee accounts for children may be opened by one of the parents, or other interested person as trustee. While trust accounts with other than children are permitted, joint accounts, payable to either at any time, or to the survivor, are recommended as preferable, if satisfactory to the parties.

Accounts with executors, administrators, and guardians are invited. The bank will endeavor to handle such deposits with as little formal requirement as is consistent with their nature.

What the "Home" can do for you. - Home Savings Bank, June 1927
Checks and coupons for deposit are accepted readily, subject to the provision that amounts so deposited cannot be drawn upon until sufficient time has elapsed for collection.

Checks will be cashed for depositors up to the amount on deposit. When checks are cashed, the deposit may not be withdrawn below the amount thus advanced until time of collection has elapsed.

Treasurer's checks will be issued upon request to depositors, who upon withdrawal prefer to receive funds in this form. Checks will also be issued to depositors in exchange for cash.

Withdrawals may be made by messenger, if the depositor sends an order together with the pass-book to the bank. A copy of the form to be used in such cases, appears in the back of each pass-book.

A balance of one dollar, left on deposit at the time of withdrawal will keep the account open.

In accordance with the provisions of law, the bank will gladly make loans up to the amount of deposit, secured by deposit book. Such loans are made up to the date of dividend, at one-half per cent in excess of the usual dividend rate.

1- What the "Home" can do for you - Home Savings Bank, June 1927.
Banking by mail is an important service. Accounts may be opened, and deposits, and withdrawals made by mail. This method of banking is safe, and convenient, all communications being acknowledged the same day as received. ¹

The bank will gladly care for bonds of the United States for the depositors, crediting the interest to the account when due. Receipts for bonds held for safe-keeping are issued and attached to the bank book. Upon authorization the bank will attend to the sale of such bonds for its depositors, crediting the proceeds to the deposit account, or remitting, as desired. Loans on United States Government bonds will be made up to ninety per cent of their market value. ¹

Foreign drafts and travelers checks are sold to depositors at favorable rates. The use of this department is recommended to travelers and to those having occasion to transmit money abroad. ¹

The services of the bank are at the disposal of the depositors who may wish to inquire about securities offered them for investment. ¹

Transactions with depositors are treated by the bank as confidential, and will not be divulged.

¹-What the "Home" can do for you. Home Savings Bank June 1927
to others without authority to inquire.

The bank should be notified immediately if a bank book is lost. The law provides that the loss must be advertised for three successive weeks (the name of the depositor is not disclosed) and that a new book may be issued upon the expiration of thirty days from the date of the first advertisement. The bank will attend to all details.

1- What the "Home" can do for you. Home Savings Bank. June 1927
In order to pay dividends to depositors (sometimes called interest) the bank must earn money. This is done by lending money deposited, and charging interest on it.

Money is loaned on mortgages.¹

a. On houses, which help people to own their own homes.

b. On factories, which makes wages possible.

c. On stores, which help people to earn their living.

Mortgages are safe loans, and considered the best kind of investment for bank funds.¹ About one-half of the money in Massachusetts banks is loaned on mortgages.² Savings-bankers generally agree that in the long run a real estate mortgage is the most satisfactory of all investments. It pays a rate of income distinctly superior to that paid by any other security in which savings banks may invest, and so far as concerns the question of safety of principal, its record, with the excep-

tion of United States Government bonds, is without a peer. As a general matter, savings banks prefer to lend to an individual on his own home than to any other mortgagor. In many communities the bulk of a savings bank mortgage investment will be represented by mortgages on homes of the people of the community, who are themselves depositors in the savings bank. Where this is the case there is an example of complete cooperation in investment.

Every savings bank has a certain investment in United States Government bonds. It will also, probably, have a holding of state bonds and some municipals. The balance of its investments will be made up of high grade railroad and utility bonds. Many of these bonds will be long-term bonds, that is to say, they will be bonds coming due fifty or seventy-five or a hundred years from now, for, the savings bank in picking its investments must endeavor to establish and maintain some sort of ratio between the short-term and the long-term...
investments. Mortgages are short-term investments, and rarely run for more than five years from the date of their execution. Therefore, they are subject to reflections of changes, from time to time, in the current rates of interest.\(^1\)

When a savings bank, on the other hand, buys a long term bond, it fixes the rate of return on that particular investment for a long period,\(^1\) and therefore protects itself, to that extent against fluctuations in the rate.

There are today nearly three million\(^2\) depositors in Massachusetts savings banks with deposits in excess of $1,950,000. Loans secured by first mortgages on real estate are approximately $1,150,000,000.

The amount\(^2\) loaned on a property by a savings bank depends upon the appraisal value as determined by the Board of Investment. The appraisal is of paramount importance.

Savings banks were not created for the purpose of taking mortgages, as two politicians in the State House said this year, but were created for the purpose of safeguarding and investing the savings of small

---

2-The Savings-Banker December 1928, Page 4 - 5.
people.

The savings banks are careful how much they lend on mortgages. No savings bank is going to turn down a good chance to invest its money, but the savings banks have not forgotten the lesson of the panic of 1873. The ten years succeeding the Civil War were much the same as after the World War. There was an era of high prices, of quick real estate sales, and high wages. Then ten years after the Civil War an era of depression in real estate set in to such an extent that several of the savings banks which had loaded up with mortgages during the peak values were obliged to suspend until their assets could be liquidated and their affairs rearranged.¹

Much more conservatism is evidenced in the mortgages which they accepted, and there is no chance whatsoever of any savings bank in the State getting into difficulties on account of its real estate mortgages.

The fact that food, supplies, clothing and many other necessities have dropped almost twenty-five per cent in price since the war, while the

¹- Savings Bank Journal - Dana S. Sylvester, April 1930.
²- The Savings-Banker - March 1930.
cost of building has increased twenty per cent during the same period, leads to extreme caution on the part of the banks considering mortgages.

In forecasting the mortgage outlook for 1930, there is a decided opinion that Boards of Investment of savings banks will look at any proposition with conservative eyes, and that a mortgage application will have to pass the same scrutiny as any other security which might be offered.

The Metropolitan Life Insurance Company offers Creditors' Group Insurance to make bank funds more accessible to individuals applying for personal loans and to protect the bank making the loan, in case of the death of the borrower. This insurance is being offered to regularly incorporated banks now making or intending to make personal loans to individuals on notes unsecured by collateral, but carrying one or more personal endorsements. This insurance may be taken out in 34 states and all the Canadian provinces, under One Year Renewable Term Group Life Policies. In order to obtain this insurance which is applicable to individ-

1-The Savings- Banker March 1930
2-The Savings Bank Journal February Issue
uals making personal loans, and under no circum-
stances applies to commercial loans, the bank
must agree to limit coverage to borrowers of
that class only, and must require repayment of
loans in regular installments. The amount of
insurance on each borrower will be limited to
the amount of the loan, with the insurance
automatically decreasing as the loan is reduced.¹

The bank will make the contract with the
insurance company, will pay the premium, and
will be the beneficiary so that in case a
borrower dies his indebtedness will be cancelled
through the payment of the insurance, which will
be limited to a maximum of $5,000 for any one
loan.¹

An interesting possibility is opened as re-
gards the place of the bank in the student loan
movement. In administering loans to worthy
candidates, colleges and universities have had
to develop business department of considerable
size, duplicating in a small way, machinery all
ready set up in banks. The question is asked
whether it would not be a more intelligent plan
for banks to take over the making of loans for

---
¹- Savings Bank Journal - February Issue 1930.
²- Margaret Gilman, Chairman Scholarship and
   Loan Committee - Bryn Maur College
students.

Educational studies seem to indicate that the student is a good risk, for those institutions which have a systematic program for the collection of loans made for educational purposes, have found results satisfactory to a high degree.¹

The present law requires a bank to lend up to 90 per cent of the face value of the pass-book to any depositor, at a rate of interest one-half per cent greater than the last dividend. Since the bank pays one-half per cent on the amount to the State as tax, and since the actual cash leaves the bank immediately, it means that the bank is required to do business at a loss.²

To remedy this situation a bill has been introduced to the legislature, which asks an amendment permitting banks to charge one per cent instead of one-half per cent.

¹ Margaret Gilman, Chairman Scholarship and Loan Committee - Bryn Mawr College
² Dana S Sylvester, Executive Manager, Massachusetts Savings Bank Association. February issue Savings Bank Journal 1930
VIII.

DIVIDENDS

Undoubtedly, the most important feature in the management of a savings bank is the dividend, for the strength, if not the solvency of the bank, depends upon the amount of interest which is paid to depositors. It is the pivotal point around which all other operatives revolve. The amount of deposits is materially affected by the interest rate, and the ratio of surplus to deposits depends quite as much upon the dividend as upon the earning power of the bank. In the placing of mortgage loans, and in the buying of bonds, the ultimate effect upon the dividend is a factor to be considered, for the question of income closely follows that of security. Not that the savings banker says, or should say to himself, "I must pay my depositors high interest, and, therefore, earn higher interest," but, rather, "I want my depositors to get the highest rate of interest compatible with safety, and must, therefore, in justice to them, make their money do its full duty to this end."

A savings account is always worth 100 cents on the dollar. If you need your money, you do not have to find a way to turn your savings account in-

to cash. It is cash earning interest.

At ordinary rates, it takes money five to eight years longer to double itself at simple than it does at compound interest.

A bond or mortgage pays simple interest. A savings account pays compound interest.¹

Every six months the officers figure up how much the bank has earned, the salaries and other expenses are taken out, a small part is added to what is called the "Guarantee Fund," which is to protect the depositors in case of loss, and the rest is paid out to the depositors as dividends. The law says just how this shall be done.²

Of the 196 savings banks in Massachusetts 115 were paying dividend rates of 5 per cent per annum on December 31, 1929. Some of the banks declared extra dividends raising the actual rate paid in one case as high as 6 per cent. Since December 31, 1929, at least three more banks have gone to the five per cent dividend. At the present time, not a single bank in the State is paying less than 4½ per cent, and those which are paying less than the full five per cent are about evenly divided between the rate ³

1-How To Become A Financial Success - Harvey A. Blodgett Page 7 and 8
2- What Is Done With The Earnings? Association of Massachusetts Savings Banks Page 4
3-Dana S. Sylvester - Executive Manager - Association of Massachusetts Savings Banks.
of 4\% per cent, and the rate of 4\% per cent.

A large number of institutions have been paying dividends at the rate of 5 per cent for a period of some years, so that the present rate is not entirely a recent development.¹

In New York there are banks which have the policy of paying interest from the day of deposit to the day of withdrawal. This policy has not been adopted in Boston. Some banks pay interest only on such money as remains in the bank for a full quarter; other banks have a monthly interest policy, which is the nearest approach to the ultimate policy, that of interest for every day the money is in the bank.

It is obvious that the policy eliminating all penalties, and all days of grace is the ultimate object of the trend towards which interest systems have been evolving for the last hundred years. In the beginning, interest was paid only on such moneys as had been in the bank for a full year. Subsequently this was mitigated into a system which substituted half years for full years. Still later

¹-Dana S. Sylvester, Executive Manager- Association of Massachusetts Savings Banks.
²-Mr. Hoguet- First Vice-President, Emigrant Industrial Savings Bank of New York. April 1930 issue Savings Bank Journal
interest was allowed for three months on money deposited before April 1 and October 1, but nothing was paid on withdrawals except for the full preceding semi-annual period, from January to July, or July to January. Then the quarterly policy was adopted by some banks, but the principle of interest from the day of deposit to day of withdrawal is the logical terminus of the trend.¹

Of the ten savings banks in New York, which allow interest from date of deposit, three, namely, the Emigrant Industrial Savings Bank, the Bowery Savings Bank, and the Union Dime Savings Bank, allow interest from date of deposit to date of withdrawal. The Bowery Savings Bank has just recently announced the change in its interest policy, from date of deposit to the end of any calendar month, to a straight date of deposit to date of withdrawal basis. The experience of the Union Dime Savings Bank is very brief, and no dividend has yet been paid under the new plan.² The Emigrant Industrial Savings Bank, which formerly allowed interest from any full calendar month, made the following report relative to the new policy:

1. The increase in the actual cost of dividend to the bank. Under any pre-existing system

¹ Mr. Hoguet- First Vice-President of the Emigrant Industrial Savings Bank, April 1930 issue, Savings Bank Journal
² The Savings-Banker, December 1928
the bank currently was receiving substantial sums of money on which it paid no interest for a certain length of time. The result was that the normal dividend rate paid by the bank was one thing, and the actual amount of the dividend paid by the bank was another. Therefore, the most immediate result of the adoption of this new policy is to make a four per cent, or a four and one-half per cent rate, cost the bank exactly that amount.

This system has been tried for over two years, and the system of paying interest from the date of deposit to date of withdrawal is no more expensive than the system of monthly interest under which this bank previously operated.

Benefits to the bank are: First it eliminates all periods of grace, and thereby does away with necessity of many computations that were formerly irksome, and confusing, and full of opportunities for error.

2. Second and more important, the adoption of the system has tended to equalize the burden of the banks' business. Under the former system they were

1- Mr. Hoguet, First Vice-President Emigrant Industrial Savings Bank of New York, April 1930 issue, Savings Bank Journal
extremely busy for over four or five days immediately preceding and succeeding the first of the month, including the first day of the month. ¹

Another bank states that the actual percentage of dividends credited under the new system is 3.90572 as against 3.8232 under the old system of allowing and crediting quarterly. ²

Finally, this new system has been of tremendous value in creating good will for the institution. The policy of giving every man interest for every day he has money in the bank is obviously a fair one, and cannot but make a favorable impression on the customer. ¹

Boston savings banks have not adopted this new interest system, and will be extremely reluctant in accepting it eventually.

Giving savings accounts the privilege of drawing interest from the day money is deposited until the day it is withdrawn, changes the savings account from a time account to a demand account. ³

Incidently, this is the opinion which the Boston banks stress.

¹-Mr. Hoguet, First Vice-President Emigrant Industrial Savings Bank of New York, April 1930 issue Savings Bank Journal.
²-The Savings Banker- December 1928 Page 5
³-February issue - Savings Bank Journal
Statutory requirements provide for an extra dividend whenever the guaranty fund, and undivided profits together amount to ten and one-quarter per cent of the deposits after an ordinary dividend is declared. This goes to the depositors.¹

¹-Rutherford E. Smith, Page 15, October issue Savings Bank Journal
IX.
Thrift Clubs.

Christmas Clubs are a popular feature. Thousands now put aside regular weekly sums in order to have ready money for the holiday season. This new form of thrift has shown a creditably progressive development for the last fiscal year.

One of the best ways of getting new accounts is the club idea. The majority of persons opening the club accounts are not savings depositors. However, many good savings accounts have been realized from club members, who have become accustomed to the idea of saving.

The Christmas Club is the largest in the group of club savings. A fifty week membership is offered by this form of savings, to those enrolling and putting away a stipulated amount each week. Payments are made in amounts of 50 cents to $10.00 each week for fifty weeks. The check paid at the end of that time amounts to from $25.25 to $505. If payments are not kept up, a check for the amount which has been paid in is sent to the depositor, at the expiration of the fifty weeks' period.

There is a feeling, widely shared among savings-bankers, that the savings clubs are bringing in a large group who would ordinarily feel sensitive about making small weekly deposits on ordinary savings accounts, but who seem to enjoy being members of a club. These depositors feel that they are holding their own in a game which they are qualified to play. They are usually the people who are waiting until they have something "worth while" before opening a regular savings bank account.

The psychological effect of the growth of small savings into large sums, the first time possession of $50.00 or $100.00 in a lump sum, has without question made many regular depositors.

The savings banks of Boston show the following Christmas Club totals for the year ending December 1928.

<table>
<thead>
<tr>
<th>Branch</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackstone</td>
<td>$4,048.50</td>
</tr>
<tr>
<td>Boston Five Cents</td>
<td>264,028.50</td>
</tr>
<tr>
<td>Boston Penny</td>
<td>86,335.50</td>
</tr>
<tr>
<td>Brighton</td>
<td>216,011.00</td>
</tr>
<tr>
<td>Charlestown</td>
<td>000.00</td>
</tr>
<tr>
<td>Columbus</td>
<td>4,014.50</td>
</tr>
<tr>
<td>Dorchester</td>
<td>285,969.50</td>
</tr>
<tr>
<td>East Boston</td>
<td>000.00</td>
</tr>
<tr>
<td>Eliot</td>
<td>101,539.00</td>
</tr>
<tr>
<td>Franklin</td>
<td>220,796.50</td>
</tr>
<tr>
<td>Grove Hall</td>
<td>000.00</td>
</tr>
<tr>
<td>Hibernia</td>
<td>000.00</td>
</tr>
<tr>
<td>Hyde Park</td>
<td>109,457.50</td>
</tr>
</tbody>
</table>

1- The Savings-Banker, April 1929 p. 9.
2- Commissioner of Banks Report
The closing of the year 1929 showed that more members of Christmas Clubs had saved more money than ever before. The enormous sum of $600,000,000 has been saved by 9,000,000 persons in the United States through regular weekly deposits of twenty-five cents to twenty dollars.

The Vacation Club is next in size. There are smaller clubs for taxes, coal, radios and automobile insurance. The general plan is to have a club starting every three months.

Some banks have all the savings clubs referred to here, others have one or two, while others have no savings clubs. The reason for this variation is that the work involved is great for the small deposits received in some localities, and the extra employees needed to handle this work is not considered profitable. In the bigger banks, this club system represents a large amount of money on which the banks pay but a low rate of interest. Another satisfactory feature

---

1- Savings Bank Journal, December 1929, p. 10
from the banks' point of view, is the definite agreement in effect, namely, that money cannot be withdrawn until the expiration of the club period. This enables the banks to invest the money with positive knowledge of maturity date.

A very important movement in thrift savings is the school savings bank. This form of savings was started in France in 1834. It was believed that early training in the principles and habits of thrift would yield handsome dividends, not only in the character, but in subsequent material benefits. The venture met with great success, and today France leads the world in the vigor with which the work is propagated and in the results achieved.

In the United States the movement was introduced through the zeal and energy of Mr. John H. Thiry, a school teacher in Long Island City, in 1885, and is now firmly entrenched in the public school system of several states. In 1928 nearly 14,000 schools in the United States afforded opportunity for school savings banking, almost four million pupils were engaged in this type of thrift, and their deposits were in excess of $26,000,000.

1- Thrift Education Through School Savings - Mildred W. Walter. p 7
2- The Savings-Banker, December 1928 p. 15
The school savings banks aim to form a habit of thrift among the pupils. The value of this lesson in self-denial and self-reliance is hard to over-estimate.

Viewed in terms of present cost, the school savings department is a liability. But the bank officials recognize an element of value in the present advertising which participants in such a project of saving carry to other pupils and to their families, and hope that a certain percentage of the school depositors will retain their accounts long after the nickle and dime period of school days has passed. Therefore, the school savings department is regarded as a long time investment which may yield a future income.
SAVINGS BANK INSURANCE

Savings Bank Life Insurance is another promising development. The Law permitting this department was enacted in 1907, and the first policy was written in 1908. The plan provides for the issue of several forms of policies to cover the requirements of different individuals. All are offered at extremely favorable rates, the lowest cost of premium life insurance obtainable anywhere in Massachusetts. Through the Savings-Insurance Plan, protection for the family, and a savings account for one's self, all for the same regular deposit is provided.

This insurance functions not only for the benefit of people of moderate means, offering policies with a face value as low as $250, but attracts buyers from the professions, and persons who are wealthy, who are eager to avail themselves of the opportunity of saving 26 per cent when buying life insurance. Thirteen thousand dollars may now be written on a single life.

The purposes of the act are:¹

1. To give to wage-earners of Massachusetts an opportunity to secure safe life insurance at the lowest possible cost, as a substitution for

¹- Massachusetts Savings Bank Insurance and Pension System - Issued by Massachusetts Savings Insurance League.
the expensive so-called "industrial life insurance."

2. To give wage-earners of Massachusetts an opportunity to make provisions for their old age in the form of annuities, at the lowest possible cost.

The low cost of life insurance and annuities offered under the Massachusetts Savings Bank System is attained:

1. By eliminating entirely the paid solicitor of insurance, and the house-to-house collector of weekly payments.

2. By eliminating entirely the dividends annually paid to the stockholders of "industrial life" companies.

3. By eliminating, in the main, the actuarial service, and incident expense.

The State actuary furnishes the actuarial service, and the State medical director supervises the medical work, without charge to the banks.

4. By utilizing the high net-earning capacity of savings banks for investing funds, and their long record of small expenses of management.

5. By substituting for the paid solicitor and

collector, numerous unpaid agencies through which applications for insurance and annuities may be made, and at which premiums may be paid.

The safety of the funds accumulated as a reserve against outstanding policies is guaranteed:

1. By the personnel of the savings banks' officials, men of the highest standing in the community.

2. By a special reserve fund, applicable only to insurance obligations, which must under the statute be established by each bank before it can issue its first policy.

3. By a provision that 4 per cent of all premiums paid in, must be immediately turned over to the Trustees of the Massachusetts General Insurance Guaranty Fund for the joint benefit of all policy holders.

4. By the fact that all agencies, for the acceptance of applications, and the receipts of premiums, must be bonded.

These safeguards, all of which are required by the statute, give the policyholder a much greater measure of moral, and financial security than that afforded by any insurance company in existence.

Insurance may be obtained in amounts of $250, $500, or $1,000 in each bank. The maximum amounts of insurance that may be obtained through the Savings Bank Insurance System are:

<table>
<thead>
<tr>
<th>Age</th>
<th>$1,000</th>
<th>$2,000</th>
<th>$4,000</th>
<th>$8,000</th>
<th>$10,000</th>
<th>$13,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 14</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 16-70</td>
<td>$2,000</td>
<td>$4,000</td>
<td>$8,000</td>
<td>$10,000</td>
<td>$13,000</td>
<td></td>
</tr>
</tbody>
</table>

One medical examination is sufficient for all policies applied for within one month of first examination.

These policies have cash values, paid-up values, and extended insurance value after one year's premium has been paid.

Applicants for life insurance are required to pass a medical examination, and this examination is made by a physician selected by the "State Medical Director." The insurance department of the savings bank pays the fees of the examining physicians, of whom there are now two hundred and sixty-five. The State Medical Director is appointed by the Trustees of the General Insurance Guaranty Fund, and his appointment is subject to confirmation by the Governor and Council. The General Insurance Guaranty Fund is a corporation created by the Savings

1- Union Savings Bank, Boston, Mass.  
2- Savings Bank Life Insurance, State House, Boston, Form No. 7468
Comparison of Savings-Insurance Plans

Age 30 at Entry. Straight Life Insurance combined with a Savings Account. Dividends Estimated.*

<table>
<thead>
<tr>
<th>PLANS</th>
<th>$1 a Week Plan No. 1</th>
<th>$1 a Week Plan No. 2</th>
<th>10-Yr. Savings Plan No. 1</th>
<th>10-Yr. Savings Plan No. 2</th>
<th>10-Yr. Savings Plan No. 3</th>
<th>20-Yr. Savings Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of life ins...</td>
<td>$1000.00</td>
<td>$2000.00</td>
<td>$1000.00</td>
<td>$2000.00</td>
<td>$3000.00</td>
<td>$1000.00</td>
</tr>
<tr>
<td>1st deposit</td>
<td>$6</td>
<td>$11</td>
<td>$7.40</td>
<td>$11</td>
<td>$17</td>
<td>$6.36</td>
</tr>
<tr>
<td>Following deposits</td>
<td>$1 week</td>
<td>$1 week</td>
<td>$7.40 mo.</td>
<td>$10 mo.</td>
<td>$10 mo.</td>
<td>$3.25 mo.</td>
</tr>
<tr>
<td>Cash available end of 10 years</td>
<td>$565.93</td>
<td>$493.62</td>
<td>$1013.04</td>
<td>$1319.73</td>
<td>$1250.42</td>
<td>$495.66</td>
</tr>
<tr>
<td>20 years</td>
<td>$1410.88</td>
<td>$1235.55</td>
<td>$2222.20†</td>
<td>$3301.10†</td>
<td>$3130.80†</td>
<td>$1014.18</td>
</tr>
<tr>
<td>Total payable at death at end of 1 year</td>
<td>$1041.15</td>
<td>$2029.74</td>
<td>$1039.30</td>
<td>$2490.05</td>
<td>$3079.49</td>
<td>$1026.28</td>
</tr>
<tr>
<td>5 years</td>
<td>1257.11</td>
<td>2123.43</td>
<td>1404.56</td>
<td>2491.31</td>
<td>3411.39</td>
<td>1132.54</td>
</tr>
<tr>
<td>10 years</td>
<td>1555.51</td>
<td>2233.84</td>
<td>1622.02</td>
<td>3999.45</td>
<td>5920.00</td>
<td>1295.52</td>
</tr>
<tr>
<td>15 years</td>
<td>1915.91</td>
<td>2407.85</td>
<td>2516.06†</td>
<td>3852.07†</td>
<td>4556.96†</td>
<td>1499.88</td>
</tr>
<tr>
<td>20 years</td>
<td>2347.57</td>
<td>2718.27</td>
<td>3263.56†</td>
<td>4838.82†</td>
<td>5354.88†</td>
<td>1755.54</td>
</tr>
<tr>
<td>Total deposits in 10 years</td>
<td>$525.00</td>
<td>530.00</td>
<td>888.00</td>
<td>1201.00</td>
<td>1201.00</td>
<td>393.11</td>
</tr>
<tr>
<td>20 years</td>
<td>1045.00</td>
<td>1185.00</td>
<td>2166.00†</td>
<td>2401.00†</td>
<td>2401.00†</td>
<td>783.11</td>
</tr>
</tbody>
</table>

*The dividends actually paid in 1929 by all Insurance banks exceed by 33% the dividends assumed in the above estimates.
†If plan is continued beyond 10 years.
Bank Insurance Law, and is composed of seven trustees appointed by the Governor to have general supervision of the entire system. These trustees serve without pay.

The legal reserves required to be maintained by the insurance departments of the savings banks are exactly the same as for any legal life insurance company doing business in Massachusetts.

The nature of the contract entered into at the time annuity insurance is granted is such that if the annuitant should die before reaching the annuity age, his estate is entitled to receive an amount equal to the sum of his deposits (on an annual premium basis) plus interest at the rate of four per cent per annum, compounded annually.

Life insurance policies are offered by the savings banks on the straight life plan, the limited-payment life plan, the endowment plan, and on the five-year term plan.

The business of savings bank insurance has been developed, in a large measure, through the educational work conducted by the Massachusetts Savings Insurance League, since the savings banks are not permitted

---

1- Savings Bank Life Insurance, State House, Boston, Massachusetts.
by law to solicit insurance. This league was
organized on November 26, 1906, by public-spirited
citizens of Massachusetts, to promote the enactment
of the Savings Bank Insurance Law. It undertook
to familiarize the people of Massachusetts with the
evils incident to the then existing system of
industrial life insurance, and to point out the
advantages of the Massachusetts plan of savings
bank insurance. Since that time it has been
engaged in active educational work throughout the
Commonwealth. It is largely through the medium of
the League that the advantages of the system have
been made known to the people.

The Savings Bank Insurance idea was conceived
by Louis D. Brandeis (now Associate Justice of the
Supreme Court) when he was retained by the
New England policy holders of the Equitable Life
Assurance Society.

The tremendous success of savings bank life
insurance through the lessening of expense, and
the subsequent cheapening of premiums, has made
savings bank life insurance the target of the com-
mmercial companies. Each year some sort of attack

1- Massachusetts Great Insurance War, reprinted 1930
# The Strength of Massachusetts Savings Bank Life Insurance

(Statement to October 31, 1928)

## Income During Twenty Years

<table>
<thead>
<tr>
<th>Description</th>
<th>Income</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Income</td>
<td>$10,888,004</td>
<td></td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>1,827,164</td>
<td></td>
</tr>
<tr>
<td>Special Guaranty Funds</td>
<td></td>
<td>136,000</td>
</tr>
</tbody>
</table>

## Disbursements During Twenty Years

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death Claims paid</td>
<td>$1,550,232</td>
</tr>
<tr>
<td>Matured Endowments paid</td>
<td>22,128</td>
</tr>
<tr>
<td>Annuity Payments</td>
<td>139,331</td>
</tr>
<tr>
<td>Surrender Values paid</td>
<td>629,853</td>
</tr>
<tr>
<td>Dividends paid to Policyholders</td>
<td>2,542,032</td>
</tr>
<tr>
<td>(Total Payments to Policyholders $4,883,577 58)</td>
<td></td>
</tr>
<tr>
<td>Special Guaranty Funds retired</td>
<td>125,000</td>
</tr>
<tr>
<td>Expenses (see detail below)*</td>
<td>710,834</td>
</tr>
<tr>
<td>Balance (Income over Disbursements)</td>
<td>7,125,756</td>
</tr>
</tbody>
</table>

| Total Disbursements                   | $12,845,169|

## Ledger Assets October 31, 1928

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$7,125,756</td>
</tr>
</tbody>
</table>

## Non-Ledger Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Due and Accrued</td>
<td>81,008</td>
</tr>
<tr>
<td>Premiums Deferred and Uncollected</td>
<td>262,065</td>
</tr>
<tr>
<td>Value of Securities over Book Value</td>
<td>96,002</td>
</tr>
<tr>
<td>Unification of Mortality</td>
<td>14,876</td>
</tr>
</tbody>
</table>

## Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Reserve</td>
<td>$6,143,166</td>
</tr>
<tr>
<td>Reserve for Unpaid Death Claims</td>
<td>27,522</td>
</tr>
<tr>
<td>Apportioned for Dividends to Policyholders</td>
<td>6,240</td>
</tr>
<tr>
<td>Dividends Left to Accumulate</td>
<td>13,138</td>
</tr>
<tr>
<td>Special Expense Guaranty Funds</td>
<td>5,000</td>
</tr>
<tr>
<td>Unification of Mortality</td>
<td>14,876</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>45,700</td>
</tr>
</tbody>
</table>

| Total Admitted Assets and Liabilities | $7,579,728 |
| General Insurance Guaranty Fund and Surplus in banks over all liabilities | 6,021,838 |

| Total                                | $13,601,566|

## Expenses During Twenty Years

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Fees</td>
<td>$112,400</td>
</tr>
<tr>
<td>Salaries</td>
<td>308,063</td>
</tr>
<tr>
<td>Collection Fees</td>
<td>46,020</td>
</tr>
<tr>
<td>Advertising, Postage, Printing, Teleg., Tele., &amp; Lxp</td>
<td>16,432</td>
</tr>
<tr>
<td>Rent</td>
<td>60,183</td>
</tr>
<tr>
<td>Taxes (Including Gen. Ins. Guar. Fund Taxes)</td>
<td>4,943</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>47,457</td>
</tr>
</tbody>
</table>

Total Expense (6.53% of Premium Income) = $710,834

The total expenses for the year ended October 31, 1928 were 5.06% of premiums earned during the year.
has been made against the proposition, and this 1
year it is in the form of a bill proposing to
limit the amount to $5,000 for one person.

Insurance policies are issued by only thirteen
of the mutual savings banks of the city. The other
savings banks, handling life insurance, act as agents.

During the twenty-one years which have elapsed
since the first policy was written by a savings bank,
premiums have been received from policyholders
aggregating twelve million dollars; death claims
have been paid amounting to $1,728,000; and cash
surrender values have been paid to policyholders
totalling $692,000. Dividends have been paid, and
apportioned to policy holders in the amount of
$3,214,000. 2

The funds now held in surplus and legal reserves,
for the benefit of the policyholders, exceed seven
million dollars.

On September 30, 1929, the savings banks of
Massachusetts had more than $67,600,000 of life
insurance in force, showing a gain for the previous
twelve months of $9,800,000, representing 78,000
policies. On May 9, 1930 they had $73,406,000 in
life insurance, representing 87,199 policies. 2

Steady growth has been evidenced in this form
of insurance.

1- Savings Bank Journal, September 1929, p.16
2- Miss Alice H. Grady, Deputy Commissioner, State
House, Boston, Massachusetts.
How Massachusetts Savings Bank

Life Insurance Has Grown
PART V.

HISTORY AND GROWTH

OF

BOSTON SAVINGS BANKS
XI.

HISTORY AND GROWTH OF BOSTON SAVINGS BANKS.

PROVIDENT INSTITUTION FOR SAVINGS.

The Provident Institution for Savings was the first savings bank incorporated in Boston. In 1816, when it was founded, Boston was a town of 40,000 people. Boston had narrow, crooked streets, and winding lanes, lighted by feebly burning oil lamps. Its settled area was a peninsula about one square mile in area, joined to the mainland by a narrow neck. The water often overflowed at the neck so that the city became an island at high tide, with the present Back Bay district covered with water. The town was without street cars, electricity, telephone, telegraph or gas. It had no running water nor sewerage system, no railroad, no ice chests, no home heating plant, and none of the countless other improvements and conveniences common today.

The year 1814 was a perilous time of financial disorders. Bank after bank refused to redeem its notes in specie, and there was a general suspension of specie payments everywhere except in Massachusetts. Nothing but depreciated paper circulated, and the federal government found it impossible to obtain specie in payment of taxes. Conditions grew so bad that business began to demand a second United States
Bank to regulate the currency.

It is, therefore, not surprising that a number of prominent Boston gentlemen began to consider the expediency of establishing a savings institution in which the surplus earnings of the people would be secure against the dangers that threatened the wage-earner.

To fill this urgent need the Provident Institution for Savings was incorporated on December 13, 1816, but the first account was not opened until February 19, 1817. The bank was open for business only one day a week, Wednesday.

Regular dividends have been paid to depositors every six months, varying from 3 per cent to 5 per cent a year. During the period from 1847 to 1877, when interest rates were high, and money was often loaned on mortgages at 7.30 per cent, extra dividends were declared every five years, often as high as 20 per cent, so that the average rate of dividend for one hundred years has been 5 3/8 per cent.¹

The bank has weathered all the panics which have occurred in the United States since 1816.

¹ One Hundred Years of Savings Bank Service - Provident Institution of Savings 1916
It entailed such losses during the panic of 1837 that it was unable to pay its usual extra dividends, although it had paid, with commendable regularity the quarterly dividend of one per cent, during the panic period. It has never suspended business, and it has paid its depositors when they asked for their money, though once or twice, in the case of "currency panics" it has been obliged to give checks payable through the Clearing House.

At the present time the Provident Institution for Savings is the largest as well as the oldest savings bank in the city.

Its growth is reflected by the following statistics, and by table 1:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1847</td>
<td>20,031</td>
<td>$3,165,780.91</td>
<td>$3,291,243.09</td>
</tr>
<tr>
<td>1865</td>
<td>31,438</td>
<td>7,874,395.76</td>
<td>8,617,964.21</td>
</tr>
<tr>
<td>1870</td>
<td>33,025</td>
<td>11,430,410.68</td>
<td>11,584,061.25</td>
</tr>
<tr>
<td>1880</td>
<td>58,461</td>
<td>23,322,250.77</td>
<td>23,555,515.17</td>
</tr>
<tr>
<td>1890</td>
<td>80,723</td>
<td>30,040,298.01</td>
<td>31,427,952.45</td>
</tr>
<tr>
<td>1900</td>
<td>95,356</td>
<td>38,666,175.35</td>
<td>41,104,472.68</td>
</tr>
<tr>
<td>1910</td>
<td>104,423</td>
<td>48,012,775.41</td>
<td>51,501,156.30</td>
</tr>
<tr>
<td>1920</td>
<td>103,446</td>
<td>60,297,621.81</td>
<td>64,653,837.13</td>
</tr>
<tr>
<td>1928</td>
<td>96,978</td>
<td>90,552,724.71</td>
<td>97,906,877.49</td>
</tr>
</tbody>
</table>

1-History of Massachusetts Savings Banks - Wilson Woodward p.6
2-Commission of Banks' Report, October 31, 1928
ASSETS

DEPOSITS

PROVIDENT INSTITUTION
FOR SAVINGS
INC. 1816
INSTITUTION FOR SAVINGS IN ROXBURY AND ITS VICINITY.

February 1825 the Institution for Savings in Roxbury and its Vicinity was incorporated. At that time, Roxbury was a community of about 4,500 persons, and was a separate town from Boston. This was the second bank in the area now known as Boston.

Roxbury was a community of hardworking, thrifty people, whose yearly income would not suffice for a month's bare existence for the average family of today. The result was relatively the same, however, for the most of these people could live on less than their total income.

The name "bank" was at that time in disrepute because of the mismanagement of the commercial banks throughout the country. Because of this prejudice, it was deemed advisable to avoid using that unpopular title, when naming this "bank."

The Institution for Savings in Roxbury and its Vicinity has an enviable record of growth. From 1885 up to the present time each five-year interval shows a gain in deposits of from one to three million dollars.

The following figures indicate a satisfactory growth up to 1928: (See Table 2.)

A Century of Savings Bank Service - Institution For Savings in Roxbury and its Vicinity - 1925.
<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1847</td>
<td>579</td>
<td>78,218.37</td>
<td></td>
</tr>
<tr>
<td>1850</td>
<td>682</td>
<td>109,283.02</td>
<td></td>
</tr>
<tr>
<td>1860</td>
<td>1,963</td>
<td>389,061.78</td>
<td></td>
</tr>
<tr>
<td>1870</td>
<td>5,184</td>
<td>1,635,907.28</td>
<td>2,568,574.72</td>
</tr>
<tr>
<td>1880</td>
<td>6,750</td>
<td>2,482,295.27</td>
<td></td>
</tr>
<tr>
<td>1890</td>
<td>13,193</td>
<td>4,973,046.96</td>
<td>5,160,607.79</td>
</tr>
<tr>
<td>1900</td>
<td>18,832</td>
<td>7,743,756.15</td>
<td>8,135,346.20</td>
</tr>
<tr>
<td>1910</td>
<td>29,971</td>
<td>11,645,851.53</td>
<td>12,343,548.47</td>
</tr>
<tr>
<td>1920</td>
<td>26,865</td>
<td>13,839,962.50</td>
<td>14,754,960.48</td>
</tr>
<tr>
<td>1928</td>
<td>23,945</td>
<td>17,889,805.52</td>
<td>19,188,710.92</td>
</tr>
</tbody>
</table>

1- Report of Commissioner of Banks - October 31, 1928.
INSTITUTION FOR SAVING FOR
ROXBURY AND VICINITY
INC. FEB. 22, 1825.

TABLE 2
The Warren Institution for Savings was incorporated in 1829, in Charlestown, then a separate town from Boston. At this time immigration was steadily increasing. Railroad building commenced in 1828. Speculative operations attained a volume not known before. The crisis of 1827 was exaggerated by the high price of wheat and other products, which this country had exported in large quantities, but which, at this time, were imported by reason of deficient harvests.

This bank has changed its location from Charlestown, and is now in Boston. It has experienced a steady growth from 1847, as shown by Table 3, and the following reports:

<table>
<thead>
<tr>
<th>Years</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1847</td>
<td>1,406</td>
<td>$220,521.59</td>
<td></td>
</tr>
<tr>
<td>1850</td>
<td>1,640</td>
<td>265,780.91</td>
<td></td>
</tr>
<tr>
<td>1860</td>
<td>4,786</td>
<td>1,256,932.04</td>
<td></td>
</tr>
<tr>
<td>1870</td>
<td>7,975</td>
<td>2,619,332.65</td>
<td></td>
</tr>
<tr>
<td>1880</td>
<td>11,297</td>
<td>4,033,962.42</td>
<td>4,232,927.15</td>
</tr>
<tr>
<td>1890</td>
<td>16,641</td>
<td>6,702,159.02</td>
<td>10,361,362.19</td>
</tr>
<tr>
<td>1900</td>
<td>18,554</td>
<td>9,061,338.19</td>
<td>10,983,413.46</td>
</tr>
<tr>
<td>1910</td>
<td>20,505</td>
<td>11,033,621.12</td>
<td>12,067,530.78</td>
</tr>
<tr>
<td>1920</td>
<td>23,289</td>
<td>16,174,107.35</td>
<td>17,482,193.06</td>
</tr>
<tr>
<td>1928</td>
<td>23,629</td>
<td>25,049,197.91</td>
<td>27,341,410.02</td>
</tr>
</tbody>
</table>

1-American Economic History, Harold Underwood Faulkner p 338
2-Financial Crises - Theodore E. Burton p. 278
3-Reports of the Commissioner of Banks, October 31, 1847 - 1928
WARREN INSTITUTION FOR SAVINGS
INC. 1829

TABLE 3.
THE SUFFOLK SAVINGS BANK FOR SEAMEN AND OTHERS.

The Suffolk Savings Bank for Seamen and Others was incorporated in 1833. At the present time its name has lost its original significance, and it is now generally known as the Suffolk Savings Bank, whereas, in the beginning it was known only as the Seamen's Savings Bank. When it was founded, seamen were the persons in Boston with the most money. In 1833, and for many years following, until steamships became generally used for shipping, Boston's ships and Boston's merchants were known in every part of the world. Its clippers, and packets, and its wharves were its best possessions, and many of the largest fortunes and wealthiest estates of this city were founded in the days when Boston's shipping was at its height, 1830 to 1857.¹

Soon after the opening of this bank the shadows of the impending crisis of 1837 became visible.² The movement was particularly marked from 1834 to 1837. This condition, apparently, did not interfere seriously with the progress of this bank, as shown by Table 4, but no further savings bank expansion took place in Boston for the next fifteen years.

²- Financial Crises - Theodore E. Burton p. 280
The following reports show the growth of this bank:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1847</td>
<td>3,247</td>
<td>$681,352.28</td>
<td></td>
</tr>
<tr>
<td>1848</td>
<td>3,696</td>
<td>747,091.09</td>
<td></td>
</tr>
<tr>
<td>1860</td>
<td>9,346</td>
<td>2,812,942.93</td>
<td>3,049,753.83</td>
</tr>
<tr>
<td>1880</td>
<td>33,364</td>
<td>13,579,888.92</td>
<td>13,805,820.94</td>
</tr>
<tr>
<td>1890</td>
<td>46,019</td>
<td>25,586,218.94</td>
<td>26,244,361.57</td>
</tr>
<tr>
<td>1900</td>
<td>66,990</td>
<td>31,301,772.68</td>
<td>32,760,018.84</td>
</tr>
<tr>
<td>1910</td>
<td>79,637</td>
<td>37,304,275.47</td>
<td>39,337,083.65</td>
</tr>
<tr>
<td>1920</td>
<td>70,843</td>
<td>39,339,844.76</td>
<td>41,706,389.19</td>
</tr>
<tr>
<td>1928</td>
<td>69,706</td>
<td>57,285,002.29</td>
<td>61,408,159.41</td>
</tr>
</tbody>
</table>

1- Reports of Commissioner of Banks, October 31, 1847 to 1928
SUFFOLK SAVINGS BANK FOR SEAMEN AND OTHERS
INC. MARCH 1, 1933.
THE EAST BOSTON SAVINGS BANK

The East Boston Savings Bank was incorporated in 1848. At the time of its incorporation it served a thriving community of American home owners. A great many of the men who chose East Boston for their home, at this period, were ship-builders or workmen in associated trades, for shipping was still at its height, and Massachusetts was known in every port in the world for its fine ships.

The population of East Boston has changed, but has not greatly affected the bank. A steady increase is evidenced by the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1850</td>
<td>147</td>
<td>$14,543.56</td>
<td>$162,533.85</td>
</tr>
<tr>
<td>1857</td>
<td>1,955</td>
<td>155,697.91</td>
<td>241,509.90</td>
</tr>
<tr>
<td>1865</td>
<td>3,006</td>
<td>227,993.98</td>
<td>292,509.90</td>
</tr>
<tr>
<td>1880</td>
<td>4,536</td>
<td>1,157,826.66</td>
<td>1,281,505.82</td>
</tr>
<tr>
<td>1890</td>
<td>8,240</td>
<td>2,131,113.68</td>
<td>2,777,195.99</td>
</tr>
<tr>
<td>1900</td>
<td>12,435</td>
<td>3,459,441.96</td>
<td>3,720,670.36</td>
</tr>
<tr>
<td>1910</td>
<td>16,369</td>
<td>5,171,250.82</td>
<td>5,661,844.98</td>
</tr>
<tr>
<td>1920</td>
<td>18,962</td>
<td>8,176,987.04</td>
<td>9,042,227.80</td>
</tr>
<tr>
<td>1928</td>
<td>17,910</td>
<td>13,280,716.51</td>
<td>14,633,697.37</td>
</tr>
</tbody>
</table>

1-Report of Commissioner of Banks, October 31, 1928
EAST BOSTON SAVINGS BANK

INC. 1848
THE CHARLESTOWN FIVE CENTS SAVINGS.

The Charlestown Five Cents Savings Bank has made a remarkable record in growth, being by far, the largest savings bank in a suburb of Boston. (See Table 6) The following figures show this rapid increase:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1855</td>
<td>912</td>
<td>$15,092.77</td>
<td>15,238.78</td>
</tr>
<tr>
<td>1857</td>
<td>1,030</td>
<td>24,788.92</td>
<td>24,978.89</td>
</tr>
<tr>
<td>1860</td>
<td>1,633</td>
<td>110,979.26</td>
<td>111,192.76</td>
</tr>
<tr>
<td>1870</td>
<td>6,566</td>
<td>1,445,360.61</td>
<td>1,654,118.15</td>
</tr>
<tr>
<td>1880</td>
<td>7,569</td>
<td>2,209,526.06</td>
<td>2,433,941.53</td>
</tr>
<tr>
<td>1890</td>
<td>12,876</td>
<td>4,459,495.93</td>
<td>4,716,295.27</td>
</tr>
<tr>
<td>1900</td>
<td>18,112</td>
<td>6,506,797.46</td>
<td>6,935,412.23</td>
</tr>
<tr>
<td>1910</td>
<td>20,827</td>
<td>9,129,327.43</td>
<td>10,501,615.09</td>
</tr>
<tr>
<td>1920</td>
<td>44,753</td>
<td>27,432,419.23</td>
<td>29,693,891.10</td>
</tr>
<tr>
<td>1928</td>
<td>55,541</td>
<td>70,829,141.65</td>
<td>75,627,874.06</td>
</tr>
</tbody>
</table>

1- Reports of the Commissioner of Banks 1855-1928.
CHARLESTOWN FIVE CENT SAVINGS BANK INC. 1854
THE BOSTON FIVE CENTS SAVINGS BANK.

In the year 1854, the Charlestown Five Cent Savings Bank, and the Boston Five Cents Savings Bank were incorporated. In that year five cents was an important sum of money.  

The United States in 1854 consisted of thirty-one states, and fifteen territories. Alaska still belonged to Russia. There were no colonial possessions. The President of the United States was Franklin Pierce of New Hampshire, and the population of the United States was about one-quarter of what it is today.

Historians tell us, that in the thirty years from 1830 to 1860, the growth in population in the United States, the accumulation of property, and the development of resources were as great as during the previous two centuries of settlement of North America. During the years of this remarkable period, gold was discovered in California; coal was developed as fuel; steam came into use for transportation by land and sea, and free land and good employment drew millions of people from Europe. There was remarkable activity in ship-building, due chiefly to the discovery of gold in California, and "the wars between Great Britain and China in 1840-42 and 1856-60 threw a part of the China trade into American hands."

1- The Eighteen Fifties and The Boston Five Cent Savings Bank.
2- American Economic History - Harold Underwood Faulkner
revolutionary outbreaks in Europe in 1848 interrupted European trade with a resulting benefit to American merchants, while the Crimean War, which occupied many European boats in transporting troops and supplies, gave new openings to American ships.¹

Boston in 1854 had a population of 160,000 persons, and Charlestown had not been annexed to Boston, but was a separate town of itself.

The first day's business for the Boston Five Cents Savings Bank consisted of one hundred and thirty-four deposits, amounting to $1643.63. These deposits ranged from five cents. There were four of that amount, one each of eight cents, thirty-one cents, thirty-eight cents, forty-eight cents, up to one deposit of five hundred dollars. The average deposit for the day was $12.26.¹

The first million dollars was reached October 1, 1857, the year of the great panic. Six months later, a significant paragraph in the fourth annual report of the Treasurer summed up the economic situation and the relation of the bank to the community, as it existed at that time.

¹-The Eighteen Fifties and The Boston Five Cents Savings Bank.
This bank shows a remarkable growth in deposits and assets as evidenced by Table 7, and the following report:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1854</td>
<td>4,068</td>
<td>121,143.43</td>
<td>$120,411.31</td>
</tr>
<tr>
<td>1860</td>
<td>24,294</td>
<td>2,746,833.47</td>
<td>2,989,636.35</td>
</tr>
<tr>
<td>1870</td>
<td>56,205</td>
<td>9,177,315.88</td>
<td>11,597,613.92</td>
</tr>
<tr>
<td>1880</td>
<td>65,275</td>
<td>8,684,942.99</td>
<td>9,023,439.91</td>
</tr>
<tr>
<td>1890</td>
<td>115,963</td>
<td>17,784,859.85</td>
<td>18,817,699.05</td>
</tr>
<tr>
<td>1900</td>
<td>165,380</td>
<td>26,722,260.58</td>
<td>28,352,918.45</td>
</tr>
<tr>
<td>1910</td>
<td>208,494</td>
<td>39,983,213.40</td>
<td>43,163,820.68</td>
</tr>
<tr>
<td>1920</td>
<td>190,113</td>
<td>60,251,982.70</td>
<td>64,794,985.13</td>
</tr>
<tr>
<td>1928</td>
<td>176,543</td>
<td>91,821,310.01</td>
<td>98,733,843.09</td>
</tr>
</tbody>
</table>

I- Report of Commissioner of Banks- October 31, 1928, and previous years listed.
BOSTON FIVE CENT SAVINGS BANK
INC. 1864
Boston Penny Savings Bank.

A month before the Civil War three savings banks were incorporated. They were the Franklin Savings Bank, March 1861, the Brighton Five Cents Savings Bank, March 1861, and the Boston Penny Savings Bank, March 1861.

Shortly before the incorporation of these banks, there occurred the panic of 1857. As distinguished from other crises, the outbreak of 1857 was more sudden, and surprised many of the most watchful financiers. There were a large number of commercial bank failures in 1857. Industry and commerce were much less affected this year than in 1837. The financial disturbance was more prominent, and the depression of 1857 and succeeding years was less severe and less universal in its effects, than the previous one.

Table 8 shows the growth of the Boston Penny Savings Bank. The following figures also indicate the rate of its increase:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865</td>
<td>3052</td>
<td>$84,652.04</td>
<td>$1,067,272.41</td>
</tr>
<tr>
<td>1870</td>
<td>6895</td>
<td>716,205.44</td>
<td>$1,067,272.41</td>
</tr>
<tr>
<td>1880</td>
<td>5581</td>
<td>738,756.66</td>
<td>756,289.65</td>
</tr>
<tr>
<td>1890</td>
<td>7049</td>
<td>1,303,351.95</td>
<td>1,341,724.14</td>
</tr>
<tr>
<td>1900</td>
<td>10104</td>
<td>2,558,341.71</td>
<td>2,663,794.09</td>
</tr>
<tr>
<td>1910</td>
<td>21414</td>
<td>8,227,401.96</td>
<td>8,227,401.96</td>
</tr>
<tr>
<td>1920</td>
<td>27360</td>
<td>13,643,872.98</td>
<td>14,752,699.60</td>
</tr>
<tr>
<td>1928</td>
<td>30046</td>
<td>20,167,858.42</td>
<td>22,497,775.88</td>
</tr>
</tbody>
</table>

1- History of Savings Bank Crises - Theodore Burton
2- Report of the Commissioner of Banks - October 31, 1928
BOSTON PENNY SAVINGS BANK
INC. 1861
BRIGHTON SAVINGS BANK.

The smallest, in this group of three, is the Brighton Savings Bank, which serves a smaller community. (See Table 9.) The following figures show the growth of this bank:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1861</td>
<td>66</td>
<td>$558.21</td>
<td></td>
</tr>
<tr>
<td>1865</td>
<td>277</td>
<td>21,984.62</td>
<td></td>
</tr>
<tr>
<td>1870</td>
<td>619</td>
<td>104,763.22</td>
<td></td>
</tr>
<tr>
<td>1880</td>
<td>848</td>
<td>184,454.00</td>
<td>207,836.85</td>
</tr>
<tr>
<td>1890</td>
<td>1,579</td>
<td>350,608.39</td>
<td>366,085.17</td>
</tr>
<tr>
<td>1900</td>
<td>4,394</td>
<td>1,053,715.36</td>
<td>1,101,245.19</td>
</tr>
<tr>
<td>1910</td>
<td>6,672</td>
<td>1,845,623.85</td>
<td>1,961,140.17</td>
</tr>
<tr>
<td>1920</td>
<td>10,175</td>
<td>3,550,622.09</td>
<td>3,892,769.56</td>
</tr>
<tr>
<td>1928</td>
<td>14,406</td>
<td>6,723,758.91</td>
<td>7,565,561.46</td>
</tr>
</tbody>
</table>

1- Report of the Commission or Banks - October 31, 1928
BRIGHTON FIVE CENTS
SAVINGS BANK
MARCH 28, 1861.
The Franklin Savings Bank has the largest growth of the three banks incorporated at this time. (See Table 10.) The following figures also show this to be true:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1861</td>
<td>207</td>
<td>20,494.00</td>
<td>20,494.00</td>
</tr>
<tr>
<td>1865</td>
<td>2,057</td>
<td>452,873.51</td>
<td>452,873.51</td>
</tr>
<tr>
<td>1870</td>
<td>8,029</td>
<td>3,100,228.08</td>
<td>3,100,228.08</td>
</tr>
<tr>
<td>1880</td>
<td>6,800</td>
<td>2,757,827.77</td>
<td>2,757,827.77</td>
</tr>
<tr>
<td>1890</td>
<td>13,891</td>
<td>6,514,160.41</td>
<td>6,514,160.41</td>
</tr>
<tr>
<td>1900</td>
<td>20,897</td>
<td>10,490,699.56</td>
<td>10,490,699.56</td>
</tr>
<tr>
<td>1910</td>
<td>25,860</td>
<td>14,025,810.19</td>
<td>14,025,810.19</td>
</tr>
<tr>
<td>1920</td>
<td>31,424</td>
<td>20,430,476.21</td>
<td>20,430,476.21</td>
</tr>
<tr>
<td>1928</td>
<td>36,796</td>
<td>24,372,051.56</td>
<td>24,372,051.56</td>
</tr>
</tbody>
</table>

1- Report of the Commissioner of Banks, October 31, 1928
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FRANKLIN SAVINGS BANK
INC. 1861

TABLE 10
During the period of the Civil War, three savings banks were incorporated. They were the South Boston Savings Bank, March 30, 1863, Eliot Savings Bank, February 4, 1864, and Union Savings Bank, February 11, 1865.

Although the country was at war, the north was prosperous, and continued in prosperity for eight years after the war. A period similar to that following the World War was experienced.

The South Boston Savings Bank was the first savings bank incorporated during the Civil War. Although it is not one of the largest of today, it has shown a steady and satisfactory growth. (See Table 11.) The following figures reflect this growth:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865</td>
<td>530</td>
<td>$45,286.35</td>
<td>$46,121.01</td>
</tr>
<tr>
<td>1870</td>
<td>3,015</td>
<td>551,291.17</td>
<td>579,052.53</td>
</tr>
<tr>
<td>1880</td>
<td>8,308</td>
<td>1,026,233.53</td>
<td>1,097,791.93</td>
</tr>
<tr>
<td>1890</td>
<td>13,159</td>
<td>2,346,560.92</td>
<td>2,503,273.06</td>
</tr>
<tr>
<td>1900</td>
<td>20,378</td>
<td>4,289,400.05</td>
<td>4,530,523.92</td>
</tr>
<tr>
<td>1910</td>
<td>27,316</td>
<td>7,015,107.32</td>
<td>7,509,907.62</td>
</tr>
<tr>
<td>1920</td>
<td>28,630</td>
<td>11,749,563.44</td>
<td>12,114,430.63</td>
</tr>
<tr>
<td>1928</td>
<td>25,664</td>
<td>18,919,283.58</td>
<td>18,647,468.78</td>
</tr>
</tbody>
</table>

1-Report of the Commissioner of Banks - October 31, 1865 to 1928
SOUTH BOSTON SAVINGS BANK

INC. MARCH 30, 1863.

<table>
<thead>
<tr>
<th>Year</th>
<th>Table 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1845</td>
<td></td>
</tr>
<tr>
<td>1850</td>
<td></td>
</tr>
<tr>
<td>1855</td>
<td></td>
</tr>
<tr>
<td>1860</td>
<td></td>
</tr>
<tr>
<td>1865</td>
<td></td>
</tr>
<tr>
<td>1870</td>
<td></td>
</tr>
<tr>
<td>1875</td>
<td></td>
</tr>
<tr>
<td>1880</td>
<td></td>
</tr>
<tr>
<td>1885</td>
<td></td>
</tr>
<tr>
<td>1890</td>
<td></td>
</tr>
<tr>
<td>1895</td>
<td></td>
</tr>
<tr>
<td>1900</td>
<td></td>
</tr>
<tr>
<td>1905</td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td></td>
</tr>
<tr>
<td>1915</td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td></td>
</tr>
<tr>
<td>1930</td>
<td></td>
</tr>
</tbody>
</table>
Eliot Savings Bank.

Early in the spring of 1864, the last year of the Civil War, the Eliot Five Cents Savings Bank was incorporated in Roxbury. This bank was named for John Eliot, pastor of the first congregational church in Roxbury, and apostle to the Indians. A change in the bank's name was made May 25, 1916, and it is now known as the Eliot Savings bank, a shorter and more appropriate name for its present business.

This bank has enjoyed a long and honorable career, and a rapid growth from the beginning. Today, its deposits are drawn, not only from Roxbury, but from all over the United States.

Its success is shown by Table 12, and the following reports:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1864</td>
<td>542</td>
<td>$44,477.67</td>
<td></td>
</tr>
<tr>
<td>1870</td>
<td>3,069</td>
<td>525,360.14</td>
<td></td>
</tr>
<tr>
<td>1880</td>
<td>4,888</td>
<td>1,111,440.51</td>
<td>1,138,618.95</td>
</tr>
<tr>
<td>1890</td>
<td>9,129</td>
<td>2,632,445.08</td>
<td>2,709,728.55</td>
</tr>
<tr>
<td>1900</td>
<td>13,066</td>
<td>4,579,318.55</td>
<td>4,774,642.92</td>
</tr>
<tr>
<td>1910</td>
<td>19,491</td>
<td>6,894,160.53</td>
<td>7,281,249.82</td>
</tr>
<tr>
<td>1920</td>
<td>19,553</td>
<td>9,231,503.85</td>
<td>9,916,453.29</td>
</tr>
<tr>
<td>1928</td>
<td>19,738</td>
<td>14,287,140.54</td>
<td>15,666,331.17</td>
</tr>
</tbody>
</table>

1- Reports of Commissioner of Banks, October 31, 1864-1928
ELIOT SAVING BANK
INC. FEB. 4, 1864

TABLE 12.
UNION SAVINGS BANK.

On February 11, 1865, Governor John A. Andrew incorporated the Union Institution for Savings, in the city of Boston. Two months later, the victory of the evacuation of Richmond, which virtually ended the Civil War, was celebrated.

By February the result had already been foreseen. The preservation of the Union was assured. It was natural that the name adopted for the newly chartered bank should reflect the triumph of the Union forces.

Physically, the city of this time wore a very different aspect from the Boston of today. It had less than a quarter of the present population, and its area embraced only the limits of the original town, together with East Boston and South Boston. Dorchester, West Roxbury, Brighton, Charlestown and Hyde Park were still separate communities, and not all of them were connected with the city by the horse-car and omnibuses, which were the only public conveyances. The South End and the Back Bay were flooded at high tide, in large sections.

1- Union Savings Bank
In 1873 a financial panic swept over the country, incidently depreciating the value of real estate mortgages, of which the savings banks held a great number. The distress in Boston was exaggerated by the Great Fire, which bankrupted many insurance companies in the state. Business became stagnant, and many wage-earners were without employment. The full recovery did not take place for several years.

The Union Savings Bank came successfully through the crisis, and its well-guarded accumulations were presumably the main resource of more than one prudent family. Neither in these dark days of the city and nation, nor at any period, has this bank passed a semi-annual dividend, suspended payments, or caused the loss of a single dollar to any of its depositors.

Although the bank was incorporated in February 1865, it did not open for business until May 1, 1865. By October of that year there were 1084 open accounts, with deposits amounting to $110,000. Deposits were received in sums ranging from three cents to a thousand dollars, interest being paid on three dollars or more.

---

1- Unions Savings Bank
The Union Savings Bank is patronized by clerks, mechanics, laborers, storekeepers, professional men, housewives, widows, domestic servants, school teachers, salesgirls and others.

The bank is now located on Tremont Street, near Boylston Street, in a very beautiful new building, which it owns.

The growth of this bank is indicated by Table 13, and the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1865</td>
<td>706</td>
<td>$122,822.36</td>
<td>$128,838.73</td>
</tr>
<tr>
<td>1870</td>
<td>6,534</td>
<td>2,171,234.10</td>
<td>2,199,314.40</td>
</tr>
<tr>
<td>1880</td>
<td>7,692</td>
<td>2,636,463.05</td>
<td>2,686,159.19</td>
</tr>
<tr>
<td>1890</td>
<td>9,128</td>
<td>3,853,802.78</td>
<td>4,049,940.44</td>
</tr>
<tr>
<td>1900</td>
<td>16,460</td>
<td>6,398,178.04</td>
<td>6,774,182.53</td>
</tr>
<tr>
<td>1910</td>
<td>22,124</td>
<td>8,842,950.72</td>
<td>9,601,569.07</td>
</tr>
<tr>
<td>1920</td>
<td>26,435</td>
<td>14,835,569.00</td>
<td>16,345,613.39</td>
</tr>
<tr>
<td>1928</td>
<td>25,157</td>
<td>20,622,655.89</td>
<td>23,006,606.53</td>
</tr>
</tbody>
</table>

1- Reports of the Commissioner of Banks - October 31, 1865 to 1928
UNION SAVINGS BANK

INC. 1865
HOME SAVINGS BANK.

The Home Savings Bank was incorporated March 17, 1869, at the time of increased prosperity, which followed the Civil War.

In 1871 a six per cent dividend was paid. Since that time dividends have varied from 3½ per cent to 5 per cent, and deposits have greatly increased. (See Table 14.)

This bank is fully equipped to render the maximum service given by savings banks, and the courteous and cordial welcome accorded strangers, as well as customers, reminds one of the purpose for which the savings bank was originally instituted, namely, service to the community, primarily, and after that profit for the depositors.

A very successful growth in deposits and assets has been the result as shown by the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>5343</td>
<td>$1,273,173.04</td>
<td></td>
</tr>
<tr>
<td>1880</td>
<td>17164</td>
<td>2,340,440.72</td>
<td>$2,655,776.04</td>
</tr>
<tr>
<td>1890</td>
<td>17319</td>
<td>3,744,705.87</td>
<td>3,950,094.13</td>
</tr>
<tr>
<td>1900</td>
<td>25505</td>
<td>7,845,760.43</td>
<td>8,358,643.11</td>
</tr>
<tr>
<td>1910</td>
<td>37467</td>
<td>14,478,959.46</td>
<td>15,690,833.41</td>
</tr>
<tr>
<td>1920</td>
<td>63941</td>
<td>31,559,856.49</td>
<td>34,369,808.41</td>
</tr>
<tr>
<td>1928</td>
<td>87826</td>
<td>56,546,071.00</td>
<td>62,466,809.33</td>
</tr>
</tbody>
</table>

1- Reports of the Commissioner of Banks October 31, 1870 to 1928
Nothing written here.
MASSACHUSETTS SAVINGS BANK.

The North End Savings Bank was incorporated in February 1870, and was opened for business the first day of the following August, when forty-four accounts, amounting to $5,745.00, were recorded. The largest single deposit made that day was $1,000. Robert Marsh, the first president of the bank, was the largest depositor.

The organizers of this bank were citizens who lived in the North End, a section of Boston. As the bank was located in that district, they called it the North End Savings Bank. A few years later, however, the bank removed to the heart of the city, and has remained in that neighborhood.

As the bank has out-grown its former name, it is now known as the Massachusetts Savings Bank, which is its new name. The officers and trustees believe the new name will be more indicative of the broad area which the bank serves.

The steady growth of this bank is shown by Table 15, and the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>330</td>
<td>$50,607.85</td>
<td>$13,983.29</td>
</tr>
<tr>
<td>1880</td>
<td>1,417</td>
<td>387,940.56</td>
<td>416,227.21</td>
</tr>
<tr>
<td>1890</td>
<td>3,714</td>
<td>1,064,756.77</td>
<td>1,110,263.53</td>
</tr>
<tr>
<td>1900</td>
<td>7,943</td>
<td>3,234,089.05</td>
<td>3,358,728.27</td>
</tr>
<tr>
<td>1910</td>
<td>12,447</td>
<td>5,150,114.70</td>
<td>5,532,026.77</td>
</tr>
<tr>
<td>1920</td>
<td>11,764</td>
<td>6,269,657.65</td>
<td>6,897,592.13</td>
</tr>
<tr>
<td>1928</td>
<td>10,897</td>
<td>8,084,814.15</td>
<td>8,897,967.58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TABLE 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH END SAVINGS</td>
</tr>
<tr>
<td>MASSACHUSETTS SAVINGS BANK</td>
</tr>
<tr>
<td>INC. FEB. 17, 1870</td>
</tr>
</tbody>
</table>
HYDE PARK SAVINGS BANK

While the prosperity following the Civil War still existed, and just before the panic of 1873 occurred, the Hyde Park Savings Bank was incorporated. At this time Hyde Park was a town separate from Boston.

This bank shows a very satisfactory growth as evidenced by Table 16, and the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>447</td>
<td>$45,307.28</td>
<td>$48,319.01</td>
</tr>
<tr>
<td>1890</td>
<td>1,914</td>
<td>300,273.06</td>
<td>332,390.70</td>
</tr>
<tr>
<td>1900</td>
<td>3,748</td>
<td>706,064.33</td>
<td>782,494.22</td>
</tr>
<tr>
<td>1910</td>
<td>5,964</td>
<td>1,561,333.88</td>
<td>1,703,681.28</td>
</tr>
<tr>
<td>1920</td>
<td>7,263</td>
<td>2,754,800.64</td>
<td>3,059,046.12</td>
</tr>
<tr>
<td>1928</td>
<td>8,469</td>
<td>4,584,946.28</td>
<td>5,171,045.78</td>
</tr>
</tbody>
</table>

1- Financial Crises - Theodore E. Burton, p287
2- Reports of Commissioner of Banks, October 31, 1880 - 1928
HYDE PARK SAVINGS BANK

INC. MARCH 9, 1971
WILDEY SAVINGS BANK.

Wildey Savings Bank was incorporated in 1892. Shortly after the opening of this bank there followed the panic of 1893, which was precipitated by the apprehension that the government would not be able to maintain the gold standard. The country was also experiencing a reaction from the highly speculative period through which it had just passed. President Cleveland was determined to maintain the gold standard at all cost.

The Wildey Savings Bank beat its way through this trying first year, and has a very creditable record. (See Table 17.)

This bank opened its new building on Boylston Street, near Washington Street, on October 1929. Its new building has a very attractive exterior of veritex stone, with bronze window casings, and bronze doors. The interior finish is of walnut, with the upper part of the walls and ceiling treated in harmonious colors.

The following figures indicate the bank's success:

1- Economic Development of the United States - Isaac Lippincott p. 569
2- Wildey Savings Bank.
<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1892</td>
<td>291</td>
<td>$55,610.61</td>
<td>$59,150.96</td>
</tr>
<tr>
<td>1895</td>
<td>998</td>
<td>298,366.47</td>
<td>310,547.31</td>
</tr>
<tr>
<td>1900</td>
<td>4,889</td>
<td>1,958,460.16</td>
<td>2,022,342.66</td>
</tr>
<tr>
<td>1910</td>
<td>27,583</td>
<td>8,743,174.48</td>
<td>8,359,898.07</td>
</tr>
<tr>
<td>1920</td>
<td>29,002</td>
<td>11,868,943.89</td>
<td>12,599,881.64</td>
</tr>
<tr>
<td>1928</td>
<td>32,676</td>
<td>14,937,872.18</td>
<td>16,316,679.29</td>
</tr>
</tbody>
</table>

1- Reports of the Commissioner of Banks, October 31, 1892 - 1928.
WILDEY SAVINGS BANK

INC. 1892
THE DORCHESTER SAVINGS BANK.

The Dorchester Savings Bank was incorporated in 1894. This year was a poor one for the country as a whole. It directly followed the panic of 1893 when failures of well known concerns had already shaken public confidence in business.

During 1893 over 600 banking institutions failed, while in the summer of this year 74 railroad corporations owning 30,000 miles of road passed into the hands of receivers. By the end of 1894, 194 roads operating 39,000 miles, had failed. Unemployment, strikes, discontent, and much actual suffering characterized the winters of 1893 and 1894, a period which encompassed the Pullman strike in Chicago, and the marching of "Coxey's Army." 1

Notwithstanding the conditions of the country as a whole, this bank steadily grew, and in recent years has shown remarkable growth.

Its progress to 1928 is shown by Table 18, and the following reports:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>2,068</td>
<td>$115,637.05</td>
<td>$156,450.15</td>
</tr>
<tr>
<td>1910</td>
<td>6,671</td>
<td>882,959.63</td>
<td>913,754.67</td>
</tr>
<tr>
<td>1920</td>
<td>8,460</td>
<td>2,371,272.20</td>
<td>2,546,865.31</td>
</tr>
<tr>
<td>1928</td>
<td>15,764</td>
<td>6,840,494.81</td>
<td>7,434,841.41</td>
</tr>
</tbody>
</table>

1- American Economic History, Harold Underwood Faulkner p. 503
2- Reports of the Commissioner of Banks, October 31, 1900 to 1928.
<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
<th>Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1910</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1928</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**DORCHESTER SAVINGS BANK**

**INC. APRIL 16, 1894.**

**TABLE 18.**
SUMNER SAVINGS BANK

The Sumner Savings Bank was incorporated in 1897, after the recovery of the panic of 1893. This year marked the beginning of increase in prices and upward trend in the standard of living.

This bank, which is located in East Boston, has shown very satisfactory growth. Its progress is shown by Table 19, and the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>721</td>
<td>$183,054.24</td>
<td>$190,332.72</td>
</tr>
<tr>
<td>1910</td>
<td>2,549</td>
<td>885,372.15</td>
<td>915,280.96</td>
</tr>
<tr>
<td>1920</td>
<td>5,673</td>
<td>1,763,445.38</td>
<td>1,878,629.05</td>
</tr>
<tr>
<td>1928</td>
<td>4,718</td>
<td>2,333,626.87</td>
<td>2,549,459.40</td>
</tr>
</tbody>
</table>

1- Commission of Banks - October 31, 1900 - 1928
SUMNER SAVINGS BANK
INC. 1897

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>10,000,000</td>
</tr>
<tr>
<td>1910</td>
<td>9,000,000</td>
</tr>
<tr>
<td>1920</td>
<td>8,000,000</td>
</tr>
<tr>
<td>1926</td>
<td>7,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>9,000,000</td>
</tr>
<tr>
<td>1910</td>
<td>8,000,000</td>
</tr>
<tr>
<td>1920</td>
<td>7,000,000</td>
</tr>
<tr>
<td>1926</td>
<td>6,000,000</td>
</tr>
</tbody>
</table>

TABLE 19
The Blackstone Savings Bank.

The Blackstone Savings Bank was incorporated in 1901. This was one year after the adoption of the gold standard. Although the result of the campaign of 1896 settled the question of bimetallism, it was not until 1900 that the gold standard was adopted.

The Blackstone Savings Bank opened new quarters at 47 Washington Street, October 1, 1929. This bank is now located in the building formerly occupied by the Blackstone National Bank, and the storage vault of the latter bank, built in 1874, is now occupied by the new bank.

The attractive banking rooms of the Blackstone Savings Bank marks another step in the progress of this institution, which has experienced a remarkable expansion since 1903.

The bank has had but one treasurer, Arthur E. Roberts, since its organization. For sometime dividends at the rate of 4.8 per cent have been paid.

The growth of this bank is shown by Table 20, and the following statistics:

1- American Economic History- Harold Underwood Faulkner p. 506
2- Savings Bank Journal, November 1929
<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>1,564</td>
<td>$612,356.12</td>
<td>$620,015.25</td>
</tr>
<tr>
<td>1920</td>
<td>2,848</td>
<td>1,683,565.44</td>
<td>1,761,046.10</td>
</tr>
<tr>
<td>1929</td>
<td>2,932</td>
<td>2,921,051.14</td>
<td>3,099,219.14</td>
</tr>
</tbody>
</table>

Reports of the Commissioner of Banks - October 31, 1910, 1920, 1928.
BLACKSTONE SAVINGS BANK

INC. APRIL 23, 1901.
THE COLUMBUS SAVINGS BANK.

The Columbus Savings Bank was the second savings bank incorporated in the twentieth century, in Boston. This is the smallest of all the Boston savings banks. It is located on Hanover Street. The year in which the bank was incorporated immigration was at its height, and probably that accounts for the location chosen for this bank.

Table 21, and the following figures show the growth of this bank:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>70</td>
<td>$11,350.67</td>
<td>$11,422.68</td>
</tr>
<tr>
<td>1920</td>
<td>485</td>
<td>144,365.31</td>
<td>149,899.64</td>
</tr>
<tr>
<td>1928</td>
<td>546</td>
<td>164,470.30</td>
<td>180,506.55</td>
</tr>
</tbody>
</table>

1- American Economic History, Harold Underwood Faulkner
2- Reports of the Commissioner of Banks, October 31, 1910, 1920, 1928.
### Columbus Savings Bank

#### Income March 25, 1908

<table>
<thead>
<tr>
<th>Year</th>
<th>Table 21</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Assets**

**Deposits**
The Grove Hall Savings Bank.

The Grove Hall Savings Bank was incorporated in 1914, the year of the beginning of the World War.

The size of the bank is still small, but its growth has been remarkable, as shown by Table 23, and the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1915</td>
<td>1,936</td>
<td>$155,026.34</td>
<td>$156,671.70</td>
</tr>
<tr>
<td>1918</td>
<td>4,098</td>
<td>516,264.19</td>
<td>514,318.49</td>
</tr>
<tr>
<td>1920</td>
<td>5,647</td>
<td>935,541.56</td>
<td>998,546.59</td>
</tr>
<tr>
<td>1928</td>
<td>12,831</td>
<td>3,385,526.07</td>
<td>3,561,996.14</td>
</tr>
</tbody>
</table>

1- Reports of Commissioner of Banks, October 31, 1915 - 1928
<table>
<thead>
<tr>
<th>TABLE 23</th>
<th>1915</th>
<th>1916</th>
<th>1920</th>
<th>1925</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEPOSITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Hibernia Savings Bank was incorporated in 1912, at a time when conditions were normal again, after the recovery from the panic of 1910. Prices were gradually increasing, and the standard of living still improving.

This bank, although still small, shows a steady growth as evidenced by Table 22, and the following figures:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>1083</td>
<td>$125,543.23</td>
<td>$111,224.44</td>
</tr>
<tr>
<td>1915</td>
<td>2004</td>
<td>780,564.80</td>
<td>792,856.15</td>
</tr>
<tr>
<td>1918</td>
<td>2421</td>
<td>1,024,709.20</td>
<td>1,048,639.12</td>
</tr>
<tr>
<td>1920</td>
<td>2529</td>
<td>1,191,926.82</td>
<td>1,225,769.86</td>
</tr>
<tr>
<td>1928</td>
<td>2979</td>
<td>2,243,095.09</td>
<td>2,365,560.31</td>
</tr>
</tbody>
</table>

1- American Economic History, Harold Underwood Faulkner
2- Reports of Commissioner of Banks, October 31, 1912, 1915, 1918, 1920, 1928
HIBERNIA SAVINGS BANK
INC. MAY 21, 1912.
The Lincoln Savings Bank, located in Roxbury, was incorporated in 1915. It is the most recent savings bank incorporated in Boston, and, while still small, shows a satisfactory growth for the short time it has been in business. (See Table 24.)

The following figures show its rate of increase:

<table>
<thead>
<tr>
<th>Year</th>
<th>Depositors</th>
<th>Deposits</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>467</td>
<td>$112,826.00</td>
<td>$114,739.70</td>
</tr>
<tr>
<td>1920</td>
<td>765</td>
<td>218,772.40</td>
<td>225,131.99</td>
</tr>
<tr>
<td>1928</td>
<td>1473</td>
<td>581,835.73</td>
<td>618,017.09</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914</td>
<td></td>
</tr>
<tr>
<td>1916</td>
<td></td>
</tr>
<tr>
<td>1920</td>
<td></td>
</tr>
<tr>
<td>1925</td>
<td></td>
</tr>
</tbody>
</table>

**Lincoln Savings Bank**

INC. NOV. 5, 1915
POPULATION OF BOSTON
INCLUDING ANNEXATIONS

1900,000
600,000
400,000
300,000
200,000
100,000

ed.
of

1850 1855 1860 1865 1870 1875 1880 1885 1890 1895 1900 1905 1910 1915 1920 1925 1930 1935 1940 1945
later allowed to commence business under new management in 1894. Since that time it has been successful.

Emigrant Savings Bank of Boston was incorporated in 1870, and suspended April 16, 1878. It completed liquidation November 1883 paying 99\% per cent of deposits. The cause for suspension was general shrinkage in funds. The loss was approximately $9,913.

Mechanics Savings Banks was incorporated in 1874, and suspended January 12, 1877. Liquidation was completed in 1879 when 72.2 per cent of deposits were paid. The loss was $119,243. The cause for liquidation was excessive loans and expenses.

Mercantile Savings Institution was incorporated in 1861, and was suspended February 1878. Liquidation was completed July 1882 when 83.55 per cent of deposits were paid. The loss was $539,295, and was caused by excessive real estate loans on inflated values.

Peoples' Five Cents Savings Bank was incorporated in 1854, and suspended October 1859. It paid 80 The above information was obtained from the card index file of Commissioner of Banks, State House, Boston, Mass.
per cent of deposits. The approximate loss was $30,000. No cause is known.

Sumner Savings Bank was incorporated 1897. The exact date of suspension is not known. The cause was excessive loans and embezzlement by the Treasurer. Eighty per cent of deposits were paid. The approximate loss was $60,631.00. (This bank is still doing business, and its records date from 1897.)

West Boston Savings Bank incorporated in 1867, and suspended in January 1878. Its liquidation was completed November 1881 when it paid 85 per cent of its deposits. The approximate loss was $273,302. The cause for suspension was excessive loans and unwarranted dividends.

The above information was obtained from card index file of Commissioner of Banks, State House, Boston, Mass.
PART VI.

CONCLUSIONS.
XII.

CONCLUSION.

In summarizing, it may be said that the savings bank justifies its existence. It is one of the finest products of civilization. While not a commercial necessity, it is successfully performing the great work for which it was created, namely the establishment of financial independence for a large majority of the people, by providing them with a safe and profitable means of deposit for their savings.

Analysis of 1000 savings accounts, over any decade during the last 60 years, shows that the account which is fed lightly, but regularly, almost always grows to important proportions. About 90 per cent of such accounts accumulate to substantial figures, and the owners almost without exception, become persons of means and position.

On the other hand, depositors who wait until they can deposit large sums, withdraw in the same proportion. Less than five per cent of such accounts succeed, and their owners reach old age penniless, and seldom have life insurance. A savings account to the amount of six months of one's salary is an essential and safe foundation, and never should be disturbed, save in an

emergency. A savings account should not be treated as an expense account.

At the present time, there are 196 mutual savings banks in Massachusetts, representing deposits exceeding $2,000,000,000,000, with approximately 3,000,000,000 depositors, despite the fact that competition in the savings bank field is very keen.

The greater part of the most serious competition experienced by savings banks is due to the popular desire for larger income than the savings banks afford, according to the report of the Committee on Savings to the Executive Committee of the Savings Bank Division.

There are a number of factors which have adversely affected savings deposits in banks, either by actually reducing volume or restricting increase. Among these are: High plane of living, particularly noticeable as the period of continued prosperity lengthens, the increasing volume of life insurance written, installment selling and budget buying, home buying, and investment of funds in mortgages, stocks, bonds, and the elimination, through restriction of immigrants, of a large number of naturally thrifty

---

1- Rutherford E. Smith, p. 15, October 1929
Savings Bank Journal
In an address made recently before the annual meeting of the Association of Mutual Savings Banks of Washington, Mr. Knapp pointed out, that although the total amount of savings for the year ending June 30, 1929 showed a falling off, it is not necessary to conclude that the nation is less thrifty than formerly. It is simply the development of new channels for thrift. However, the panic in the stock market has proved that prices ultimately must rest on values, and values result only from achievement.

It is interesting to notice, that while a general decline in savings has been recorded for the year ending October 31, 1929, for the country as a whole, Massachusetts shows a gain in savings for that period.

Mr. Albig of the American Bankers' Association started something, with his recent report to the effect that country-wide savings showed a decrease this year for the first time in twenty years. It has caused newspapers to comment on the fact, and to moralize on the causes.

The discouraging statement concerning savings throughout the country is not reflected in the records of

1- Savings Bank Journal, March 1929, p. 27
2- The Savings-Banker, December 1929, p. 1.
mutual savings banks of Massachusetts, which show a gain of approximately $58,000,000 for the fiscal year ended October 31, 1929.

Mr. Albig gives special figures for Massachusetts, which indicate that for the year ending June 30, 1929 the mutual savings banks had gained $86,000,000 over the same date of the preceding year. The trust companies had gained $9,000,000, whereas the national banks had lost $38,000,000 in savings accounts. To express it in percentages Mr. Albig states that the mutual savings banks in this state gained 4.4% for the same period, the trust companies in their savings departments 3.53%, while the national banks lost 9.17%. The net gain for the entire state including all types of banks was 2.19%.

Interesting figures in number of accounts for the same period indicated that the savings banks gained 1.24%, the trust companies 3.65%, and that the national banks lost .18%, the net gain for the entire state being 1.41%.

Going back to the state-wide situation, "The Literary Digest" gives a number of viewpoints to explain what happened. It points out that the savings deposits per inhabitant have dropped only $2, 1- The Savings-Banker, December 1929.
and that the entire loss, as given by Mr. Albig, is only .8 of 1%. The volume of savings even now is greater than in 1919, and 164% larger than in 1914. The recession, therefore, does not seem cause for undue alarm. The article goes on to point out that if the lower profits in stocks were the cause of the recession, still further withdrawals may be expected if the experience of the depositor in the stock market were happy. If the experience were unhappy, and events have proved this generally true, then another year will doubtless witness an increase in savings deposits and saving depositors.

Since the preliminary figures on deposits, as of October 31, were issued, more complete returns have been received. Complete returns, however, show a little improvement over the above figures.

The Boston "Herald," again gives a long editorial to the subject, and the "Post" caps the climax with half a column in the editorial page in which it says, "Judging from the history of Massachusetts savings banks, money deposited with them is safer than any other form of investment available to the citizen of modest means. The savings banks have lost a sizeable amount of de-

The Savings-Banker, December 1929.
posits due to the widespread desire of depositors to speculate in the stock market. Many who withdrew hard-earned deposits, for that purpose, will regret it in bitterness and sorrow."

Massachusetts, in spite of the heavy withdrawals which it suffered in common with banks of all kinds throughout the country, has emerged from the recent frenzied financial condition with added glory to its mutual savings banks. They met the withdrawals with cash on the dot, and with a cheerful invitation to re-open the account at some future time. There was no distress of any kind in securing the ready cash. In spite of the widespread loss in savings, the Massachusetts savings banks showed a gain of $58,000,000, and they gained twenty thousand new accounts, a gain almost 50% better than that for 1928. Everything seems to point to a considerable increase in deposits and depositors, for the coming year. The banks have met the test, and are ready for the increased business, which is bound to come to them.

This does not mean that the savings banks of Massachusetts have not felt the recent crisis.

1-The Savings-Banker, December 1929 p. 3
Had the boom continued another year, and more savings bank depositors been lured into buying speculative stocks, all banks would have been compelled to declare a moratorium, and to fall back on the 60 day notice of withdrawals permitted by law.¹

The above reports bring facts up to November 1929. After that time the situation at the banks began to look serious. Because of the great demand for cash at Christmas, together with demands for stock market coverings, all money was going out of the banks, and no money going in. By January, new mortgage loans were not made by any Boston savings banks, and by very few cooperative banks. At that time, however, bank officials looked for better conditions by the Spring of 1930.

Figures which will show the conditions for November and December 1929, and the early part of 1930, which will be available in the next report of the Commissioner of banks, released the latter part of April 1931, will be interesting. It is predicted that these months will show a decided increase in withdrawals, decrease in deposits, and many mortgage forclosures.

Savings banks have established an enviable

¹- Savings-Banker, December 1929 p. 3
²- From a conversation with Mr. Murray, President Union Savings Bank, January 1930.
³- From a conversation at Commissioner of Banks' Office, State House, Boston.
record of honoring drafts without any notice of withdrawal. This was true during the stringent period of the World War, during the inflation of 1920, and during the days of last October and November, when the unwarranted boom in stocks collapsed.

There is, consequently, a return to savings seen by bankers as the result of the recent stock market decline. The advantage of ready money on demand from the savings account has been appreciated, recently, as never before, and it is expected that the tide of savings will turn again to the savings account, and the trend in that direction manifest itself within a few months.

Only a small percentage of the population was engaged in market operations. The great mainstay of the American people, the savings account, has merged into a stronger position than ever before.

---

BIBLIOGRAPHY

BOOKS

History of Massachusetts Savings Banks - William Woodward
Money & Banking - Moulton
Principles of Economics - F. W. Taussig p. 324,325
The Evolution of People's Banks - Donald S. Tucker
One Hundred Years of Savings Banking - Edward L. Robinson

P.
Banking Principles & Practice, Volume I
p. 132
Material for the Study of Banking - James Dysart Magee, p. 264
Readings in Money & Banking - Chester Arthur Phillip, p. 272,273,
p. 274,275,279.
Banking & Business Ethics, Borden & Hooper p.168,169
Principles of Banking - Charles A. Conant p. 201,202
Modern Banking Methods - Albert R. Barrett p.167
Money & Banking - Amos Kidder Fiske
Savings & Savings Institutions - James Barry Hamilton p. 213
The Women's Department - Anna Seward p. 93,94,95,96,97,98,99,100.
Principles of Bank Advertising - A. W. Shaw & Co. p. 50
Elements of Banking - J. P. Gandy p. 64
The Brothers - Published for the Trustees of Funds, Provident
Institution for Savings 1823.
A Brief History of Panics in the United States - Clement Juglar,
p. 2,3.
Beyond the Counter - Mary B. Reeves.

BOOKLETS

Union Savings Bank

Union Savings Bank of Boston 1865-1927, November 12, 1929,
A Million A Day,
Some Interesting Facts, Reprint from the U. S. Investigator
of December 10,1927.
The Answer To Your Question Lies Within.

Wildey Savings Bank

Banking by Mail,
From an Idea to a Personal Service,
Statement & Bank Information, November 15, 1929.
Warren Institution for Savings
Statement, February 21, 1929
Club Savings Circular

The Provident Institute for Savings
One Hundred Years of Savings Service
Statement, January 8, 1930

Charlestown Five Cents Savings Bank
Condition of Charlestown Five Cents Savings Bank, December 31, 1929.
Banking by Mail
By-Laws as revised and amended to 1920

Home Savings Bank
How Dreams Come True, 1929
A $13,000 Family Estate on a $5 Foundation, 1929
How To Become An Investor, 1929
Making Profits With Your Savings, 1929
How To Become Richer In Twelve Months, 1929
How To Get Out Of Debt, 1929
Plowing Back Profits, 1929
Who Manages Your Savings, 1929
Hitting $100 Targets, 1929
How To Become "Well Off" 1929
Want To Be A Capitalist? 1929
The Pocket Budget and Account Book
Individual Prosperity Plan, 1929
Family Prosperity Plan, 1929
Students' Prosperity Plan, 1929
Life's Ups and Downs, 1928
The Royal Charter of Massachusetts
Sixty Years On Tremont Street, 1929
What the "Home" can do for you
When Taxes Come Due, 1930
Christmas Club, 1929
Statement, March 31, 1930.

Suffolk Savings Bank
Statement, October 31, 1929.
What is a Mutual Bank?
Suffolk Savings Bank for Seaman and Others 5m-9-25
Suffolk Savings Bank System
The Boston Five Cents Savings Bank

The Eighteen Fifties And Boston Five Cents Savings Bank 1926
Savings Bank Life Insurance - Frank P. Bennett, Jr.
The Massachusetts System of Savings Bank Life Insurance
and Old Age Annuities
Bank Rules 10-18-28
Statement, January 1930.

Association of Massachusetts Mutual Savings Banks

The Prosperity Booklets --- Harvey A. Blodgett, 1926.
1. How To Become A Financial Success.
2. How To Turn Home Waste Into Capital
3. How To Make The Family Income Go Further.
4. How To Own A Home
5. How To Build Credit.
6. How To Use The Installment Plan Profitably.
7. How To Get What You Want
8. How To Get Your First Thousand Dollars.
10. What Life Insurance Will Do For You.
11. How To Get The Most From Your Job.
13. How A Boy Can Earn Money
15. How To Teach The Child Thrift

Eliot Savings Bank

Eliot Savings Bank, 1917
Statement, April 3, 1930

Province of Ontario Savings Office

Behind the Wicket Stand
The Business Man Buys Ahead To Save Money. Why Don't You?
About Paths.
Security- A Preachment
Open
One Secret of Family Happiness
This Man May Rise From Clerk To President.
Ten Little Stories From Life May 1927.
Make Your Own Bank
Your Money
What Security?
Institution of Savings For Roxbury and Its Vicinity

A Century of Savings Bank Service, 1925
Statement, April 4, 1930

Massachusetts Savings Bank

The North End Savings Bank
Notice of Change of Name
Statement July 24, 1929

Boston Penny Savings Bank

Statement, October 9, 1929.
Good-bye Work V-0-2-0 Christmas Club, N. Y.
Save and Travel
The Boston Penny Savings Bank, 1920
How To Make Profits With Your Bank Account

Hibernia Savings Bank

Statement, January 14, 1930
A Thriving Bank

Summer Savings Bank

Statement, May 7, 1929

Hyde Park Savings Bank

Statement January 16, 1930

Dorchester Savings Bank

Historical Sketch of the Seal of the Town of Dorchester

Lincoln Savings Bank

Statement, January 2, 1930
How To Be Dead Sure Of Money, James H. Collins - 1923

Brighton Five Cents Savings Bank

Statement, July 31, 1929
East Boston Savings Bank

Statement, January 8, 1930

Blackstone Savings Bank

Statement, October 21, 1929.

Reprint of article by Mr. Louis D. Brandeis entitled "Wage-earners' Life Insurance" published in Collier's in September 1906

Copy of the law under which the Savings Banks are operating in their Insurance Departments.

Successes of Savings Bank Life Insurance - published April 1914

Brief historical sketch of the accomplishment of the Savings Bank Life Insurance.


Copy of article by Edwin S. Smith, reprinted for distribution by Grove Hall Savings Bank

Magazine & Periodicals

Savings Bank Journals

January 1930- Article by M. S. Sullivan
October 1929- Article by Rutherford E. Smith, page 15
December 1929- Pages 7, 10, 17
February 1930, Article by Dana S. Sylvester, Executive Manager, Association Of Massachusetts Mutual Savings February 1930, Hudson City Savings Bank, Jersey City, N.J. March 1930, Page 47
April 1930, Article by Mr. Hogue, First Vice-President Emigrant Industrial Savings Bank, N. Y. Margaret Gilman, Chairman, Scholarship and Loan Committee, Byrn Maur College

Reports on the Committees On Operations and Investments (3)

Thrift Education Through School Savings - Mildred Walke Walter 1928
APPENDIX.
SAVINGS BANKS
AND
INSTITUTIONS FOR SAVINGS

STATUTES
OF
THE COMMONWEALTH OF MASSACHUSETTS

General Laws, Chapters 158, Section 17; 167; 168; 266, Sections 52-55, and Amendments to December 31, 1929

OFFICE OF THE COMMISSIONER OF BANKS
ROY A. HOVEY, Commissioner

PUBLICATION OF THIS DOCUMENT
APPROVED BY THE
COMMISSION ON ADMINISTRATION AND FINANCE

Oct 12-29 Order 7382.
STATUTES
RELATING TO
BANKS AND BANKING

General Laws, Chapter 167.

Sect. 1. Supervision.

Definitions.

SECTION 1. In this chapter, unless the context otherwise requires, the following words shall have the following meanings:

"Bank," a savings bank, co-operative bank, trust company or any person, partnership, association, or corporation, incorporated or doing a banking business in the commonwealth, subject to the supervision of the commissioner of banks.

"Commissioner," the commissioner of banks.


Examination of Banks.

SECTION 2. The commissioner, either personally or by his examiners, or such others of his assistants as he may designate, shall, at least once in each year, make an examination of the affairs of each bank and ascertain its condition, its ability to fulfill its obligations and also whether it has complied with the law; and he may also, whenever he considers it expedient, make, at the expense of the bank, such further examinations as he deems advisable. The expenses of the annual examination of a trust company shall be borne by the company, and shall be limited to the actual cost of such examination and such additional sum for the overhead expenses of the division of banks and loan agencies as the commissioner shall determine to be attributable to such examination. The commissioner or the person making the examination shall, at the time of any such examination, have free access to the vaults, investments, cash, books and papers. The commissioner shall preserve a full record of each such examination of a bank, including a statement of
its condition, if ascertained. Such records, and information contained in the reports of such banks, other than information required by law to be published or to be open to the inspection of the public, shall be open only to the inspection of the commissioner, his examiners and assistants, and such other officers of the commonwealth as may have occasion and authority to inspect them in the performance of their official duties. The commissioner may furnish to the national bank examiners, the federal government, any organization created by federal legislation, or the banking departments of other states, such information, reports and statements relating to the institutions under his supervision as he deems best.

Comissioner may summon and examine Officers. Penalty.

SECTION 3. The commissioner, or his examiners or such others of his assistants as he may designate, may summon the trustees, officers or agents of a bank, or any other witnesses, and examine them relative to the affairs, transactions and condition of the bank, and for that purpose may administer oaths. Whoever, without justifiable cause, refuses to appear and testify when so required, or obstructs the person making such examination in the performance of his duty, shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than one year.

Examination of Bank on Request of Officers, etc.

SECTION 4. Upon written application on oath to the commissioner by five or more officers, trustees, creditors or depositors of a bank setting forth their interest and the reasons for making an examination and requesting him to examine such bank, he shall forthwith make a full investigation of its affairs in the manner provided in the two preceding sections.

Commissioner may report and prosecute Violations of Law. Publication of Certain Facts.

SECTION 5. If, in the opinion of the commissioner, a bank or its officers or trustees have violated any law relative thereto, he may forthwith report such violation to the attorney general, who shall forthwith, in behalf of the commonwealth, institute a prosecution therefor. If, in the opinion of the commissioner, such bank is conducting any part of its business in an unsafe or unauthorized manner, he shall direct in writing that such unsafe or unauthorized practice shall be discontinued; and if any such bank refuses or neglects to comply with any such direction of the commissioner, or if, in the opinion of the commissioner, a trustee or officer of such bank has abused his trust, or has used his official position in a manner contrary to the interests of such bank or its depositors, or has been negligent in the performance of his duties, the commissioner may, in case of a savings bank, forthwith report the facts to the attorney general, who may, after granting a hearing to said savings bank, trustee or officer, institute proceedings in the supreme judicial court, which shall have jurisdiction in equity of such proceedings, for the removal of one or more of the trustees or officers, or of such other proceedings as the case may require; or the commissioner may, in case of any bank, after giving a hearing to the directors or trustees thereof, either report to the shareholders thereof, or, with the written consent of a board composed of the state treasurer, the attorney general and the commissioner of corporations and taxation, publish such facts relative thereto as in his opinion the public interest may require.
Books and Accounts.

Section 6. The commissioner may prescribe the manner and form of keeping the books and accounts of a bank, the extent to which they shall be audited, and the manner of safeguarding the money and securities.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
<th>Section</th>
<th>Code</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1879</td>
<td>P. S. 116</td>
<td>§ 39</td>
<td>R. L. 113</td>
<td>§ 46</td>
</tr>
<tr>
<td>1880</td>
<td>P. S. 37</td>
<td>§ 41</td>
<td>R. L. 500</td>
<td>§§ 12, 69</td>
</tr>
</tbody>
</table>

Reports of Banks. Penalty.

Section 7. In addition to the reports required by law, banks shall make such other statements and reports to the commissioner as he may require. The commissioner shall furnish blank forms for all statements or reports required to be made to him. Any bank neglecting to make the returns required by law or by the commissioner, or failing to amend such report within fifteen days after notice from him, shall forfeit to the commonwealth five dollars for each day during which such neglect continues, to be recovered by an information in equity in the name of the attorney general at the relation of the commissioner, brought in the supreme judicial court for Suffolk county.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
<th>Section</th>
<th>Code</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1883</td>
<td>P. S. 139</td>
<td>§ 11</td>
<td>R. L. 113</td>
<td>§ 49</td>
</tr>
<tr>
<td>1886</td>
<td>P. S. 162</td>
<td>§ 6</td>
<td>R. L. 113</td>
<td>§ 49</td>
</tr>
<tr>
<td>1887</td>
<td>P. S. 263</td>
<td>§ 2</td>
<td>R. L. 500</td>
<td>§§ 13, 69</td>
</tr>
<tr>
<td>1886</td>
<td>P. S. 162</td>
<td>§ 6</td>
<td>R. L. 113</td>
<td>§ 49</td>
</tr>
<tr>
<td>1887</td>
<td>P. S. 263</td>
<td>§ 2</td>
<td>R. L. 500</td>
<td>§§ 13, 69</td>
</tr>
<tr>
<td>1886</td>
<td>G. S. 37</td>
<td>§ 149</td>
<td>1912</td>
<td>157</td>
</tr>
</tbody>
</table>

Penalty for making False Reports.

Section 8. The treasurer of any bank, or the officers or employees thereof charged with the duties and functions usually performed by the treasurer, who, for fifteen days after notice by the commissioner, fails to make any return, statement or report required by law or by the commissioner, or to amend such a return, statement or report if lawfully required by the commissioner, shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than one year, or both.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
<th>Section</th>
<th>Code</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1896</td>
<td>P. S. 267</td>
<td>§ 51</td>
<td>1919</td>
<td>5</td>
</tr>
<tr>
<td>1898</td>
<td>P. S. 267</td>
<td>§ 51</td>
<td>1922</td>
<td>367</td>
</tr>
<tr>
<td>1918</td>
<td>G. S. 500</td>
<td>§§ 14, 60</td>
<td>1920</td>
<td>2</td>
</tr>
</tbody>
</table>

Report to General Court.

Section 9. Annually, on or before the third Wednesday in January, the commissioner shall communicate to the general court an abstract of his report and such suggestions as he considers expedient relative to the general conduct and condition of banks, and on or before March fifteenth a statement of the condition of every bank, including banks in the hands of the commissioner, together with such other information relative to the affairs of the said banks, as, in his opinion, the public interest may require.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
<th>Section</th>
<th>Code</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1834</td>
<td>P. S. 139</td>
<td>§ 11</td>
<td>R. L. 113</td>
<td>§ 49</td>
</tr>
<tr>
<td>1866</td>
<td>P. S. 162</td>
<td>§ 6</td>
<td>R. L. 113</td>
<td>§ 49</td>
</tr>
<tr>
<td>1867</td>
<td>P. S. 263</td>
<td>§ 2</td>
<td>R. L. 500</td>
<td>§§ 13, 69</td>
</tr>
<tr>
<td>1886</td>
<td>P. S. 162</td>
<td>§ 6</td>
<td>R. L. 113</td>
<td>§ 49</td>
</tr>
<tr>
<td>1887</td>
<td>P. S. 263</td>
<td>§ 2</td>
<td>R. L. 500</td>
<td>§§ 13, 69</td>
</tr>
<tr>
<td>1886</td>
<td>G. S. 37</td>
<td>§ 149</td>
<td>1912</td>
<td>157</td>
</tr>
</tbody>
</table>

Appraisal of Real Estate offered as Security.

Section 10. Whenever in the opinion of the commissioner an excessive loan has been made, or is about to be made upon real estate, by a trust company or co-operative bank, he may cause an appraisal of such real estate to be made at the expense of the trust company or bank making the loan. One appraiser shall be named by the commissioner, one by the trust company or bank, and a third by the two thus named. The appraisers shall determine the value of the real estate and certify the same in writing to the commissioner and to the trust company or bank. If it shall appear from the appraisal that the loan is excessive, the commissioner may make such order in relation thereto as he deems advisable.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
<th>Section</th>
<th>Code</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1912</td>
<td>P. S. 116</td>
<td>§ 42</td>
<td>1908</td>
<td>500</td>
</tr>
<tr>
<td>1884</td>
<td>P. S. 116</td>
<td>§ 42</td>
<td>1908</td>
<td>500</td>
</tr>
<tr>
<td>1881</td>
<td>P. S. 116</td>
<td>§ 42</td>
<td>1910</td>
<td>303</td>
</tr>
<tr>
<td>1878</td>
<td>P. S. 116</td>
<td>§ 42</td>
<td>1922</td>
<td>157</td>
</tr>
<tr>
<td>1878</td>
<td>G. S. 37</td>
<td>§ 149</td>
<td>1922</td>
<td>157</td>
</tr>
</tbody>
</table>

Returns may be destroyed.

Section 11. Returns to the commissioner under section twenty-six of chapter one hundred and seventy-two, records of examinations of banks made under section two of this chapter, reports made under section twenty-six of chapter one hundred and sixty-eight, and returns made under section forty-four of chapter one hundred and seventy, may, after five years from the date of their receipt, be destroyed or
disposed of by order of their lawful custodian, and any proceeds received in the course of their disposal shall be paid to the commonwealth.

1916, 112.

REGULATION OF BUSINESS.

Unauthorized Banking prohibited.

SECTION 12. No corporation, domestic or foreign, and no person, partnership or association except savings banks and trust companies incorporated under the laws of this commonwealth, or such foreign banking corporations as were doing business in this commonwealth, and were subject to examination or supervision of the commissioner on June first, nineteen hundred and six, shall hereafter make use of any sign at the place where its business is transacted having thereon any name, or other words indicating that such place or office is the place or office of a savings bank; nor shall such corporation, person, partnership or association make use of or circulate any written or printed or partly written and partly printed paper whatever, having thereon any name or other words, indicating that such business is that of a savings bank; nor shall any such corporation, person, partnership or association, or any agent of a foreign corporation not having an established place of business in this commonwealth, solicit or receive deposits or transact business in the way or manner of a savings bank, or in such a way or manner as to lead the public to believe, or as in the opinion of the commissioner might lead the public to believe, that its business is that of a savings bank; nor shall any person, partnership, corporation or association, except as provided in section thirty-seven and except co-operative banks incorporated under the laws of this commonwealth and corporations described in the first sentence of this section hereafter transact business under any name or title which contains the word “bank” or “banking”, or any word in a foreign language having the same or similar meaning, as descriptive of said business, or, if he or it does a banking business or makes a business of receiving money on deposit, under any name or title containing the word “trust”, or any word in a foreign language having the same or similar meaning, as descriptive of said business.


Penalty therefor.

SECTION 13. The commissioner or his examiners may examine the accounts, books and papers of any corporation, person, partnership or association making a business of receiving money on deposit, or which has the word “bank”, “banking”, “banker”, “bankers”, or “trust”, or any word in a foreign language having the same or similar meaning, in the name under which its business is conducted, in order to ascertain whether such corporation, person, partnership or association has violated or is violating any provision of the preceding section; and any corporation, person, partnership or association refusing to allow such examination or violating any provision of said section shall forfeit to the commonwealth one hundred dollars a day for every day or part thereof during which such refusal or violation continues. Any violation of this or the preceding section shall forthwith be reported by the commissioner to the attorney general. The said forfeiture may be recovered by an information or other appropriate proceeding brought in the supreme judicial or superior court in the name of the attorney general. Upon such information or other proceeding the court may issue an injunction restraining such corporation, person, partnership or association from further prosecution of its business within the commonwealth during the pendency of such proceeding or for all time, and may make such other orders or decrees as equity and justice may require.

1883, 230. 1906, 377, § 11. 1918, 44.
1894, 347, § 52. 1908, 500, §§ 17, 69. 1921, 78, § 2.

Joint Deposits regulated.

SECTION 14. When a deposit is made in any bank, in the names of two persons, payable to either, or payable to either or the survivor, such deposit or any part
thereof, or interest or dividend thereon, if not then attached at law or inequity in a suit against either of said persons, may be paid to either of said persons, whether the other be living or not, and such payment shall discharge the bank making such payment from its obligation, if any, to such other person or to his legal representatives for or on account of such deposit.

1911, 228.


Interest on Sums deposited at Intervals.

SECTION 16. Savings banks and trust companies in their savings departments may contract, on terms to be agreed upon, for the deposit at intervals within any period of twelve months, of sums of money in the aggregate not in excess of the statutory limit on deposits in savings banks, and for the payment of interest on the same at a rate not more than one per cent less than the rate of their last regular dividend on savings deposits. A sum thus accumulated, if left in such a depository as a regular savings deposit within fifteen days after the date on which money ordinarily begins to draw interest, may, if the depository so provides, draw interest from such prior date.


Dividends on Deposits. Computation thereof when Interest Day falls on Sunday or Holiday.

SECTION 17. Dividends or interest on deposits in the savings departments of trust companies or in savings banks may be declared and paid for periods of not less than one month nor more than six months, as determined by their by-laws, from income which has been earned and which has been collected, except as otherwise provided in the case of savings banks by section forty-seven of chapter one hundred and sixty-eight, during the next preceding six months and which is available after deducting previous dividends paid, the reasonable expenses incurred in the management thereof, the taxes paid and the amounts required to be set apart for the guaranty fund. In the computation of such dividends or interest, when the day on which deposits in any such savings department or savings bank begin to draw interest, as provided in its by-laws or regulations, falls on a Sunday or a legal holiday, deposits made on the next succeeding business day and remaining on deposit through the balance of the monthly period, may be construed as having been on deposit one full month, within the meaning of this section, section forty-seven of chapter one hundred and sixty-eight and section sixty-seven of chapter one hundred and seventy-two.

1919, 110, § 2; 326, § 1. 1920, 38; 311. 1924, 255. 245 Mass. 150.

Payment of Unearned Dividends prohibited; Penalty.

SECTION 18. An officer, agent, clerk or servant of a trust company or savings bank who pays or authorizes the payment of any dividend or interest unless the same has been earned and collected as provided in the preceding section shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than six months.

1919, 326, § 2.


SECTION 19. A depositor’s vouchers may be returned by mailing the same to him, at his last known address, postage prepaid, and such depositor may, when required to notify the bank, give notice in like manner.

1912, 277, § 2.

Lost Pass Books.

SECTION 20. When a pass book issued by a savings bank, a co-operative bank or the savings department of a trust company has been lost, stolen or destroyed, the person in whose name it was issued or his legal representative, may make written application to such bank, for payment of the amount of the deposit repre-
sent the written book or for the issuance of a duplicate book therefor. Thereupon
with the written consent of the bank, he may give, or authorize the bank at his
expense to give, public notice of such application by advertising the same at least
once a week for three successive weeks in a newspaper published in or nearest to
the town where such bank is situated. If such book shall not be presented to said
bank within thirty days after the date of the first advertisement, as aforesaid,
the bank shall, upon proof that such notice has been given, pay the amount due
on said book or issue a duplicate book therefor; and upon such payment or delivery
of a new book, all liability of the bank on account of the original book shall cease.


LIQUIDATION.

Section 21. Repealed, 1924, 411.

When Commissioner may take Possession of Bank. Voluntary Dissolution.

Section 22. Whenever it shall appear to the commissioner that any bank has
violated its charter or any law of the commonwealth, or is conducting its business
in an unsafe or unauthorized manner, or that its capital is impaired, or if it shall
refuse to submit its books, papers and concerns to the inspection of the commis-
ioner or of his duly authorized agents, or if any officer of such bank shall refuse
to be examined on oath by the commissioner or his duly authorized assistants
touching its concerns, or if it shall suspend payment of its obligations, or if from
an examination or from a report provided for by law the commissioner shall have
reason to conclude that such bank is in an unsound or unsafe condition to transact
the business for which it is organized, or that it is unsafe and inexpedient for it to
continue business, the commissioner may take possession forthwith of the property
and business of such bank and may retain possession thereof until the bank shall
resume business or until its affairs shall finally be liquidated as herein provided.

Subject to the written approval of the commissioner, any bank, at a meeting
specially called to consider the subject, may vote to dissolve the corporation
and liquidate its affairs; provided, that such a vote is passed by at least two thirds
of the trustees or shareholders in a savings bank or co-operative bank or by stock-
holders of a trust company representing at least two thirds of its outstanding capital
stock. A committee of three trustees, shareholders or stockholders shall thereupon
be elected, and, under such regulations as may be prescribed by the commissioner,
shall liquidate the assets, and after satisfying all debts of the corporation shall
distribute the remaining proceeds among those entitled thereto in proportion to their
respective interests therein.


Possession of Commissioner; Consequences of.

Section 23. Upon taking possession of the property and business of a bank,
the commissioner shall forthwith give notice thereof to all banks, trust companies,
associations and individuals holding or having possession of any assets of such
bank. No bank, trust company, association or individual, knowing that the com-
mis sioner has taken such possession, or having been notified thereof as aforesaid,
shall have a lien or charge for any payment, advance or clearance thereafter made,
or liability thereafter incurred, against any of the assets of the bank of whose
property and business the commissioner shall have taken possession as aforesaid.
Such bank may, with the consent of the commissioner, resume business upon such
conditions as he may approve; provided, that if, in his judgment it is for the public
interest so to do, he may retain in behalf of the bank the control, prosecution or
defence of any undetermined suits or claims brought in behalf of or against the
bank under section twenty-five during the time when the bank was in his charge, and
the expense of prosecuting or defending such suits or claims shall be paid from the
funds of such bank.


1915, 177. 240 Mass. 244.

**Authority of Commissioner in Possession.**

**SECTION 24.** Upon taking possession of the property and business of such bank,
the commissioner may collect moneys due to the bank, and do all acts necessary to
conserve its assets and business, and shall proceed to liquidate its affairs as hereinafter
provided. He shall collect all debts due and claims belonging to it, and upon
the order or decree of the supreme judicial court, or any justice thereof, may sell
or compound all bad or doubtful debts, and on like order or decree may sell all, or
any part of, the real and personal property of the bank on such terms as the court
shall direct. If, at any time after he has taken possession of the property and
business of a trust company under section twenty-two, the commissioner deems it
necessary to enforce the individual liability of stockholders therein, as described in
the first sentence of section twenty-four of chapter one hundred and seventy-two,
in order to pay the liabilities of such trust company, he may file a bill in equity, in
the supreme judicial court for the county where the principal office of the trust
company is located, against all persons who were stockholders therein at the time
of such taking possession, to enforce such individual liability. The court may by
its decree assess upon the stockholders in such suit severally sums in proportion to
the amounts of stock held by them respectively at the time of such taking possession;
but no such stockholder shall be liable to pay a larger sum than the amount of
the par value of the stock held by him at the time of such taking possession.
Such suit shall not abate by reason of the non-joinder of persons liable as responsi-
dents, unless the commissioner, after notice by plea or answer of their existence,
unreasonably neglects to make them parties; nor shall it abate by reason of the
death of a respondent, but his estate shall be liable in the hands of his executor or
administrator, who may voluntarily appear, or who may be summoned by the
commissioner to defend the suit.


**Litigation and Sales of Property.**

**SECTION 25.** To execute and perform the powers and duties conferred upon
him, the commissioner may, in the name of any such bank, prosecute and defend
all suits and other legal proceedings and may, in the name of the bank, execute,
acknowledge and deliver all deeds, assignments, releases and other instruments
necessary and proper to effectuate any sale of real or personal property or any
compromise authorized by the court; and any deed or other instrument executed
pursuant to the authority hereby given, shall be valid and effectual for all purposes
to the same extent as though executed by the officers of the bank by authority of
its board of directors or of its stockholders, or by the individual banker personally.
In case any of the real property so sold is located in a county other than that where
the application to the court for leave to sell the same is made, the commissioner
shall cause a certified copy of the order or decree of the court authorizing or ratify-
ing such sale to be filed in the registry of deeds for the district where the said real
property lies.


**Commissioner may appoint Agents to assist, etc.**

**SECTION 26.** The commissioner may, under his hand and official seal, appoint
agents to assist him in the duty of liquidation and distribution. The certificates
of the appointment of such agents shall be filed in the office of the commissioner,
and certified copies thereof shall be filed in the office of the clerk of the supreme
judicial court for the county where the principal office of such bank is located.
The commissioner may from time to time authorize such agents to perform such
duties connected with said liquidation and distribution as he deems proper. The
commissioner may procure such expert assistance and advice as he considers necessary in the liquidation and distribution of the assets of such bank, and he may retain such of the officers or employees of the bank as he deems necessary. The commissioner shall require from a special agent and from such assistants such security for the faithful discharge of their duty as he deems proper.


Inventory.

Section 27. Upon taking possession of the property and assets of such bank, the commissioner shall make an inventory in duplicate of the assets of the bank, one to be filed in his office and one in the office of the clerk of the supreme judicial court for the county where the principal office of the bank is located.


Notice and Proof of Claims.

Section 28. The commissioner shall publish weekly for three consecutive months, in such newspapers as he directs, a notice calling on all persons who may have claims against such bank to present the same to the commissioner and to make legal proof thereof at a place and in a time, not earlier than the last day of publication, to be therein specified. The commissioner shall mail a similar notice to all persons whose names appear as creditors upon the books of the bank, so far as their addresses are known. If the commissioner doubts the justice and validity of any claim, he may reject the same and serve notice of such rejection upon the claimant either personally or by mail. An affidavit of service of such notice, which shall be prima facie evidence thereof, shall be filed with the commissioner. An action upon the claim so rejected shall not be entertained unless brought within six months after such service. Claims presented after the expiration of the time specified in the notice to creditors shall be entitled to share in the distribution only to the extent of the assets in the hands of the commissioner equitably applicable thereto.


239 Mass. 249. 241 Mass. 347. 244 Mass. 64.

List of Claims.

Section 29. Upon the expiration of the time fixed for the presentation of claims, the commissioner shall make in duplicate a full and complete list of the claims presented, including and specifying such claims as have been rejected by him. One of said lists shall be filed in his office and the other in the office of the clerk of the supreme judicial court for the county where the principal office of the bank is located. Thereafter the commissioner shall make and file in said offices, at least fifteen days before every application to the court for leave to declare a dividend, a supplementary list of the claims presented since the last preceding list was filed, including and specifying such claims as have been rejected by him, and, in any event, he shall make and file the said list at least once in every six months after the filing of the original list, so long as he remains in possession of the property and business of the bank. Said inventory and lists shall be open to inspection at all reasonable times.


Fees and Expenses.

Section 30. The compensation of the special agents, counsel, employees and assistants, and all expenses of supervision and liquidation, shall be fixed by the commissioner, subject to the approval of the supreme judicial court for the county where the principal office of such bank is located, on notice to such bank, and, upon the certificate of the commissioner, shall be paid out of the funds of the bank in his hands.

1910, 399, § 10. 240 Mass. 162. 244 Mass. 64.

Dividends; Objections to Claims.

Section 31. At any time after the expiration of the date fixed for the presentation of claims, the supreme judicial court, on application of the commissioner,
depositor, creditor, stockholder or any party in interest, may authorize or direct the commissioner to declare out of the funds remaining in his hands, after the payment of expenses, one or more dividends, and, after the expiration of one year from the first publication of notice to creditors, the commissioner may declare a final dividend, such dividends to be paid to such persons, in such amounts, and upon such notice as may be directed by the supreme judicial court for the county where the principal office of such bank was located, or as may be directed by a justice of said court. Objections to any claim not rejected by the commissioner may be made by any person interested by filing a copy of the objections with the commissioner, who shall present the same to the supreme judicial court at the time of the next application for leave to declare a dividend. The court to which such application is made shall thereupon dispose of said objections, or may refer them to a master, and should the objections to any claim be sustained by the court or by the master no dividend thereon shall be paid by the commissioner until the claimant shall have established his claim by the judgment of a court of competent jurisdiction. The court may make proper provision for unproved or unclaimed deposits.

Disposition of Property deposited with Bank.

SECTION 32. Should any bank, at the time when the commissioner takes possession thereof, have in its possession for safe keeping and storage, any jewelry, plate, money, securities, valuable papers or other valuable personal property, or should it have rented any box, safes, or safe deposit boxes, or any part thereof, for the storage of property of any kind, the commissioner may at any time after taking possession as aforesaid cause to be mailed to the person claiming or appearing upon the books of the bank to be the owner of such property, or to the person in whose name the safe, vault, or box stands, a written notice in a securely closed postpaid, registered letter, directed to such person at his post office address as recorded upon the books of the bank, notifying such person to remove, within a period fixed by said notice and not less than sixty days from the date thereof, all such personal property; and upon the date fixed by said notice, the contract, if any, between such persons and the bank for the storage of said property, or for the use of said safe, vault or box, shall cease and determine, and the amount of the unearned rent or charges, if any, paid by such person shall become a debt of the bank to such person. If the property be not removed within the time fixed by the notice, the commissioner may make such disposition of said property as the supreme judicial court, upon application thereto, may direct; and thereupon the commissioner may cause any safe, vault or box to be opened in his presence, or in the presence of one of his special agents and of a notary public not an officer or in the employ of the bank, or of the commissioner, and the contents thereof, if any, to be scaled up by such notary public in a package upon which the notary public shall distinctly mark the name and address of the person in whose name such safe, vault or box stands upon the books of the bank, and shall attach thereto a list and description of the property therein. The package so sealed and addressed, together with the list and description, may be kept by the commissioner in one of the general safes for boxes of the bank until delivered to the person whose name it bears, or may otherwise be disposed of as directed by the court.

Application to Court to enjoin Proceedings of Commissioner.

SECTION 33. Whenever any bank of whose property and business the commissioner has taken possession deems itself aggrieved thereby, it may, at any time within ten days after such taking possession, apply to the supreme judicial court for the county where the principal office of the bank is located to enjoin further proceedings; and said court, after citing the commissioner to show cause why further proceedings should not be enjoined, and after hearing the allegations and proofs of the parties and determining the facts, may, upon the merits, dismiss such application or may either enjoin the commissioner from further proceedings and direct him to surrender the said business and property to the bank.


Application to Court to enjoin Proceedings of Commissioner.

SECTION 33. Whenever any bank of whose property and business the commissioner has taken possession deems itself aggrieved thereby, it may, at any time within ten days after such taking possession, apply to the supreme judicial court for the county where the principal office of the bank is located to enjoin further proceedings; and said court, after citing the commissioner to show cause why further proceedings should not be enjoined, and after hearing the allegations and proofs of the parties and determining the facts, may, upon the merits, dismiss such application or may either enjoin the commissioner from further proceedings and direct him to surrender the said business and property to the bank.

SECTION 34. Whenever the commissioner has paid to every depositor and creditor of such corporation, not including stockholders, whose claims as such creditors or depositors have been duly approved and allowed the full amount of such claims, and has made proper provision for unclaimed and unpaid deposits or dividends, and has paid all expenses of the liquidation, he shall call a meeting of the stockholders of the corporation by mailing notice thereof, not less than thirty days prior to the date of the meeting, to each stockholder of record whose address is known, and also by publishing notice of the meeting once a week for four successive weeks in some newspaper of general circulation published in the county where the principal office of the corporation is located, the first publication to be not less than thirty days before the date appointed for the meeting. At such meeting the stockholders shall determine whether the commissioner shall be continued as liquidator and shall wind up the affairs of the corporation, or whether an agent or agents shall be elected therefor, and in so determining the stockholders shall vote by ballot, in person or by proxy, each share of stock entitling the holder to one vote; and a majority of the stock shall be necessary for the determination. If it is determined to continue the liquidation under the commissioner, he shall complete the liquidation and, after paying the expenses thereof, distribute the proceeds remaining among the stockholders in proportion to their several holdings of stock, in such manner and upon such notice as may be directed by the supreme judicial court. If it is determined to appoint an agent or agents to liquidate, the stockholders shall thereupon select such agent or agents by ballot, a majority of the stock present and voting, in person or by proxy, being necessary to a choice. Such agent or agents shall execute and file with the commissioner a bond to the state treasurer in such amount, with such sureties and in such form as shall be approved by the commissioner, conditioned for the faithful performance of all the duties of his or their trust, and thereupon the commissioner shall transfer and deliver to such agent or agents all uncollected or other assets of the corporation then remaining in his hands. Upon such transfer and delivery, the commissioner shall be discharged from all further liability to such corporation. Said agent or agents shall convert into cash the assets coming into his or their possession and shall account for and make distribution of the property of the corporation as provided in the case of distribution by the commissioner, except that the expenses thereof shall be subject to the direction and control of the supreme judicial court. In case of the death, removal or refusal to act of any such agents, the stockholders, on the like notice, to be given by the commissioner upon proof of such death, removal or refusal to act being filed with him, and by the like vote hereinbefore provided, may elect a successor, who shall have the same powers and be subject to the same liabilities and duties as the agent originally elected.

1910, 399, § 14. 

Disposition of Funds remaining in Hands of Commissioner.

SECTION 35. Unclaimed dividends and all other funds received from the liquidation of any institution, so taken possession of, and remaining in the possession of the commissioner after the expiration of twelve months from the order for final distribution shall be paid by him to the state treasurer, to be held in trust, subject to the conditions hereinafter provided, for the several depositors with and creditors of such institution or other persons entitled thereto, according to their several interests. The commissioner shall state annually in his report to the general court the names of institutions so taken possession of and liquidated and the amounts of unclaimed dividends and other funds held by him with respect to every such institution. Upon certification by the commissioner that he has been furnished satisfactory evidence of their right to the same, the state treasurer shall pay over the money so held by him to the persons respectively entitled thereto. In cases of doubt or of conflicting claims, the commissioner may require an order from the supreme judicial court authorizing and directing payment, and any expenses incurred in connection therewith shall be deducted before payment from the amount payable. At the expiration of six years from the date of receipt by the state treasurer from the commissioner of any such unclaimed dividends or other funds, upon certification by the commissioner that no claim thereto has been proved to his
satisfaction or is pending, the same or the balance thereof then remaining, together with the interest, if any, earned thereon, shall escheat to the commonwealth.

1910, 399, § 15. 229 Mass. 303. 240 Mass. 162. 244 Mass. 64.

Enforcement.
Section 36. The supreme judicial court, or any justice thereof, shall have jurisdiction in equity to enforce the provisions of section twenty-two to thirty-five, inclusive, and to act upon all applications and in all proceedings thereunder.


FOREIGN BANKS.
Certain Foreign Banking Associations not to do Business without Permission, etc.
Section 37. No foreign banking association or corporation shall transact business in this commonwealth until it has received a certificate from the board of bank incorporation, authorizing it to do. The said board may grant such certificate conditioned upon the performance of such requirements as to auditing as said board may prescribe. Any foreign banking association or corporation transacting business in this commonwealth shall be subject to the supervision of the commissioner, and shall annually, within thirty days after the last business day of October, and at other times during each year on any past day to be specified by the commissioner, make to him in such form as may be prescribed by him a return, signed and sworn to by the treasurer, or the corresponding officer, of the corporation, showing accurately the condition thereof at the close of business on said day. The president and a majority of the directors shall certify on oath that the report is correct according to their best knowledge and belief.


Annual Examination.
Section 38. The commissioner shall annually at least, and as much oftener as he deems expedient, examine, either personally or by a competent examiner appointed by him, every such association or corporation and thoroughly inspect and examine its affairs to ascertain its financial condition and whether it has complied with the law. The proper charges incurred by reason of any such examination shall be paid by the association or corporation examined.

1906, 347, § 2.

Commissioner to have Access to Vaults and may summon Witnesses, etc.
Section 39. For the purposes aforesaid, the commissioner or the person making the examination shall have free access to the vaults, books and papers of any such association or corporation, and may summon the directors, officers or agents thereof, and such other witnesses as he deems necessary, for examination relative to the affairs, transactions and condition of such association or corporation, and for that purpose is empowered to administer oaths.

1902, 463. 1906, 347, § 3.

Proceedings for enjoining Insolvent Corporation from doing Business, etc.
Section 40. If, upon examination, it appears that such association or corporation is insolvent, or that its capital is impaired, or that its condition is such as to render the continuance of its business hazardous to the public or to those having funds in its custody, the commissioner shall apply, or, if such association or corporation appears to have exceeded its powers or failed to comply with any provision of law, may apply to the supreme judicial court, which shall have jurisdiction in equity on such application, to issue an injunction restraining such association or corporation, in whole or in part, from further proceeding with its business, and to make such further orders or decrees as justice and equity may require. The court may appoint one or more receivers to take possession of its property and effects, subject to such directions as may from time to time be prescribed by the court.

Section 41. Every foreign banking association or corporation which was on June tenth nineteen hundred and six, transacting business in this commonwealth and which receives any deposits or transacts any business in the manner of a savings bank, or in such a manner as might lead the public to believe that its business is that of a savings bank, shall have a savings department in which all business transacted in such manner in this commonwealth shall be done. All money received in said manner shall be a special deposit and shall be placed in said savings department, and all loans or investments thereof shall be made in accordance with the laws governing the investment of deposits in savings banks.

1907, 333, § 1.

Funds, etc., to be kept separate.

Section 42. Such funds and the investments or loans thereof shall be appropriated solely to the security and payment of such deposits, and shall not be mingled with the investments of the capital stock or other money or property belonging to such association or corporation or be liable for the debts or obligations thereof. The accounts and transactions of said savings department shall be kept separate and distinct from the general business of the association or corporation.

1907, 333, § 2.

Income.

Section 43. All income received from the investment of funds in said savings department, over and above the sums paid to depositors in that department as interest or dividends, shall accrue as profits to the association or corporation and may be transferred to its general funds.

1907, 333, § 3.

Number of Offices in Commonwealth limited.

Section 44. No such association or corporation described in section forty-one shall have more than two offices or places of business in the commonwealth.

1907, 333, § 5.

Application of Sections.

Section 45. Sections forty-one to forty-four, inclusive, shall not apply to any deposit received by any such association or corporation in exchange for which deposit, or in exchange for the obligation of a depositor secured by such deposit, there shall be issued, either at the time of receiving the deposit, or thereafter, orders for merchandise for the full amount or any part thereof, and nothing contained in said sections shall be construed to apply to national banks.

1907, 333, §§ 4, 6.

Authorizing certain Foreign Banking Associations and Corporations to act as Fiduciaries.

Section 45A. The board of bank incorporation may, subject to such conditions as the commissioner may prescribe, grant to a banking association or corporation whose principal office is in another state, a certificate authorizing it to act in a fiduciary capacity under the provisions, so far as applicable, of sections fifty-two to fifty-nine, inclusive, of chapter one hundred and seventy-two; provided, that said association or corporation is authorized so to act by the laws of the state where its principal office is located; and provided further, that the laws of such state grant a similar privilege or privileges to like associations or corporations having their principal office in this commonwealth. Any such banking association or corporation holding a certificate as aforesaid and appointed a fiduciary shall be subject to the provisions of general law with respect to the appointment of agents by foreign fiduciaries and to the same taxes, obligations and penalties, with respect to its activities as such fiduciary and the property held by it in its fiduciary capacity, as like associations or corporations having their principal office in this commonwealth, and no such certificate shall be issued to any such banking association or corporation until it has filed with the said board of bank incorporation an agree-
ment in writing in which it binds itself to perform said obligations and pay any such taxes and penalties as aforesaid as may be levied or imposed upon it in this commonwealth. Such a corporation or association, to the extent only that it acts as fiduciary as hereinafter authorized, shall not be deemed to transact business in the commonwealth for the purposes of sections thirty-seven to forty-five, inclusive.

1928, 128, § 1. 1929, 243.

RESPONSIBILITY OF OFFICERS AND EMPLOYEES.

Fixing Responsibility.

Section 46. In addition to the duties imposed by law upon the treasurer of a bank, or the officer or employee thereof charged with the duties and functions usually performed by the treasurer, he shall also be responsible for the performance of all acts and duties required of such corporation by the provisions of chapters one hundred and sixty-seven to one hundred and seventy-two, inclusive, except in so far as such performance has been expressly imposed on some other officer or employee of such bank by its regulations or by-laws or by provision of law.

1922, 312.

Additional Penalties.

Section 47. Any officer, director, trustee, agent or employee of any bank, who knowingly and wilfully does any act forbidden to him or to such bank by any provision of chapters one hundred and sixty-seven to one hundred and seventy-two, inclusive, or who knowingly and wilfully aids or abets the doing of any act so forbidden to such bank or to any other officer, director, trustee, agent or employee thereof, or who knowingly and wilfully fails to do any act required of him by any such provision, or who knowingly and wilfully fails to do any act which is required of such bank by any such provision the performance of which is imposed on him by the by-laws or regulations of the bank or by law or the responsibility for the non-performance of which is placed upon him by the preceding section, shall, if no other penalty against him in his aforesaid capacity is specifically provided, be punished by a fine of not more than one thousand dollars or by imprisonment for not more than one year, or both.

1922, 312.
STATUTES
RELATING TO
SAVINGS BANKS

General Laws, Chapter 168.

SECTION 1. The following words when used in this chapter, unless the context otherwise requires, shall have the following meanings:

"Commissioner", the commissioner of banks.
"Such corporation" or "such bank", a savings bank and an institution for savings, incorporated as such in the commonwealth.

SECTION 2. Savings banks incorporated or doing business in the commonwealth shall be subject to this chapter so far as is consistent with the provisions of their respective charters; and any such corporation may, by vote at its annual meeting or at a meeting called for the purpose, accept any provision of this chapter which is inconsistent with its charter.

1834, 190, § 1. 1935, 114, § 135.
R. S. 36, § 11. 1876, 203, § 1.

GENERAL PROVISIONS.

Definitions.

Application of Chapter.
May borrow Money.

SECTION 3. If necessary to pay its depositors, such corporation may, by vote of its board of investment, borrow money, and may pledge, as security therefor, its bonds, notes or other securities. A copy of the vote of the board of investment shall be sent forthwith to the commissioner.

1908, 590, § 67.

May not occupy Same Office with Other Bank.

SECTION 4. No savings bank shall occupy the same office or suite of offices with a national bank, trust company or other bank of discount, nor any office directly connected by means of doors or other openings in partitions with the office or suite of offices used or occupied by any such national bank, trust company or other bank of discount. Any such corporation violating this section shall be punished by a fine of not more than five hundred dollars.


Officers may not be Officers of Other Banks. Penalty.

SECTION 5. No president, vice-president or treasurer of such corporation shall hold the office or perform the duties of president, vice president, treasurer or cashier of a national bank or trust company or any other bank of discount. Whoever violates the provisions of this section shall be punished by a fine of not more than five hundred dollars.

1902, 169, § 4. 1908, 590, §§ 20, 69.

General Court may examine.

SECTION 6. Savings banks and their officers shall be subject to examination by a committee of the general court appointed for the purpose, who may examine their affairs and shall have free access to their books and vaults. An officer of any such corporation, or other person having charge of its books and property, who refuses or neglects to exhibit the same to such committee or obstructs its examination thereof, shall be punished by a fine of not more than ten thousand dollars or by imprisonment for not more than three years.


INeorporation.

Agreement of Association.

SECTION 7. Twenty or more persons who associate themselves by an agreement in writing for the purpose of forming a savings bank, may, upon compliance with this and the three following sections, become a corporation with all the powers and privileges and subject to all the duties, restrictions and liabilities set forth in all general laws now or hereafter in force relating to such corporations. Said agreement shall set forth that the subscribers thereto associate themselves with the intention of forming a corporation to transact business within the commonwealth, and shall specify:

First. The name by which the corporation shall be known.
Second. The purpose for which it is to be formed.
Third. The city or town and district thereof where its business is to be transacted.
Each associate shall subscribe to the articles his name, occupation, residence and post office address.

1908, 590, § 22.

Publication of Notice, and Public Hearing.

SECTION 8. The subscribers to such agreement shall give notice to the board of bank incorporation of their intention to form such savings bank, and shall apply to said board for a certificate that public convenience and advantage will be promoted by the establishment thereof, which certificate said board may grant. Upon receipt of such application, said board shall furnish the subscribers a form of notice
specifying the names, occupation and addresses of the proposed incorporators and
the name and location of the proposed savings bank, and assigning a date and place
for a public hearing on the application. The subscribers shall publish such notice
at least once in each of three successive weeks, in one or more newspapers design-
nated by said board, and published in or nearest to the city or town where it is
desired to establish the savings bank. If said board refuses to issue such certificate,
no further proceedings shall be had, but the application may be renewed after one
year from the date of such refusal, in which case notice of a public hearing thereon
shall be published as herein provided.

1908, 500, § 23.

First Meeting of Subscribers.

Section 9. The first meeting of the subscribers to the agreement of association
shall be called by a notice signed either by the subscriber to the agreement who is
designated therein for the purpose, or by a majority of the subscribers; and such
notice shall state the time, place and purposes of the meeting. A copy of the no-
tice shall, seven days at least before the day appointed for the meeting, be given to
each subscriber or left at his residence or usual place of business, or deposited in
the post office, postage prepaid, and addressed to him at his residence or usual place
of business, and another copy thereof and an affidavit by one of the signers that the
notice has been duly served shall be recorded with the records of the corporation.
If all the incorporators shall in writing, endorsed upon the agreement of association,
waive such notice and fix the time and place of the meeting, no notice shall be
required. The subscribers to the agreement of association shall hold the franchise
until the organization has been completed. At such first meeting, or at any ad-
journment thereof, the incorporators shall organize by the choice by ballot of a
temporary clerk, by the adoption of by-laws and by the election, in such manner
as the by-laws may provide, of trustees, a president, a clerk, and such other officers
as the by-laws may prescribe. All the officers so elected shall be sworn to the faith-
ful performance of their duties. The temporary clerk shall make and attest a
record of the proceedings until the clerk has been chosen and sworn, including a
record of the choice and qualification of the clerk.

1908, 500, § 24.

Issue of Certificate of Incorporation.

Section 10. The president, and a majority of the trustees elected at such first
meeting, shall make, sign and make oath to, articles in duplicate, setting forth
(a) A true copy of the agreement of association, the names of the subscribers
thereto, and the name, residence and post office address of each of the officers
of the company.
(b) The date of the first meeting and the successive adjournments thereof, if any.
One of such certificates shall be submitted to said board of bank incorporation,
and the other, together with the records of the proposed corporation, to the com-
misssioner of corporations and taxation, who shall examine the same, and who may
require such amendment thereof or such additional information as he may consider
necessary. If he finds that the articles conform to the three preceding sections,
relative to the organization of the corporation, and that section eight has been com-
plied with, he shall so certify and endorse his approval thereon. Thereupon the
articles shall be filed in the office of the state secretary, who upon payment of a fee
of five dollars, shall cause the same, with the endorsement thereon, to be recorded,
and shall thereupon issue a certificate of incorporation in the following form:

Commonwealth of Massachusetts

Be it known that whereas (the names of the subscribers to the agreement of association) have asso-
ciated themselves with the intention of forming a corporation under the name of (the name of the corpo-
racion), for the purpose (the purpose declared in the agreement of association) and have complied with
the provisions of the statutes of this commonwealth in such case made and provided, as appears from
the articles of organization of said corporation, duly approved by the commissioner of corporations and
taxation and recorded in this office; now, therefore, I (name of the secretary), secretary of the common-
wealth of Massachusetts, do hereby certify that said (the names of the subscribers to the agreement of
association), their associates and successors, are legally organized and established as, and are hereby
made, an existing corporation under the name of (name of the corporation), with the powers, rights and
privileges, and subject to the limitations, duties and restrictions, which by law pertain thereto.
Witness my official signature hereunto subscribed, and the Great Seal of the Commonwealth of Mass-
achusetts hereunto affixed, this (the date of the filing of the articles of organization),
day of in the year
The secretary shall sign the certificate of incorporation and cause the great seal of the commonwealth to be thereto affixed, and such certificate shall have the force and effect of a special charter. The existence of every such corporation not created by special law shall begin upon the filing of the articles of organization in the office of the state secretary. The secretary shall also cause a record of the certificate of incorporation to be made, and such certificate or such record, or a certified copy thereof, shall be conclusive evidence of the existence of the corporation.

1908, 390, § 23. 1899, 491, § 5. 1919, 350, § 3.

MANAGEMENT.

Meetings.

Section 11. The annual meeting of such corporation shall be held at such time as the by-laws direct. Special meetings may be held by order of its trustees; and its clerk shall give notice of special meetings upon written request of ten members of the corporation. Notice of all meetings shall be given by advertisement in a newspaper published in the county where the corporation is located, and by mailing to each incorporator at least seven days before such meeting a written or printed notice thereof. The names of those present at meetings shall be entered in the records of the corporation.


Members.

Section 12. Such corporation may, at a legal meeting, elect by ballot any citizen of the commonwealth to be a member thereof; and any person may, at an annual meeting, cease to be a member, if, at least three days before such meeting, he has filed with the clerk a written notice of his intention so to do. If a member fails to attend two consecutive annual meetings, his membership may, by vote of the corporation at its next annual meeting, be declared forfeited. Such action and vote recorded shall be evidence of forfeiture of membership. No person shall continue to be a member after removing from the commonwealth.


Officers.

Section 13. The officers of such corporation shall be a president, one or more vice presidents, a board of investment of not less than three, a board of not less than eleven trustees from which the officers hereinafter mentioned shall be chosen, a treasurer, a clerk and such other officers as it may find necessary for the management of its affairs. All officers shall be sworn, and shall hold their several offices until others are elected and qualified in their stead; and a record of every such qualification shall be filed and preserved by the clerk of the corporation. The trustees shall be elected from the incorporators, and no person shall hold an office in two such corporations at the same time. Only one of the persons holding the offices of president, treasurer or clerk shall at the same time be a member of the board of investment. The treasurer, vice treasurer or assistant treasurer shall not be clerk either of the corporation or of the trustees. Not more than three fifths of the members of any such corporation shall be officers thereof at any one time.


Election of Officers.

Section 14. The officers of such corporation, except the board of investment, treasurer, vice treasurer and assistant treasurer, shall be elected at its annual meeting, anything in its charter to the contrary notwithstanding. The board of investment, treasurer, vice treasurer and assistant treasurer shall be elected by the trustees and shall hold office during their pleasure. If any office becomes
vacant during the year, the trustees may, except as otherwise provided, elect a person to fill it until the next annual meeting; and if a person elected does not, within thirty days thereafter, take the oath, his office shall thereupon become vacant. The clerk of the corporation shall, within ten days after the meeting notifying all persons elected to office: and within thirty days thereafter shall publish in a newspaper published in the county where the corporation is established a list of all persons who have taken the oath of office to which they were elected and a list of the members of the corporation. Said lists shall be included in the annual report of the corporation to the commissioner, and shall be kept on file in his office for inspection by the public. A clerk who neglects to give such notice or make such publication, or who makes a false publication, and a person who knowingly publishes or circulates, or knowingly causes to be published or circulated, a printed notice containing the name of a person as an officer of such corporation who has not taken the oath of office, shall be liable to a penalty of fifty dollars. The clerk shall transmit to the commissioner a copy of all by-laws adopted and all amendments thereof. Upon the election as trustee of any such bank of a person who has not been theretofore a trustee thereof, the clerk shall send forthwith to the commissioner the name and address of such person, and the commissioner shall thereupon transmit to such person a copy of the laws relating to savings banks.


Election of Trustees in Groups.

Section 14A. The trustees provided for by the by-laws of any such corporation shall be divided into three groups, as nearly equal in number as possible, and at the first annual meeting of such corporation after its incorporation, one of such groups shall be elected for one year, one for two years and one for three years, and thereafter at each annual meeting of such corporation, successors of the retiring group shall be elected for three years. A vacancy may be filled by election by the trustees for the unexpired term.

1922, 258, § 2.

Meetings of Trustees.

Section 15. A regular meeting of the board of trustees of such corporation shall be held at least once in three months, for the purpose of receiving the report of its treasurer and for the transaction of other business. Special meetings may be called by the president, and the clerk shall give notice of special meetings upon written request of three trustees. A quorum shall consist of not less than seven trustees, but less than a quorum may adjourn from time to time or until the next regular meeting. At each regular meeting the trustees shall cause to be prepared a statement showing the condition of the corporation as it appears upon its books, in the form of a trial balance of its accounts. Such statement shall be entered in a book which shall form a part of the records of the bank and a copy of such statement shall be posted in a conspicuous place in its banking room, where it may easily be read by the public, and shall there remain until the next regular meeting of said board. At each regular meeting of the trustees the board of investment shall submit a detailed written statement of all loans made by the corporation, all changes in the property or security pledged or the rate of interest charged therefor, all purchases or sales of bonds, stocks and notes, all payments by the bank of taxes or insurance on mortgaged property since the last regular meeting of the trustees, and all loans on which interest is more than three months overdue. This statement, or such part thereof as the meeting may determine, shall be read to the trustees present and then shall be filed and preserved with the records of the bank. A record shall be made at each meeting of the transactions of the trustees and of the names of those present. The trustees shall cause to be published semi-annually in a newspaper published in the county where the corporation is located the names of the president, treasurer, members of the board of investment and other officers of the corporation, charged with the duty of investing its funds. The first publi-
cation thereof shall be within thirty days after the election of said officers, and the second publication at the expiration of six months therefrom.


Meetings of the Board of Investment.

SECTION 16. Meetings of the board of investment of any corporation shall be held at least once in each month. The board shall approve all loans made by the corporation, and all changes in the property or security pledged or the rates of interest charged thereon, and all purchases or sales of bonds, stocks and notes, and shall perform such other duties as the by-laws may prescribe. A record shall be made at each meeting of the transactions of the board and the names of those present. The members of said board may approve changes of collateral on loans made under subdivision (c) of clause ninth of section fifty-four either by a vote of said board or by signing a statement setting forth all such changes.

1908, 590, § 31.

Auditing Committee.

SECTION 17. At the first meeting after their election, the trustees shall appoint an auditing committee of not less than three trustees, of which committee neither the treasurer nor more than one member of the board of investment shall be members, who shall at least once during the twelve months following their appointment, and oftener if required by the commissioner, cause to be made at such time as the commissioner may determine, in such form and manner as the commissioner shall prescribe, a thorough examination and audit of the books, securities, cash, assets, liabilities, income and expenditures of the corporation, including an accurate trial balance of the depositors’ ledger, for the period elapsed since the preceding examination and audit, or for such other period as the commissioner may prescribe. The said accountant shall personally direct and supervise the making of said examination and audit, except that, with the consent of the commissioner, he may verify a trial balance of the depositors’ ledger made by the bank within six months, and, with the consent of the commissioner, such assistance as shall be necessary may be furnished by the bank. The accountant shall report to the auditing committee the result of his examination and audit, and at the next meeting of the trustees thereafter the committee shall render a report, which shall be read, stating in detail the nature, extent and result of the examination and audit, and their report and the accountant’s report shall be filed and preserved with the records of the corporation. The committee shall file with the commissioner a copy of the report of the accountant within ten days after its completion. The certified public accountant and the auditing committee shall certify and make oath that the reports made by them under this section are correct according to their best knowledge and belief. If the committee fails to cause to be made an examination and audit, including an accurate trial balance of the depositors’ ledger as herein provided, the commissioner shall cause them to be made by a certified public accountant in such form and manner as he may prescribe, and the expense thereof shall be paid by the bank.

1908, 590, § 32. 1910, 622, § 6.

Audit by Commissioner of Banks.

SECTION 18. The commissioner may, when so requested by the auditing committee of any such bank, make a thorough examination and audit of the books, securities, cash, assets, liabilities, income and expenditures of such bank, including an accurate trial balance of the depositors’ ledgers, for the period elapsed since the preceding examination and audit, or for such other period as the commissioner may prescribe, or he may verify a trial balance of the depositors’ ledgers made by the bank within six months, and may avail himself of such assistance from the officers and employees as he may deem proper. The expense of the audit only shall be borne by the bank, and such examination and audit shall be in place of the one required to be made by a certified public accountant as provided by the preceding section.

1912, 629, § 1.
Section 19. The person in charge of the examination shall render to the commissioner a report of his findings, in such form as the commissioner may prescribe, and a copy thereof shall be rendered to the auditing committee within ten days after the original has been submitted to the commissioner, together with a notice of the amount of the fee to be paid, which shall be due and payable within thirty days after the date of notice. Upon failure of any such corporation to pay the required fee within the time prescribed herein, the commissioner shall report the facts to the attorney general, who shall immediately bring an action for the recovery of the fee.

1912, 629, § 2.

Additional Assistance for Audit.

Section 20. The commissioner, in order to carry into effect the two preceding sections may employ such additional assistance, subject to the approval of the governor and council, as he deems necessary.

1912, 629, § 3.

Money received to be paid to Commonwealth.

Section 21. All moneys collected and received by the commissioner under section nineteen shall be paid to the commonwealth.

1912, 629, § 4.

Compensation of Committees.

Section 22. The board of trustees shall authorize the compensation, if any, to be paid to committees of said board. At each regular meeting of the board the treasurer shall report in detail all amounts paid by the corporation since the last regular meeting for services, fees or otherwise, to a member of the board of trustees or to any attorney of the corporation.


Office of Trustee, when vacated.

Section 23. If a trustee fails both to attend the regular meetings of the board and to perform any of the duties devolving upon him as such trustee for six consecutive months, his office may be declared by the board at the next regular meeting to be vacant. A record of such vacancy shall be entered upon the books of the corporation, and a transcript of such record shall be sent by mail to the person whose office is thus made vacant. The office of any trustee who takes the benefit of any law of bankruptcy or insolvency, or of the oath for the relief of poor debtors, shall thereby be vacated. The commissioner may recommend the removal of any trustee, officer or employee who in his opinion has abused his trust, or has been negligent in the performance of his duties, and upon such recommendation the trustees may remove or discharge such trustee, officer or employee. The trustees shall act upon such recommendation within thirty days after receiving the same.


Treasurer to give Bond.

Section 24. Every treasurer, vice treasurer and assistant treasurer shall give bond to the trustees in such amount and with such surety or sureties and conditions as the commissioner may prescribe, and shall file with the commissioner an attested copy thereof, with a certificate of its custodian that the original is in his possession. Such bonded officer shall notify the commissioner of any change thereafter made therein. If he fails, within ten days after the date thereof, to file such copy, or to notify the commissioner of any such change, he shall be liable to a penalty of fifty dollars. The commissioner shall keep a record of such bonds and the changes so notified, and, when in his judgment it is necessary for the security of the depositors, he shall require a new bond in such amount and with such surety or sureties and conditions as he may approve. The trustees may
require bonds of such other officers or employees and in such amounts as they deem necessary. The treasurer, vice treasurer and assistant treasurer, and any other officers and employees required to give bond, may be included in one or more blanket or schedule bonds; provided, that such bonds are approved by the commissioner as to the amounts and conditions thereof and as to the sureties thereon.


Section 25. Such corporation shall carry on its usual business at its banking house only, and a deposit shall not be received or payment on account of deposits be made by the corporation or by a person on its account in any other place than at its banking house, which shall be in the town where the corporation is established; except that the corporation may, with the written permission of and under regulations approved by the commissioner, maintain and establish one or more branch offices or deposits in the town where its banking house is located, or in towns not more than fifteen miles distant therefrom where there is no savings bank at the time when such permission is given; but, in order to encourage saving among school children, the corporation may, with the written consent of and under regulations approved by the commissioner and, in the case of public schools, by the commissioner and the school committee in the town where the school is situated, arrange for the collection of savings from the school children by the principal or teachers of such schools or by collectors. All money so collected shall be entered on an individual deposit card furnished by the corporation, but the total collections received by the corporation from any one principal or teacher may be entered in the name of such principal or teacher as trustee. When the amount deposited by any one pupil and credited on the deposit card equals the minimum amount upon which interest is allowed the corporation shall issue a pass book to such pupil and thereafter, when the amount deposited by the pupil and credited on the deposit card equals the sum of one dollar, it shall be transferred to the deposit book by the corporation. The principal, teacher or person authorized by the corporation to make collections from school children shall be deemed to be the agent of the corporation and the corporation shall be liable to the pupil for all deposits made with such principal, teacher or other person and entered upon the deposit card, the same as if the deposit were made by the pupil directly with the corporation. The annual meeting, and meetings of the trustees or board of investment of such corporation, may be held at any place in the town where its banking house is located.


Annual Report to Commissioner.

Section 26. The treasurer of such corporation shall, annually within twenty days after the last business day of October, make a report to the commissioner in such form as he may prescribe, showing accurately the condition of such corporation at close of business on that day, specifying the following particulars; name of corporation and names of incorporators and officers; place where located; amount of deposits; amount of each item of other liabilities; public funds, including all United States, state, county, city, town and district bonds; railroad bonds, street railway bonds, telephone bonds, and stock in banks and trust companies, stating each particular kind, and the par value, estimated market value and amount invested in each; loans to counties, cities, towns or districts; loans on mortgages of real estate; loans on personal security, stating amount of each class separately; estimated value of real estate, and amount invested therein; cash on deposit in banks and trust companies, with the names of such banks and trust companies and the amount deposited in each; cash on hand; the whole amount of interest or profits received, and the rate and amount of each semi-annual and extra dividend for the previous year; the times for the dividends fixed by the by-laws; the rates of interest received on loans; the total amount of loans bearing each specified rate of interest; the number of outstanding loans of an amount not exceeding three thousand dollars each, and the aggregate amount of the same; the number of open
accounts: the number and amount of deposits received; the number and amount of withdrawals; the number of accounts opened and the number of accounts closed, severally, during the previous year; and the annual expenses of the corporation, together with such other information as the commissioner may require. The president, treasurer and auditing committee shall certify on oath that such reports are correct according to their best knowledge and belief.

1854, 190, § 11. 1866, 192, § 10. 1876, 203, § 23. 1894, 317, § 42.
R. S. 36, § 82. 1867, 204, § 1. 1877, 159. 1894, 317, § 47.
1846, 86, § 1. 1874, 84. 1892, 169, § 2.
G. S. 57, § 18. 1875, Res. 68. 1898, 590, §§ 37, 69.
1852, 120, 224, §§ 8, 9.

Return of Unclaimed Deposits.

Section 27. The treasurer of such corporation shall, within twenty days after the last business day of October in the year nineteen hundred and twenty-two and in every fifth year thereafter, return to the commissioner a sworn statement of the name, the amounts standing to his credit, the last known residence or post office address, and the fact of death. If known to him, of each depositor who shall not have made a deposit therein or withdrawn therefrom any part of his deposit, or any part of the interest thereon, during the twenty years last preceding such last business day of October; he shall also give notice of such deposits in one or more newspapers published in or nearest to the town where such corporation is located, and in one or more newspapers published in or nearest to the town where the depositor was last known to reside, at least once in each of three successive weeks; but this section shall not apply to a deposit made by or in the name of a person known to an officer of the corporation to be living, to a deposit the period of which has during such period been brought into the bank to be verified or to have interest added, or to a deposit which, with the accumulations thereon, shall be less than twenty-five dollars. The treasurer of a savings bank who neglects or refuses to make the sworn return required by this section shall be punished by a fine of one hundred dollars. The commissioner shall incorporate in his annual report, or in a supplementary report, each return made to him as provided in this section.


Books of Deposit to be Verified.

Section 28. During one or more of the first ten months of the year nineteen hundred and twenty-two and of each third year thereafter such corporations shall call in the books of deposit of their depositors for verification, under rules to be prescribed by their respective boards of investment, duly approved by the commissioner.

1888, 40. 1896, 193. 1908, 590, §§ 45, 60.

No Officer, etc., to borrow Funds of Corporation or become Surety.

Section 29. No president, treasurer, member of a board of investment, or officer of such corporation charged with the duty of investing its funds, shall borrow or use any portion thereof, be surety for loans to others or, directly or indirectly, whether acting individually or as trustee holding property in trust for another person, be an obligor for money borrowed of the corporation; and if such member or officer, either individually or as trustee holding property in trust for another person, becomes the owner of real estate upon which a mortgage is held by the corporation, his office shall become vacant at the expiration of sixty days thereafter unless he has ceased to be the owner of the real estate or has caused said mortgage to be discharged or assigned. This section shall not apply to loans held by such corporation on June eighth, nineteen hundred and eight, or to renewals thereof, or to the deposit of money, as provided in section fifty-four, in banks or trust companies of which one or more trustees or officers of such corporations are directors.

1834, 190, § 9. 1846, 146. 1889, 161. 1908, 590, §§ 44, 69.
Savings Banks, etc., not to receive Brokerage, etc., on Account of a Loan.

**Section 30.** Such corporation, or a person acting in its behalf, shall not directly or indirectly negotiate, take or receive a fee, brokerage, commission, gift or other consideration for or on account of a loan made by or on behalf of such corporation, other than appears on the face of the note by which such loan purports to be made; but this section shall not prohibit a reasonable charge for services in the examination of real estate or titles, and the preparation of conveyances to such corporation as security for its loans. Whoever violates any provision of this section shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than one year, or both.

DEPOSITS.

**Amount of Deposits limited.**

**Section 31.** Such corporation may receive on deposit from any person not more than four thousand dollars; and may allow interest upon such deposits, and upon the interest accumulated thereon, until the principal, with the accrued interest, amounts to eight thousand dollars; and thereafter upon no greater amount than eight thousand dollars; but this section shall not apply to deposits by a religious or charitable corporation or labor union, or credit union, or fraternal benefit society, or in the name of a judge of probate, or by order of any court or on account of a sinking fund of a town in the commonwealth or of any trust fund held by a town for public uses, or of the funds of any state, county or municipal retirement or pension system or association.

**Section 31A.** Such corporation may receive deposits on joint accounts provided for in section fourteen of chapter one hundred and sixty-seven to the amount of eight thousand dollars, and may allow interest upon such deposits and upon the interest accumulated thereon until the principal with the accrued interest amounts to sixteen thousand dollars, and thereafter upon no greater amount than sixteen thousand dollars. Persons having such joint accounts may also make deposits in their individual names, but the total amount of such deposits, both joint and individual, shall not exceed eight thousand dollars, and such corporation may allow interest upon such deposits and upon the interest accumulated thereon until the principal with the accrued interest on all said accounts amounts to sixteen thousand dollars, and thereafter upon no greater amount than sixteen thousand dollars.

When Depositor is to be notified.

**Section 32.** The treasurer of such corporation, at least once in each year, shall send notice by mail to each depositor who for the six months last preceding has not been entitled to a dividend on the whole amount standing to his credit because the same exceeds the amount on which interest is allowed, specifying the amount not entitled to dividend.

Safe Deposit Vaults.

**Section 32A.** Savings banks may, with the written permission of, and under regulations approved by, the commissioner, establish and maintain safe deposit vaults and rent boxes therein. The provisions of section seventeen of chapter one hundred and fifty-eight shall apply to said banks.
Deposit of Securities issued by the United States.

Section 33. Savings banks may, with the written permission of and under regulations approved by, the commissioner, receive and hold for their depositors any securities issued by the United States.

1919, 60.

Transmission of Money.

Section 33A. Savings banks may, under regulations made by the commissioner, sell travelers' checks, and receive money for the purpose of transmitting the same, or equivalents thereof, to another state or country.

1923, 37. 1926, 162.

If Deposit is made in Trust, Name and Residence of Beneficiary to be disclosed.

Section 34. If a deposit is made with such corporation by one person in trust for another, the name and residence of the person for whom it is made shall be disclosed, and it shall be credited to the depositor as trustee for such person; and if no other notice of the existence and terms of a trust has been given in writing to the corporation, the deposit, with the interest thereon, may in case of the death of the trustee be paid to the person for whom such deposit was made, or to his legal representative; or if such deposit does not exceed fifty dollars, it may be paid to a minor or to either of the parents of such minor, and the same shall be a valid payment.


Depositors may set off Amount of his Deposit in proceedings by the Corporation.

Section 35. A person indebted to such corporation, whether his indebtedness is secured or not, may, in a proceeding for the collection thereof or for the enforcement of any security therefor, recoup or set off the amount of a deposit held and owned by him at the time of the commencement of such proceeding, and of the interest due thereon, except a deposit purchased or acquired from another after the commencement of proceedings in equity to restrain the corporation from doing its actual business, and section three of chapter two hundred and thirty-two shall not apply to such set-off; but a judgment shall not be rendered against such corporation in favor of the defendant or defendants for any balance found due from the plaintiff if the commissioner has taken possession of such corporation, as provided in section twenty-two of chapter one hundred and sixty-seven.


Interpleader.

Section 36. If, in an action against such corporation for money on deposit therewith, it appears that the same fund is claimed by another party than the plaintiff, whether by the husband or wife of the plaintiff, or otherwise, the court in which such action is pending, on the petition of the corporation and on such notice to the plaintiff and to such claimants as the court considers proper, may order the proceedings to be amended by making such claimants defendants thereto; and thereupon the rights and interests of the several parties in and to said funds shall be heard and determined. Such deposits may remain with the corporation until final judgment, and shall be paid as the court orders, or may be paid into court to await final judgment; and when so paid into court, the action shall be discontinued as to such corporation and its liability for such deposit shall cease. The taxable costs of the corporation in such actions shall be in the discretion of the court, and may be charged upon the fund.


Special Trust Fund for Parks, Shade Trees, etc.

Section 37. Such corporation may receive on deposit to any amount funds in trust for the purpose of setting out shade trees in streets and parks and improving the same, purchasing land for parks or playgrounds and improving the same,
maintaining cemeteries or cemetery lots or erecting and maintaining drinking fountains in public places. Such funds shall be placed on interest in such corporation, and the interest and dividends arising therefrom shall be paid semi-annually to such town or cemetery authorities as may be designated by the donors of said funds or by the will of the person bequeathing the same, and shall be expended by such authorities within their respective towns or cemeteries for any or all of said purposes, as may be specified by such donors or such will. No part of the principal of such funds shall be withdrawn or expended, and the same shall be exempt from attachment or levy on execution.

Probate Court may authorize Executors to deposit Such Funds.

Section 38. A judge of probate, after notice and a hearing, may authorize an executor, administrator or trustee holding money or other personal property for any of the purposes mentioned in the preceding section, to deposit such money, or the avails rising from such personal property, in any such corporation designated by the judge, to be held by it in the manner and for the uses and purposes mentioned in said section and upon the trusts upon which the executor, administrator or trustee held the same; and upon the deposit of such money and its receipt and acceptance by such corporation the executor, administrator or trustee shall be discharged from further care and responsibility therefor.

Statement of Amount of Such Funds to be made Every Third Year.

Section 39. The funds held in accordance with the two preceding sections shall be known as the “Shade Tree and Cemetery Fund”, and the treasurer of the corporation with which they are deposited shall give a receipt therefor to the depositor, and shall send by mail or deliver, in January in each third year after the first deposit to the mayor of a city or the chairman of the selectmen of a town within the limits of which the interest and dividends of such fund are to be expended, a written statement, signed by such treasurer, of the amount of funds on deposit for the purposes aforesaid, which shall be recorded in the office of the city or town clerk.

When Funds are to be transferred.

Section 40. If a corporation holding such fund surrenders its charter or ceases to do business, the supreme judicial court may order said fund to be transferred and deposited in another such corporation, upon the same trusts; and if the laws authorizing such corporations are repealed, the court may order such fund to be transferred and deposited in such banking institutions as it may find proper, to be held upon the trusts aforesaid.

Unclaimed Deposits. Deposits by Order of the Court.

Section 41. Subject to section twenty-eight of chapter two hundred and six, the probate courts of the several counties may order such deposit to be transferred and deposited in another such corporation, upon the same trusts; and if the laws authorizing such corporations are repealed, the court may order such fund to be transferred and deposited in such banking institutions as it may find proper, to be held upon the trusts aforesaid.
Unclaimed Deposits to be paid to State Treasurer.

Section 42. The probate court shall, upon the application of the attorney general and after public notice, order and decree that all amounts of money deposited with any such bank which shall have remained unclaimed for more than thirty years and which are credited to depositors who cannot be found and who have not made a deposit on account of the same and have not withdrawn any part of the principal or interest thereof, and on whose pass book the interest has not been added for a period of thirty years, and for which no claimant is known, shall, with the increase and proceeds thereof, be paid to the state treasurer to be held subject to be paid to the person establishing a lawful right thereto, in accordance with the following section, with interest at the rate of three per cent per annum from the time when it was so paid to the said treasurer to the time when it is paid by him to such person. After six years from the date when such proceeds were paid to the said treasurer the same may be used as a part of the ordinary revenue of the commonwealth. Any person may, however, establish his claim at any time after the expiration of the six years above mentioned, and any claim so established shall be paid from the ordinary revenue of the commonwealth.

1907, 340, § 1. 1908, 590, §§ 55, 60. 1916, 198. 201 Mass. 23.

How such Deposits may be reclaimed.

Section 43. Any person claiming a right to money deposited with the state treasurer under either of the two preceding sections, or section fifty of chapter one hundred and seventy-two, may establish the same by a petition to the probate court in which the decree was entered; provided, that in cases where claims amount to less than fifty dollars, the claims may be presented to the state auditor, who shall examine the same and allow and certify for payment such as may be proved to his satisfaction.

1907, 340, § 2. 1912, 70. 1908, 590, §§ 57, 60. 1913, 130. 201 Mass. 23.

When Reduction of Deposits may be ordered.

Section 44. The supreme judicial court or any justice thereof sitting in equity may, on petition of a savings bank or the trustees of a savings bank, approved by the commissioner, approve or order a reduction of the deposit account of each depositor therein, whenever the value of its assets is less than the total amount of its deposits so as to divide the loss equitably among said depositors. If thereafter the bank shall realize from said assets a greater sum than was fixed by said order of reduction, such excess shall be divided among the depositors whose accounts have been reduced, but to the extent of such reduction only.

1910, 622, § 11.

Guaranty Fund to be created and maintained.

Section 45. The trustees shall, immediately before making each semi-annual dividend, set apart as a guaranty fund from the net profits which have accumulated during the six months last preceding not less than one eighth nor more than one fourth of one per cent of the whole amount of deposits, until such fund amounts to five per cent thereof, and no additions shall be made to it when it amounts to five per cent, or more, thereof. Such fund shall thereafter be held to meet contingencies or losses in its business from depreciation of its securities, or otherwise. When such fund amounts to less than five per cent of the whole amount of deposits, no losses shall be met therefrom except upon written approval of the commissioner.


Transfers to Guaranty Fund.

Section 46. Said trustees, subject to the written approval of the commissioner, may transfer from the profit and loss account to the guaranty fund such amounts, and at such times, as they deem for the best interests of the depositors if thereby such guaranty fund is not increased beyond the limit fixed by the preceding section.

1912, 122.
Manner of Division of Income.

SECTION 47. The income of such corporation, after deducting the reasonable expenses incurred in the management thereof, the taxes paid, and the amounts set apart for the guaranty fund, shall be divided among its depositors, or their legal representatives, at times fixed by its by-laws, in the following manner: an ordinary dividend shall be declared every six months from income which has been earned, and which has been collected during the six months next preceding the date of the dividend, except that there may be appropriated from the earnings remaining undivided after declaration of the preceding semi-annual dividend an amount sufficient to declare an ordinary dividend at a rate not in excess thereof; but the total dividends declared during any twelve months shall not exceed the net income of the corporation actually collected during such period, except upon written approval of the commissioner. Dividends may be declared oftener than every six months as provided in section seventeen of chapter one hundred and sixty-seven. Dividends shall be treated as deposits, and if not withdrawn shall be considered, in computing the dividend next following, as having been on deposit for the preceding interest period. Ordinary dividends shall not exceed the rate of five per cent a year. No ordinary dividend shall be declared or paid except as above provided, nor, except as otherwise provided by section seventeen of chapter one hundred and sixty-seven, upon a deposit of less than three months' standing; but, if the by-laws so provide, ordinary dividends may be declared and paid upon deposits of one, two, four or five months' standing, computed as provided in said section. The corporation may, by its by-laws, provide that a dividend shall not be declared or paid on less than three dollars, or on the fractional part of a dollar.

Payment of Dividends to be authorized by Trustees.

SECTION 48. Immediately before a meeting of the trustees called to consider the declaration of a dividend, the auditing committee shall make or cause to be made an examination of the income, profits and expenses for the six months' period last preceding the date of the declaration of the dividend, and shall report to the trustees the estimated net earnings of said period. No dividend shall be paid unless declared and authorized by the trustees after said examination, and a copy of said report shall be filed and preserved with the records of the corporation.

When Dividend is not to be paid.

SECTION 49. If, at the time provided by the by-laws for making ordinary dividends, the net income for the interest period last preceding, over and above the amount to be set apart for the guaranty fund, does not amount to one and one half per cent of the deposits, if said period is six months, or a proportional percentage thereof, if the period is less than six months, no dividend of the profits shall be declared or paid, except such as shall be approved in writing by the commissioner.

When Extra Dividends shall be paid.

SECTION 50. Whenever the guaranty fund and undivided net profits together amount to ten and one quarter per cent of the deposits after an ordinary dividend is declared, an extra dividend of not less than one quarter of one per cent shall be declared on all amounts which have been on deposit for the six months, or not less than one eighth of one per cent on all amounts which have been on deposit for the three months, preceding the date of such dividend, and such extra dividend shall be paid on the day on which the ordinary dividend is paid; but in no case shall the payment of an extra dividend as herein provided reduce the guaranty fund and undivided profits together to less than ten per cent of the deposits.
Withdrawal of Deposits.

Section 51. The principal deposits in such corporation may be withdrawn at such time and in such manner as the by-laws direct, but the treasurer of such corporation may at any time require a depositor to give a notice not exceeding ninety days of his intention to withdraw the whole or any part of his deposit or to apply for a loan under section fifty-one A. Deposits so withdrawn shall be deducted in each case from the amounts last deposited. Whenever such corporation requires said notice from ten or more depositors on any one day, it shall be deemed to have made a general requirement and it shall file within forty-eight hours thereafter a written notice setting forth the terms of the requirement with the commissioner. Until such general requirement has been removed and notice thereof filed with the commissioner, no payment by way of withdrawal or loan shall be made to any depositor on account of his deposit other than in accordance with the general requirement as set forth in the notice filed with the commissioner, except that with the approval of the commissioner, amounts not exceeding, in the aggregate, one hundred dollars may so be paid to each depositor.

Such corporation shall not advertise for deposits in newspapers, by posters or other written solicitation, while such general requirement is in effect, unless the advertisement shall contain, in type not smaller than the largest type thereof, a statement that such deposits may not be paid out by way of withdrawal or loan for the period set forth in the notice of said requirement.

Loans on Deposit Books.

Section 51A. Such a corporation shall, on application by a depositor, make a loan to him, secured by his deposit book, to an amount not exceeding ninety per cent of the amount of deposits shown therein, for a period not extending beyond the date when the next dividend of said corporation shall be payable. The said corporation may charge the depositor interest for the loan at a rate not exceeding one half of one per cent more than the next previous regular dividend declared and paid by such corporation.

The corporation shall keep posted conspicuously in its banking rooms a notice containing the substance of this section and section fifty-one in such form as the commissioner may prescribe.

Payment on Order after Death of Drawer.

Section 52. Such corporation may pay an order, drawn by a person who has funds on deposit to the same, notwithstanding the death of the drawer, if presentation is made within thirty days after the date of such order; and at any time if the corporation has not received written notice of the death of the drawer.

Payments to Minors.

Section 53. Money deposited in the name of a minor may, at the discretion of the board of investment, or of the treasurer if authorized by said board, be paid to such minor or to the person making such deposit; and the same shall be a valid payment.

Investments.

Investments authorized.

Section 54. Deposits and the income derived therefrom shall be invested only as follows:

1834, 190, § 10.
R. S. 36, § 81.
G. S. 57, § 147.
1876, 203, § 18.
P. S. 116, § 29.
1894, 317, § 30.
1908, 500, §§ 64, 69.
1921, 292, § 1.
1922, 468, § 1.
127 Mass. 183.
141 Mass. 33.
1922, 468, § 1.
185, 210, § 2.
1924, 317, § 31.
1894, 317, § 30.
1908, 500, §§ 65, 69.
211 Mass. 532.
1894, 317, § 30.
R. L. 113, § 35.
1908, 500, §§ 66, 69.
192 Mass. 49.
155, 301.
G. S. 37, § 154.
1876, 203, § 18.
P. S. 116, § 29.
1894, 317, § 30.
R. L. 113, § 35.
1908, 500, §§ 66, 69.
134 Mass. 177.
First. In first mortgages of real estate located in the commonwealth not exceeding sixty per cent of the value of such real estate; but not more than seventy per cent of the whole amount of deposits shall be so invested. If a loan is made on unimproved and unproductive real estate, the amount loaned thereon shall not exceed forty per cent of the value of such real estate. No loan on mortgage shall be made except upon written application showing the date, name of applicant, amount asked for and security offered, nor except upon the report of not less than two members of the board of investment who shall certify on said application, according to their best judgment, the value of the premises to be mortgaged; and such application shall be filed and preserved with the records of the corporation.

At the expiration of every such loan made for a period of five or more years not less than two members of the board of investment shall certify in writing, according to their best judgment, the value of the premises mortgaged; and the premises shall be revalued in the same manner at intervals of not more than five years so long as they are mortgaged to such corporation. Such report shall be filed and preserved with the records of the corporation. If such loan is made on demand or for a shorter period than five years, a revaluation in the manner above prescribed shall be made of the premises mortgaged not later than five years after the date of such loan and at least every fifth year thereafter. If at the time a revaluation is made the amount loaned is in excess of sixty per cent, or in the case of unimproved and unproductive real estate in excess of forty per cent, of the value of the premises mortgaged, a sufficient reduction in the amount of the loan shall be required, as promptly as may be practicable, to bring the loan within sixty per cent, or in the case of unimproved and unproductive real estate, within forty per cent, of the value of said premises.

Whenever the commissioner deems an excessive loan has been made, or is about to be made upon real estate, he may cause an appraisal of said real estate to be made at the expense of the bank making the loan. One appraiser shall be named by the commissioner, one by the bank making the loan, and a third by the two thus named. Said appraisers shall determine the value of said real estate and certify the same in writing to the commissioner and to the bank. If it shall appear from said appraisal that said loan is in excess of the amount allowed by this clause, the commissioner may make such order in relation thereto as he deems advisable.

Second. (a) In the public funds of the United States or of this commonwealth, or in the legally authorized bonds of any other state of the United States, but not including a territory, which has not within the twenty years prior to the making of such investment defaulted in the payment of any part of either principal or interest of any legal debt.

(b) In the bonds or notes of a county, city or town of this commonwealth.

(c) In the bonds or notes of an incorporated district in this commonwealth whose net indebtedness does not exceed five per cent of the last preceding valuation of the property therein for the assessment of taxes.

(d) In the bonds or notes of any city of Maine, New Hampshire, Vermont, Rhode Island or Connecticut, whose net indebtedness does not exceed five per cent of the last preceding valuation of the property therein for the assessment of taxes.

*This act shall not be construed to invalidate any investments lawfully made prior to its effective date.
or of any county or town of said states whose net indebtedness does not exceed three per cent of such valuation; or of any incorporated water district of said states which has within its limits more than five thousand inhabitants, and whose bonds or notes are a direct obligation on all the taxable property of such district, and whose net indebtedness does not exceed three per cent of such valuation: provided, that there is not included within the limits of such water district, either wholly or in part, any city or town the bonds or notes of which are not a legal investment.


(c) In the legally authorized bonds for municipal purposes or in refunding bonds issued to take up at maturity bonds which have been issued for other than municipal purposes, but on which the interest has been fully paid, of any city of any state of the United States, other than a territory or dependency thereof, which was incorporated as such at least twenty-five years prior to the date of such investment, which has at such date not less than thirty thousand nor more than one hundred thousand inhabitants, as established by the last national or state census, or city census certified to by the city clerk or treasurer of said city and taken in the same manner as a national or state census, preceding such date, and whose net indebtedness does not exceed five per cent of the valuation of the taxable property therein, to be ascertained by the last preceding valuation of property therein for the assessment of taxes.

1888, 90. R. L. 113, § 26, cl. 2 (f).

(f) In the legally authorized bonds for municipal purposes or in refunding bonds issued to take up at maturity bonds which have been issued for other than municipal purposes, but on which the interest has been fully paid, of any city of any state of the United States, other than a territory or dependency thereof, which was incorporated as such at least twenty-five years prior to the date of such investment, which has at such date more than one hundred thousand inhabitants, established in the same manner as is provided in subdivision (e) of this clause, and whose net indebtedness does not exceed seven per cent of the valuation of the taxable property therein, to be ascertained as provided in said subdivision (e).


(g) In subdivisions (d), (e) and (f) of this clause the words "net indebtedness" mean the indebtedness of a county, city, town or district, omitting debts created for supplying the inhabitants with water and debts created in anticipation of taxes to be paid within one year, and deducting the amount of sinking funds available for the payment of the indebtedness included.


**Railroad Bonds. Massachusetts Railroads.**

Third. (a) In the bonds or notes, issued in accordance with the laws of this commonwealth, of a railroad corporation incorporated therein the railroad of which is located wholly or in part therein, which has paid in dividends in cash an amount equal to not less than four per cent per annum on all its outstanding issues of capital stock in each fiscal year for the five years preceding such investment, or in the first mortgage bonds of a terminal corporation incorporated in this commonwealth and whose property is located therein, which is owned and operated, or the bonds of which are guaranteed as to principal and interest, or assumed, by such railroad corporation. Any shares of the capital stock of a railroad corporation leased to such railroad corporation, which are owned by said lessee corporation, shall not be considered as outstanding within the meaning of this subdivision.


*This act shall not be construed to invalidate any investments lawfully made prior to its effective date, 1925, 209, § 4.*
New England Railroads.

(b) In the bonds or assumed bonds of a railroad corporation incorporated in any of the New England states, at least one half of the railroad of which is located in said states, whether such corporation is in possession of and is operating its own road or is leased to another railroad corporation: provided, either that such bonds shall be secured by a first mortgage of the whole or a part of the railroad and railroad property of such corporation, or by a refunding mortgage as described in paragraph (3) or (4) of subdivision (g), or that if the railroad and railroad property of such corporation are unencumbered by mortgage such bonds shall be issued under the authority of one of said states which provides by law that no such railroad corporation which has issued bonds shall subsequently execute a mortgage upon its road, equipment and franchise or upon any of its real or personal property, without including in and securing by such mortgage all bonds previously issued and all its pre-existing debts and liabilities, which provision, so enacted in such state, shall have been accepted by the stockholders of such corporation; and provided, that such corporation has paid in dividends in cash an amount equal to not less than four per cent per annum on all its outstanding issues of capital stock in each fiscal year for the five years preceding such investment.

1841, 41, P. S. 116, § 20, cl. 3.
1843, 173, § 1.
1846, 176.
1876, 205, § 9, cl. 3. 1887, 196.
1881, 214, § 1. 1889, 305.

Guaranteed Railroad Bonds.

(c) In the first mortgage bonds or assumed first mortgage bonds or in the bonds secured by a refunding mortgage as described in paragraph (3) or (4) of subdivision (g), of a railroad corporation incorporated in any of the New England states, the railroad of which is located wholly or in part therein, which have been guaranteed as to principal and interest by a railroad corporation described in subdivision (a) or (b) which is in possession of and is operating its own road.

1887, 196. 1888, 184, § 1, cl. (b).
1899, 390, § 68, cl. 3 (c). 1907, 491, § 8.

Dividends paid by Railroads.

(d) No bond shall be made a legal investment by subdivision (b) unless the corporation which issued or assumed such bond has, during its fiscal year preceding the date of such investment, paid in dividends on its capital stock an amount equal to one third of the total amount of interest paid on all its direct and assumed funded indebtedness.

No bond shall be made a legal investment by subdivision (c) unless the corporation which guaranteed such bond has, during its fiscal year preceding such investment, paid in dividends on its capital stock an amount equal to one third of the total amount of interest paid on all its direct, assumed and guaranteed funded indebtedness.

1908, 390, § 68, cl. 3 (d).
1909, 491, § 8.

Other Railroads. Description of Corporation.

(e) In the mortgage bonds, as described in any of the following subdivisions of this clause, of any railroad corporation incorporated under the laws of any of the United States:

Provided, that during each of the ten fiscal years of such railroad corporation preceding the date of such investment—

(1) Such railroad corporation owned in fee not less than five hundred miles of standard gauge railroad, exclusive of sidings, within the United States, or if such corporation owned in fee less than five hundred miles of such railroad, the gross earnings of such corporation, reckoned as hereinafter provided, shall have been not less than fifteen million dollars;

(2) Such railroad corporation shall have paid the matured principal and interest of all its mortgage indebtedness;

(3) Such railroad corporation shall have paid in dividends in cash to its stockholders an amount equal to at least four per cent upon all its outstanding capital stock;
(4) The gross earnings from the operation of the property of such railroad corporation, including therein the gross earnings of all railroads leased and operated or controlled and operated by said corporation, and the gross earnings from the sale of coal from mines owned or controlled by it, shall not have been less in amount than five times the amount necessary to pay the interest payable upon its entire outstanding indebtedness, the rentals of all leased lines, and the interest on all the outstanding indebtedness of railroads controlled and operated which are not owned by said corporation after deducting from said interest and rentals interest and dividends received from the stocks, bonds or notes of railroad corporations not operated by said corporation, which have been deposited with a trustee as the only security to secure the payment of bonds or notes issued by said corporation, but not in excess of the interest on said last named bonds or notes;

And further provided that —

(5) No bonds shall be made a legal investment by subdivision (g) in case the mortgage securing the same shall authorize a total issue of bonds which, together with all outstanding prior debts of the issuing or assuming corporation, including all bonds not issued that may legally be issued under any of its prior mortgages or of its assumed prior mortgages, after deducting therefrom, in case of a refunding mortgage, the bonds reserved under the provisions of said mortgage to retire prior lien debts at maturity, shall exceed three times the outstanding capital stock of said corporation at the date of such investment;

(6) No bonds shall be made a legal investment by subdivision (i) or (j) in case the mortgage securing the same shall authorize a total issue of bonds which, added to the total debt of the guaranteeing corporation as defined in paragraph (5), including therein the authorized amount of all previously guaranteed bond issues, shall exceed three times the capital stock of such guaranteeing corporation outstanding at the date of such investment; nor in case at said date the total debt of the corporation which issued said bonds shall exceed three times its outstanding capital stock;

In the case of a mortgage executed prior to June eighth, nineteen hundred and eight, under which the total amount of bonds which may be issued is not specifically stated, the amount of bonds outstanding thereunder at the date of such investment shall be considered, for the purposes of paragraph (5) and of this paragraph, as the total authorized issue.


Description of Bonds. Definition of First Mortgage.

(f) Whenever the term "first mortgage" is used in the following subdivisions, it shall mean unless otherwise qualified, a first mortgage on not less than seventy-five per cent of the railroad owned in fee at the date of the mortgage by the railroad corporation on the railroad of which said mortgage is a lien, but in no case on less than one hundred continuous miles of standard gauge railroad, exclusive of sidings; provided that —

Seventy-five per cent of the railroad subject to the lien of said mortgage is connected;

For five years prior to the date of investment therein all the railroad subject to the lien of said mortgage at the date of execution thereof has been operated by, and its operations included in, the operations of the railroad corporation which issues, assumes or guarantees said bonds;

The date of said mortgage is at least five years prior to the date of such investment; except that a first mortgage given in substitution for and not greater in amount than such a first mortgage, and covering the same railroad property, shall be considered to be in accordance with this requirement.

1908, 590, § 68, cl. 3 (f).

Railroad Mortgage Bonds.

(g) Bonds issued or assumed by a railroad corporation described in subdivision (c) which are secured by a mortgage which was at the date thereof or is at the date of such investment —

(1) A first mortgage on a railroad owned in fee by the corporation issuing or assuming said bonds, except that, if it is not a first mortgage on seventy-five per
cent of all such railroad owned in fee by said corporation, it shall be a first mortgage on at least seventy-five per cent of the railroad subject to the lien of said mortgage at the date thereof; but if any stocks or bonds are deposited with the trustee of said mortgage as part security therefor, representing or covering railroad mileage not owned in fee, the bonds secured by said mortgage shall not become legal investments unless said corporation owns in fee at least seventy-five per cent of the total mileage which is subject to the lien of said mortgage and which is represented or covered by said stocks or bonds;

(2) A first mortgage, or a mortgage or trust indeniture which is in effect a first mortgage upon all the railroad subject to the lien of said mortgage or trust indeniture by virtue of the irrevocable pledge with the trustee thereof of an entire issue or issues of bonds which are a first lien, upon the railroad of a railroad corporation which is owned and operated, controlled and operated or leased and operated by the corporation issuing or assuming said bonds;

1906, 500, § 68, ch. 3 (p).

(3) A refunding mortgage which covers at least seventy-five per cent of the railroad owned in fee by said corporation at the date of said mortgage and provides for the retirement of all outstanding mortgage debts which are a prior lien upon said railroad owned in fee and covered by said refunding mortgage at the date thereof; but if any of the bonds which said refunding mortgage is given to refund are secured on a railroad not owned in fee by the corporation executing said refunding mortgage, there shall be conveyed and assigned to the trustee of said refunding mortgage either —

1909, 491, § 8.

At least seventy-five per cent of the railroad on which each issue of bonds to be refunded is secured, free from any mortgage lien except that of the mortgage or mortgages securing the bonds to be refunded; or

At least seventy-five per cent of the outstanding bonds of each issue which is secured by a mortgage lien upon such railroad; and all of said railroad not owned in fee which is so subjected to the lien of said refunding mortgage shall be the railroad of one or more railroad corporations which are owned and operated, controlled and operated, or leased and operated by the corporation issuing or assuming said refunding mortgage bonds;

But in no case shall the bonds secured by said refunding mortgage become a legal investment unless they mature at a later date than any bonds which said refunding mortgage is given to refund, nor unless the total mileage subjected to the lien of said refunding mortgage in accordance with the requirements of this paragraph is at least twenty-five per cent greater than the mileage covered by any one of the mortgages securing bonds which said refunding mortgage is given to refund;

(4) A mortgage upon not less than ten per cent of the railroad, exclusive of sidings, owned in fee at the date of said mortgage by the corporation issuing or assuming said bonds, but in no case on less than five hundred continuous miles of standard gauge railroad: provided that —

Said mortgage is a first or second lien upon not less than seventy-five per cent of the total railroad covered by said mortgage at the date thereof, and which provides for the retirement of all mortgage debts which are a prior lien upon said railroad owned in fee and covered by said mortgage, at the date of the execution thereof:

The bonds secured by said mortgage mature at a later date than, and cover a mileage at least twenty-five per cent greater than is covered by, any of the bonds secured by a prior lien mortgage so to be retired:

The date of said mortgage shall be at least five years prior to the date of such investment.

Bonds underlying Refunding Mortgages.

(5) Mortgage bonds or bonds secured by mortgage bonds which are a direct obligation of, or which have been assumed, or which have been guaranteed by endorsement as to both principal and interest, by a railroad corporation whose
refunding mortgage bonds are made a legal investment under paragraph (3) or 
(4) of subdivision (g): provided that —
Said bonds are prior to and are to be refunded by such refunding mortgage;
Said refunding mortgage covers all the real property upon which the mortgage 
securing said underlying bonds is a lien;
In the case of bonds so guaranteed or assumed, the corporation issuing said 
bonds is owned and operated, controlled and operated, or leased and operated, by 
said railroad corporation.
1908, 590, § 68, el. 3 (3).

Guaranteed Obligations.

(i) Bonds which have been guaranteed by endorsement as to both principal and 
interest by a railroad corporation which has complied with all the provisions of 
subdivision (e): provided that —
Said bonds are secured by a first mortgage on the railroad of a railroad 
corporation which is owned and operated, controlled and operated, or leased and operated, 
by the corporation guaranteeing said bonds;
In the case of a leased railroad, the entire capital stock of which, except shares 
qualifying directors, is not owned by the lessee, the rental includes an amount to 
be paid to the stockholders of said leased railroad equal to at least four per cent 
per annum upon that portion of the entire capital stock thereof outstanding which 
is not owned by the lessee.
1908, 590, § 68, el. 3 (i). 2 Op. A. C. 257.

Guaranteed Bonds of Railroads not operated.

(j) First mortgage bonds of a railroad corporation which during each of its ten 
fiscal years preceding the date of such investment has complied with all the 
requirements of paragraphs (2), (3) and (4) of subdivision (e), provided that said 
bonds are guaranteed by endorsement as to both principal and interest by a rail-
corporation which has complied with all the requirements of subdivision (e) 
preceding paragraph (5), notwithstanding that the railroad of said issuing corpo-
ration is not operated by said guaranteeing corporation.
1908, 590, § 68, el. 3 (j). 1909, 491, § 8.

Corporation not to lose Credit by Temporary Disturbance of Relation of Gross Earnings 
to Fixed Charges.

(k) Bonds which have been or shall become legal investments under any of the 
provisions of this section shall not be rendered illegal although the corporation 
issuing, assuming or guaranteeing such bonds shall fail for a period not exceeding 
two successive fiscal years to comply with the requirements of paragraph (4) of 
subdivision (e); but no further investment in the bonds issued, assumed or guar-
anteed by said corporation shall be made during said period. If after the expiration 
of said period said corporation complies for the following fiscal year with all the 
requirements of subdivision (e), it shall be regarded as having complied therewith 
during said period.
1908, 590, § 68, el. 3 (k).

Bonds not to become Illegal on Account of Consolidation.

(l) Bonds which have been or shall become legal investments under any of the 
provisions of this section shall not be rendered illegal, although the property upon 
which they are secured has been or shall be conveyed to or legally acquired by 
another railroad corporation, and although the corporation which issued or assumed 
said bonds has been or shall be consolidated with another railroad corporation if 
the consolidated or purchasing corporation shall assume the payment of said bonds 
and so long as it shall continue to pay regularly interest or dividends, or both, upon 
the securities issued against, in exchange for, or to acquire the stock of the corpo-
ration consolidated, or the property purchased, or upon securities subsequently 
issued in exchange or substitution therefor, to an amount at least equal to four per 
cent per annum upon the capital stock outstanding at the time of such consolidation 
or purchase of said corporation which issued or assumed said bonds.
1908, 590, § 68, el. 3 (l).
Credit of a Corporation not to be lost by Consolidation.

If a railroad corporation which has complied with all the requirements of subdivision (e) preceding paragraph (5), except that the period of compliance is less than ten, but not less than five successive years, shall be, or shall have been, thereupon consolidated or merged with, or its railroad purchased and all of the debts of such corporation assumed by, another railroad corporation incorporated under the laws of any of the United States, such corporation so succeeding shall be considered as having complied with all the provisions of subdivision (e) preceding paragraph (5) during those successive years preceding the date of such consolidation, merger or purchase in which all said consolidated, merged or purchased corporations, if considered as one continuous corporation in ownership and possession, would have so complied; provided, that said succeeding corporation shall continue so to comply for a further period which shall make such compliance equivalent to at least ten successive years, but which shall be in no case less than the two fiscal years next following said consolidation, merger or purchase.

Street Railway Corporations are not Railroad Corporations.

In this clause, unless the context otherwise requires, "railroad corporation" means a corporation which owns or is in possession of and operating a railroad or railway of the class usually operated by steam power. Street railway corporations are not railroad corporations within the meaning of this clause.

Operation of Railroads by United States.

Railroad bonds, which were legal investments for savings banks at the time when the government of the United States, under the act of congress approved March twenty-first, nineteen hundred and eighteen, took over the operations of the railroads issuing such bonds, shall not become illegal investments by reason of the operation of the railroads by the federal government. The time during which any such railroad is operated by the federal government shall be excluded, including the year in which the government operation ends, in determining the compliance of any such railroad with this clause; provided, that in case a railroad corporation the mortgage bonds of which would become legal for investment under subdivision (e) of this clause upon its compliance with the requirements of said subdivision shall have complied with the requirements of said subdivision during the two years or more preceding January first, nineteen hundred and eighteen, such railroad corporation shall be deemed to have complied with the requirements of said subdivision during the period of the government operation of its railroad, including the year in which such government operation ends, in computing the time of compliance with the requirements of said subdivision.

The time during which any railroad is operated by the government of the United States under the provisions of an act of congress approved August twenty-ninth, nineteen hundred and sixteen, of an act of congress approved March twenty-first, nineteen hundred and eighteen, or of any other act or acts of the congress of the United States, and for two years thereafter, and the earnings made and dividends paid during said time and for said two years thereafter shall not be taken into consideration in determining whether the bonds of the railroad corporation comply with any provision of this section. Any railroad corporation, which, at the time when the operation of its railroad by the government of the United States under the provisions of the said act or acts began, had complied with subdivision (e) of this clause, for one or more years next preceding the commencement of such government operation and control shall be entitled to include, in computing the period of ten years prescribed by said subdivision every year during any part of which its railroad shall have been operated by the government of the United States under the provisions of said act or acts, and the two years succeeding the termination of such operation, in determining whether such corporation has complied with said subdivision (e) each year for ten years. Except as provided in this subdivision, whenever a reference is made in said subdivision (e) to a period of ten years preceding the date of an investment in the bonds of any railroad corporation, such period shall be deemed exclusive of any time during which the property of such railroad
corporation has been operated by the government of the United States under the provisions of the said acts and of the two years succeeding the termination of such operation.

Any bonds acquired by savings banks or institutions for savings prior to May seventh, nineteen hundred and twenty or at any time hereafter, which comply with this clause may, so long as they continue to comply therewith, be retained as investments authorized by law.


**Railroad Equipment Securities.**

(p) In notes, bonds or other obligations, issued or guaranteed as to principal and interest by a railroad corporation which complies with all the requirements of subdivisions (b) and (d), or subdivision (c) preceding paragraph (p); provided, that —

(1) such securities are secured by a first lien on, or by a lease and conditional sale of, new railroad equipment of standard gauge, consisting of locomotives, passenger train cars or freight train cars, free from all other encumbrances, for the purchase of which such securities were issued at not exceeding eighty per cent of the purchase price of such equipment; (2) the instrument under which such securities are issued or the lease and conditional sale of such equipment provides for the proper maintenance and replacement thereof and for the payment of the entire issue of such securities in not exceeding fifteen equal annual or thirty equal semi-annual installments from date of issue, without the release of any part of the lien or interest in any part of the equipment securing such securities until the said entire issue of the series so secured shall have been paid or redeemed. Not more than ten per cent of the deposits of any such bank shall be invested in securities which are legal under this subdivision, nor more than two per cent of its deposits in such securities issued or guaranteed by, or secured by lease and conditional sale to, any one railroad corporation.

1920, 283.

**Street Railway Bonds.**

Fourth. In the bonds of any street railway company incorporated in this commonwealth, the railway of which is located wholly or in part therein, and which has earned and paid in dividends in cash an amount equal to at least five per cent upon all its outstanding capital stock in each of the five years last preceding the certification hereinafter provided for by the department of public utilities or its predecessors except the six months' period beginning July first and ending December thirty-first, nineteen hundred and sixteen. No such investment shall be made unless said company appears from returns made by it to the said department to have properly paid said dividends without impairment of assets or capital stock, and said department shall annually on or before June fifteenth certify and transmit to the commissioner a list of such street railway companies.

Dividends paid by way of rental to stockholders of a leased street railway company shall be deemed to have been earned and paid by said company within the meaning of this clause, provided that said company shall have annually earned, and properly paid in dividends in cash without impairment of assets or capital stock, an amount equal to at least five per cent upon all its outstanding capital stock in each of the five fiscal years preceding the date of the lease thereof.

If two or more street railway companies have been consolidated by purchase or otherwise during the five years prior to said certification, the payment severally from the earnings of each year of dividends equivalent in the aggregate to a dividend of five per cent on the aggregate capital stocks of the several companies during the years preceding such consolidation shall be sufficient for the purpose of this clause.

1908, 390, § 68, cl. 5, § 69. 1917, 122, §§ 2, 5.

Bonds which have been or shall become legal investments under this clause shall not, except as hereinafter provided, be deemed to be an illegal investment by reason of the fact that the corporation issuing such bonds shall fail or has heretofore failed for a period not exceeding two successive fiscal years to earn and pay
dividends in accordance with the requirements of this clause, but no further investment in the bonds issued by the corporation shall be made during said period. If after the expiration of said period the corporation earns and pays or has earned and paid dividends during the following fiscal year in accordance with the requirements of this clause, it shall be regarded as having complied therewith during said period: provided, that it shall not have so failed to comply during any other period within the preceding five years; and provided, that during said period of non-compliance its annual earnings shall have been at least sufficient to provide for the payment of the interest upon its outstanding indebtedness and all other fixed charges in addition to its operating expenses. The said department shall certify and transmit to the commissioner a list of any street railway companies whose bonds become legal investments by virtue of this paragraph.

1915, 273, § 1.

Telephone Company Bonds.

Fifth. In the bonds of any telephone company incorporated under the laws of, and doing business in, any state of the United States on the continent of North America.

Provided, that during each of the five fiscal years of such telephone company preceding the date of such investment —

(1) The gross income of such telephone company shall have been not less than ten million dollars per annum.

(2) Such telephone company shall have paid the matured principal and interest of all its indebtedness.

(3) Such telephone company shall have paid in dividends in cash an amount equal to not less than six per cent per annum on all its outstanding issues of capital stock.

(4) The dividends paid on the capital stock of such telephone company shall not have been less than the total amount necessary to pay the interest upon its entire outstanding indebtedness.

And further provided, that such bonds shall be secured either (a) by a first mortgage upon at least seventy-five per cent of the property of such telephone company, or (b) by the deposit with a trust company incorporated under the laws of this commonwealth of bonds and shares of stock of other telephone corporations, under an indenture of trust which limits the amount of bonds so secured to seventy-five per cent of the value of the securities deposited as stated and determined in said indenture, and provided that during each of the five years preceding such investment the annual interest and dividends paid in cash on the securities deposited have amounted to not less than fifty per cent in excess of the annual interest on the bonds outstanding and secured by said deposit. Not more than five per cent of the deposits of any such bank shall be invested in the bonds of telephone companies nor shall more than two per cent of such deposits be invested in the bonds of any one telephone company.

1900, 296, § 68, cl. 6. 1925, 208. 1928, 12.

Gas, Electric or Water Company Bonds.

Sixth. In the bonds of a gas, electric or water company secured by a first mortgage of the franchise and property of the company; provided, that the net earnings of the company, after payment of all operating expenses, taxes and interest, as reported to, and according to the requirements of, the proper authorities of the commonwealth, have been in each of the three fiscal years preceding the making of such investment equal to not less than four per cent on all its capital stock outstanding in each of said years; and, provided, that the gross earnings of the company in the fiscal year preceding the making of the investment have been not less than one hundred thousand dollars.

A list of the companies whose securities prima facie comply with the requirements of this clause shall be furnished to the commissioner annually, at such time after June sixteenth in any year as he shall designate, by the proper authorities of the commonwealth having supervision over such companies.

1919, 104, § 2. 1921, 229. 1922, 159, § 1.
Sixth A. In the bonds, maturing not later than thirty years subsequent to such investment, issued or assumed by any corporation incorporated under the laws of the United States or of any state thereof which is operating under the supervision of a public service or other similar commission of the United States or of any state thereof exercising regulatory jurisdiction therein and is engaged in the sale and distribution of electricity, or in such sale and distribution and also in some other form of public service enterprise, or in the manufacture and distribution of artificial gas, and is doing at least eighty per cent of its business within the territorial limits of the United States, provided, that—

(1) The gross operating revenue of the corporation issuing or assuming such bonds shall be not less than one million dollars for its fiscal year immediately preceding the time of making such investment, and of such revenue at least seventy-five per cent shall be derived from the sale and distribution of electricity or artificial gas, or both, and not exceeding twenty per cent from the operation of a transportation system.

(2) Such corporation shall operate under a franchise or franchises under which at least seventy-five per cent of its gross operating revenue is earned and extending at least three years beyond the maturity of any such bond, or under an indeterminate franchise or permit from, or agreement with, a public service commission or other competent public authority, which franchise, permit or agreement equally protects the security of the bondholders.

(3) The capital stock of such corporation shall be equal to at least two thirds the total funded debt thereof; provided, that, in the case of a corporation having shares without par value, the value of its property as shown by its books shall exceed by at least two thirds its total mortgage indebtedness.

(4) For the period of five years immediately preceding the time of making any investment authorized by this clause, the officially reported net earnings available for interest charges of such corporation, as shown by its annual reports or other sworn statements to the municipal, state or federal authorities shall have been equal to at least twice the interest charges for the same period on the corporation's total outstanding funded debt.

(5) Such bonds, plus the total amount of any underlying bonds, shall be outstanding in an amount not exceeding sixty per cent of the actual value of the fixed property securing such bonds, as shown by the books of the corporation.

(6) Such bonds shall be (a) a closed underlying mortgage bond secured by property owned and operated by the corporation issuing or assuming such bond; provided, that such bond is to be refunded by a junior mortgage providing for the retirement of such bond, and that such underlying mortgage may remain open solely for the purpose of issuing additional bonds to be pledged under such junior mortgage or for refunding at par prior lien bonds; or

(b) a first mortgage bond constituting the only mortgage debt of such corporation. If such mortgage is not closed, it shall by its terms prevent the issuance of additional bonds for extensions, improvements and property acquisitions, unless such additional bonds are issued either (1) for an amount not exceeding seventy-five per cent of the actual cost of such extensions, improvements and property acquisitions, when net earnings, available for interest charges, for twelve months out of the fifteen months preceding the application to the trustee under such mortgage for authentication of such additional bonds have been equal to at least one and three quarters times the interest charges for one year on the total amount of bonds outstanding under such mortgage and the proposed additional bonds, or (2) for an amount not exceeding eighty per cent of the actual cost of such extensions, improvements and property acquisitions, when net earnings, available for interest charges, for twelve months out of the fifteen months preceding the application to the trustee under such mortgage for authentication of such additional bonds have been equal to at least twice the interest charges for one year on the total amount of bonds outstanding under such mortgage and the proposed additional bonds; or

(c) a refunding mortgage bond providing for the retirement of all prior lien or divisional mortgage bonds of such corporation outstanding at the time of making the investment, such bond being secured by a lien on property owned and operated
by such corporation; provided, that any mortgage prior in lien to such refunding mortgage shall be closed unless such prior mortgage remains open solely for the purpose of issuing additional bonds to be pledged under such refunding mortgage; and provided, further, that if a mortgage junior in lien to such refunding mortgage bond exists, such refunding mortgage bond shall by its terms be refunded by such junior mortgage; and provided, further, that in case such refunding mortgage is not closed it shall by its terms prohibit the issue of additional bonds for extensions, improvements and property acquisitions by said corporations unless such additional bonds are issued in accordance with the provisions of subdivision (1) or (8) of paragraph (b) hereof, and shall further provide that the net earnings available for interest charges as therein stated shall respectively equal at least one and three quarters times or at least twice the interest charges for one year on the total amount of bonds outstanding under such mortgage, of bonds secured by equal or prior liens, and of the proposed additional bonds.

(7) In this clause, unless the context otherwise requires, "funded debt" shall be construed to mean all interest-bearing debt maturing more than one year from its date of issue, but excluding bonds of the company held simply as collateral to secure other of its outstanding obligations, and "net earnings" shall be construed to mean the amount available for interest charges after deduction has been made for all operating expenses, including current maintenance, all taxes except income taxes, and all rentals and guaranteed interest, or dividends.

(8) If, during any of the periods mentioned in this clause, such corporation has been consolidated by purchase or otherwise, the aggregate operating figures of the corporations so consolidated, exclusive of inter-company charges, shall be sufficient for the purpose of this clause.

(9) Not more than fifteen per cent of the deposits of any such bank shall be invested in bonds under this clause, nor shall more than two per cent of such deposits be invested in the bonds of any such corporation.

1926, 331, § 1.

Bank Stocks and Deposits in Banks.*

Seventh. In the stock of a trust company incorporated under the laws of and doing business within this commonwealth, or in the stock of a national banking association located in the New England States and incorporated under the authority of the United States, which has paid dividends of not less than four per cent per annum in cash in each of the five years next preceding the date of such investment and the amount of whose surplus is at least equal to fifty per cent of its capital; but a savings bank shall not hold, both by way of investment and as security for loans, more than twenty-five per cent of the stock of any one such company or association, nor shall it hold by way of investment stock of such companies and associations having an aggregate initial cost in excess of fifteen per cent of the deposits of such savings bank, or stock of any one such company or association having an initial cost in excess of one per cent of the deposits aforesaid.

Such corporation may deposit not more than two and one half per cent of its deposits in any banking association incorporated under the authority of the United States and located in this commonwealth, and in any trust company incorporated for interest purposes; but such deposit shall not in any case exceed five hundred thousand dollars nor twenty-five per cent of the capital stock and surplus fund of such depository.

1834, 190, § 7. 1864, 2. 1884, 224. 1894, 317, § 21, cl. 5.
1855, 294. 1876, 203, § 9, cl. 4. 1886, 95. 1900, 590, § 68, cl. 7.
G. S. 52, §§ 142-144. 1881, 214, § 3. 1890, 103. 131 Mass. 163.

Bankers' Acceptances.

Eighth. In bankers' acceptances and bills of exchange of the kinds and maturities made eligible by law for re-discount with federal reserve banks, provided that

* Section 2, Chapter 315, Acts of 1929.

Investments by a savings bank or by a trust company in its savings department in the stock of any one trust company or national banking association made prior to the fifth day of July, nineteen hundred and twenty-eight, amounting in aggregate par value to not exceeding one hundred thousand dollars, if otherwise valid, are hereby made eligible; and shall not invalidate any investment in the stock of such a company or association legally made prior to the effective date hereof.
the same are accepted by a bank, banking association or trust company incorporated under the laws of the United States or of this commonwealth, and having its principal place of business within the commonwealth. Not more than ten per cent of the deposits and of the income derived therefrom shall be invested by any savings bank in bankers’ acceptances or bills of exchange, nor shall any savings bank invest in the acceptances and bills of exchange eligible by law for re-discount with federal reserve banks of any one accepting bank or trust company to an amount in excess of five per cent of its deposits and of the income derived therefrom. The aggregate amount of bankers’ acceptances and bills of exchange of any bank, banking association or trust company held by any savings bank shall not exceed twenty-five per cent of the paid up capital and surplus of such bank, banking association or trust company.

1918, 210.

Loans on Personal Security.†

Ninth. In loans of the classes hereinafter described, payable and to be paid or renewed at a time not exceeding one year from the date thereof; but not more than one third of the deposits and income shall be invested, nor shall the total liabilities to such corporation of a person, partnership, association or corporation for money borrowed upon personal security, including in the liabilities of a partnership or company not incorporated the liabilities of the several members thereof, exceed five per cent of such deposits and income: but said limitations, except as to time in which said loans shall be paid or renewed, shall not apply to loans made under paragraph (2) subdivision (e) of this clause.

1834, 190, § 8. 1876, 203, § 9, cl. 5. 1886, 69. 1908, 590, § 68, cl. 8, § 69

Note of Three Citizens.

(a) A note which is the joint and several obligation of three or more responsible citizens of this commonwealth: provided, that the total liabilities to such corporation of a person, partnership or association for money borrowed under this subdivision, including in the liabilities of a partnership or company not incorporated the liabilities of the several members thereof, shall not exceed one per cent of the deposits of such corporation.

1908, 590, § 68, cl. 8 (a).

Corporation Note.

(b) A note, with one or more substantial sureties or endorsers: (1) of a corporation incorporated in this commonwealth; or (2) of a manufacturing corporation with a commission house as surety or endorser, provided that such commission house is incorporated in this commonwealth, or has an established place of business and a partner resident therein: or (3) of an association or corporation at least one half of the real and personal property of which is located within the New England states, if at least one such surety or endorser is a citizen of or corporation incorporated in this commonwealth: provided, that no such loan shall be made or renewed unless within eighteen months preceding the making or renewing of such loan an examination of the affairs, assets and liabilities of the borrowing corporation or association has been made, at the expense of such borrowing corporation or association, by an accountant approved by the commissioner. The report of such examination shall be made in such form as the commissioner may prescribe. A copy of the report certified to by the accountant shall be delivered by the borrowing corporation or association to the savings bank before such loan or renewal thereof is made, and a copy so certified shall be delivered by the accountant to the commissioner within thirty days after the completion of said examination.

1908, 590, § 68, cl. 8 (b). 1909, 491, § 8.

† Chapter 102, Acts of 1927.

Savings banks and savings departments of trust companies may invest deposits and the income derived therefrom in loans upon notes secured by adjustable service certificates as provided under an act of congress passed May nineteen, nineteen hundred and twenty-four entitled, “An Act to provide Adjustable Compensation for Veterans of the World War, and for Other Purposes,” and any amendments thereof.
Notes of Certain Public Service Companies.

(c) (1) A bond or note of a gas, electric light, telephone or street railway corporation incorporated or doing business in this commonwealth and subject to the control and supervision thereof: provided, that the net earnings of said corporation, after payment of all operating expenses, taxes and interest as reported to, and according to the requirements of, the proper authorities of the commonwealth, have been in each of the three fiscal years preceding the making or renewing of such loan equal to not less than four per cent on all its capital stock outstanding in each of said years; and provided, that the gross earnings of said corporation in the fiscal year preceding the making or renewing of such loan have been not less than one hundred thousand dollars.

A list of the companies whose securities prima facie comply with the requirements of this subdivision shall be furnished to the commissioner annually, at such time after June sixteenth in any year as he shall designate, by the proper authorities of the commonwealth having supervision over such companies.

Notes issued or guaranteed by endorsement as to both principal and interest by a public service corporation whose securities are authorized for investment by clause Sixth A.

1908, 590, § 68, cl. 8 (c) 1909, 491, § 8. 1922, 139, § 2. 1926, 354, § 2.

Notes issued or guaranteed by Railroad Companies.

(d) A bond or note issued, assumed, or guaranteed by endorsement as to both principal and interest, by a railroad corporation which complies with all the requirements of subdivision (b) or of subdivision (c) preceding paragraph (d) of clause Third: provided, that the principal of such bond or note described in either this or the preceding subdivision is payable at a time not exceeding one year after the date of investment therein.

1908, 590, § 68, cl. 8 (d). 1909, 491, § 8.

Notes secured by Collateral.

(e) A note of a responsible borrower in such form as the commissioner may approve, with a pledge as collateral of—

(1) One or more first mortgages of real estate situated in this commonwealth: provided, that the amount of such note is not in excess of sixty per cent, or in the case of unimproved or unproductive real estate in excess of forty per cent, of the value of the property or properties mortgaged; that the value of each of said properties has been certified in accordance with the provisions of clause First; and that the assignment of each of said mortgages has been recorded in the proper registry of deeds; or

(2) Bonds or notes authorized for investment by clause Second, Third, Fourth, Fifth or Seventeenth at no more than ninety per cent of the market value thereof, at any time while such note is held by such corporation; or

(3) Deposit books of depositors in savings banks up to the amount of deposits shown therein and unpledged shares of co-operative banks at not more than ninety per cent of their withdrawal value; or

(4) Shares of railroad corporations described in subdivision (a), (b), or (c) of clause Third at no more than eighty per cent of the market value thereof, at any time while such note is held by such corporation; or

(5) Such other bonds, notes or shares of corporations or associations and at such percentages of their market values as the board of investment shall approve: provided, that, if the commissioner shall disapprove any such bonds, notes or shares, he shall make such written recommendations to the board of investment of such corporation as the case may require, and shall include in his annual report a statement of the facts in each case in which such board of investment has not complied with his recommendations in a manner satisfactory to him; or

(6) Policies issued by life insurance companies approved by the commissioner and properly assigned to the bank, but not exceeding ninety per cent of the cash
surrender value of such policies; but the aggregate of such loans made by any
savings bank shall not exceed one per cent of its deposits.

1879, 57, § 1. 1898, 269.
1879, 112, § 20, cl. 5. 1899, 401, § 8.
1887, 106. 1901, 328.
1894, 178. 1905, 239.
1899, 590, § 68, cl. 6. 1906, 463, III, §§ 150, 158.
1908, 590, § 68, cl. 8 (o), § 69.

"Association" defined.

(f) Whenever used in this clause, the word "association" means an association
the business of which is conducted or transacted by trustees under a written
instrument or declaration of trust.

1908, 590, § 68, cl. 8 (f), § 69.

Farm Loan Bonds.

Tenth. In farm loan bonds lawfully issued by federal land banks incorporated
under the act of congress approved July seventeen, nineteen hundred and sixteen,
etitled "An act to provide capital for agricultural development, to create standard
forms of investment based upon farm mortgage, to equalize rates of interest upon
farm loans, to furnish a market for United States bonds, to create government
depositories and financial agents for the United States, and for other purposes."

1918, 67.

Bank Building.

Eleventh. A sum not exceeding the guaranty fund and undivided earnings
of such corporation, nor in any case exceeding five per cent of its deposits or two
hundred thousand dollars, may, subject to the approval of the commissioner, be
invested in the purchase of a suitable site and the erection or preparation of a suit-
able building for the convenient transaction of its business. Extraordinary alter-
atations in, or additions to, a bank building owned by a savings bank, involving an
expense exceeding ten thousand dollars, shall not be made without the approval of
the commissioner, and the cost of such alterations or additions shall not exceed
the sum specified in this clause.

1876, 263, § 9, cl. 6. 1898, 590, § 68, cl. 9. 149 Mass. 103.

Real Estate acquired by Foreclosure.

Twelfth. Such corporation may hold real estate acquired by the foreclosure of
a mortgage owned by it, or by purchase at sales made under the provisions of such
mortgages or upon judgments for debts due to it, or in settlements effected to secure
such debts. Such corporation shall sell all such real estate within five years after
the title thereof is vested in it, and notwithstanding the provisions of clause First
may take a mortgage thereon from bona fide purchaser to secure the whole or a
part of the purchase price; but the commissioner may, on petition of the board of
investment of such corporation, and for cause, grant an additional time for the sale
of the same or of the securities mentioned in the following clause.

1870, 226. 1882, 260. 1898, 590, § 68, cl. 10.
1876, 263, § 26. 1883, 22, 248. 1898, 590, § 68, cl. 10.
1886, 77. 1894, 317, § 21, cl. 9. 1898, 590, § 68, cl. 10.
P. S. 116, § 20, cl. 8. 1895, 148. 1898, 590, cl. 10.

Securities acquired in Settlement of Indebtedness.

Thirteenth. Such corporation may hold stocks, bonds, notes or other securities
acquired in settlements effected to secure loans or indebtedness; but unless the
time during which such securities may be held is extended as provided in the
preceding clause, they shall be sold within five years after being acquired.

1898, 148. 1894, 317, § 21, cl. 9. 1898, 590, § 68, cl. 11.
R. L. 113, § 26, cl. 10. 1898, 590, § 68, cl. 11.

Pledges of Securities as Collateral to remain Valid.

Fourteenth. The provisions of this chapter shall not invalidate or impair the
title of a corporation to securities which have been or may be held by it in pledge
or as security for a loan or indebtedness; and the same shall be held for the purposes for which they were pledged.


List of Bonds to be prepared.

Fifteenth. Annually, not later than July first, the commissioner shall prepare a list of all the bonds and notes which are then legal investments under the provisions of clause Third, Fourth, Fifth, Sixth A or Seventeenth. Said list shall at all times be open to public inspection and a copy thereof shall be sent to every savings bank. In the preparation of any list which the commissioner is required to furnish, he may employ such expert assistance as he deems proper or may rely upon information contained in publications which he deems authoritative in reference to such matters; and he shall be in no way held responsible for the omission from such list of the name of any state, municipality or corporation the bonds or notes of which conform to the provisions of this section, or of any bonds or notes which so conform, nor shall he be held responsible for the inclusion in such list of any such names or bonds or notes which do not so conform.

1900, 113, § 26, cl. 11. 1926, 351, § 3. 1928, 27.

Bonds not to become Illegal by Reason of Temporary Failure to meet Legal Requirements.

Sixteenth. Bonds which at any time have been for ten successive years legal investments under the provisions of subdivision (a), (b), (c), or (d) of clause Third or clause Fifth of this section shall not be rendered illegal although the corporation issuing, assuming or guaranteeing such bonds shall fail for a period not exceeding two successive years to comply as to dividends on its capital stock, with the requirements of the clauses specified above; but no further investment in the bonds issued, assumed or guaranteed by such corporation shall be made during said period. If after the expiration of said period, such corporation complies for the following fiscal year with the requirements of the clauses specified above, it shall be regarded as having complied therewith during said period; provided, that it shall not have so failed to comply during any other period within the next preceding ten years.

1913, 201. 1915, 273, § 2.

Certain Investments previously authorized.

Seventeenth. This section shall not render illegal the investment in any mortgages of real estate held by such corporation on June eighth, nineteen hundred and eight, nor the investment before or after said date in any issue of bonds or notes dated before said date in which such corporation might then invest, so long as such bonds or notes continue to comply with the laws then in force.

1908, 500, § 68, cl. 4.

Reference

Savings departments of foreign banking associations or corporations, Chap. 167, §§ 41-45.
STATUTES
RELATING TO
CERTAIN MISCELLANEOUS CORPORATIONS

General Laws, Chapter 158.

Proceedings if Rent of Safe Deposit Boxes not paid.

Section 17. If the amount due for the rent or use of a box or safe in the vaults of a domestic corporation organized for the purpose of letting vaults, safes and other receptacles shall not have been paid for two years, such corporation may cause to be mailed, postpaid, to the person in whose name such safe or box stands upon the books of such corporation and at his address as stated on said books, a notice stating that if the amount then due for the use or rent of such safe or box shall not be paid within sixty days from the date of such notice such corporation will cause such safe or box to be opened in the presence of its president, treasurer or superintendent and of a notary public, and the contents thereof, if any, to be sealed up in a package and placed in one of the storage vaults of such corporation. If, upon the expiration of said sixty days from the date of such notice, such person shall have failed to pay the amount due for the use or rent of such safe or box in full to the date of such notice, all right of such person in such safe or box and of access thereto shall cease, and such corporation may in the presence of its president, treasurer or superintendent and of a notary public not an officer or in the general employ of such corporation, cause such safe or box to be opened, and such notary public shall remove the contents thereof, make a list of the same and shall seal up such contents in a package and shall mark thereon the name of the person in whose name such safe or box stood on the books of such corporation and his address as stated on said books, and such package shall in the presence of said notary public and of said president, treasurer or superintendent be placed in one of the storage vaults of such corporation; and the proceedings of such notary public, including said list of the contents of said safe or box and his estimate of the total value of said contents, shall be set forth by him in his own handwriting and under his official seal in a book to be kept by such corporation for the purpose. The officer of such corporation who sent such written notice shall in the same book state his proceedings relative thereto, setting forth a copy of said notice. Both of said statements shall be sworn to by such notary public and officer, respectively, before a justice of the peace, who shall make certificate thereof in said book: and said written statements shall be prima facie evidence of the facts therein set forth in all proceedings at law and in equity wherein evidence of such facts would be competent. This section shall not impair any right relative to such safes, boxes, or their contents which such corporation would otherwise have.

<table>
<thead>
<tr>
<th>Sect.</th>
<th>Statute</th>
</tr>
</thead>
<tbody>
<tr>
<td>52.</td>
<td>Fraud or embezzlement by bank officer or employee.</td>
</tr>
<tr>
<td>53.</td>
<td>Evidence in fraud or embezzlement by accomplice of officer or employee of bank, etc.</td>
</tr>
</tbody>
</table>

**Fraud or Embezzlement by Bank Officer or Employee.**

Section 52. An officer, director, trustee, agent or employee of a bank, as defined in section one of chapter one hundred and sixty-seven, who fraudulently converts, or fraudulently takes and secretes with intent so to do any bullion, money, note, bill, or other security for money which belongs to and is in possession of such bank, or which belongs to any person and is deposited therein, shall, whether intrusted with the custody thereof or not, be guilty of larceny from said bank, and shall be punished by imprisonment in the state prison for not more than fifteen years, or by a fine of not more than two thousand dollars and imprisonment in jail for not more than two and one half years.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1783</td>
<td>R. S. 126, § 27.</td>
</tr>
<tr>
<td>1824</td>
<td>R. S. 133, § 10.</td>
</tr>
<tr>
<td>1828</td>
<td>G. S. 101, § 99.</td>
</tr>
<tr>
<td>1846</td>
<td>R. S. 171, § 1.</td>
</tr>
<tr>
<td>1911</td>
<td>R. L. 208, § 34.</td>
</tr>
<tr>
<td>1918</td>
<td>R. L. 208, § 41.</td>
</tr>
<tr>
<td>1919</td>
<td>S. Met. 247.</td>
</tr>
</tbody>
</table>

**Evidence in Fraud or Embezzlement by Accomplice of Officer or Employee of Bank, etc.**

Section 53. In prosecutions for such crimes, the fraudulent taking or receiving by any person of bullion, money, notes, bills or other security for money which belongs to such bank, by reason of an unlawful confederacy or agreement between him and an officer of said bank or any person in the employment thereof, with intent to defraud the same, shall be deemed to be a fraudulent taking by such officer or person in the employment of the bank to his own use, within the meaning of the preceding sections, and it shall not be necessary, upon the trial, to identify the particular bullion, money, note, bill or security for money which is so taken or received. Upon the trial of the crime of embezzling, fraudulently converting or fraudulently taking and secreting, with intent so to embezzle or convert the bullion, money, notes, bank notes, checks, drafts, bills of exchange, obligations or other securities for money of any person, bank, corporation, partnership, county, city or town, evidence may be given of any such embezzlement, fraudulent conversion or taking with such intent committed within six months after the time stated in the indictment.

<table>
<thead>
<tr>
<th>Year</th>
<th>Statute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1834</td>
<td>R. S. 186, § 2.</td>
</tr>
<tr>
<td>1846</td>
<td>G. S. 161, §§ 40, 42.</td>
</tr>
<tr>
<td>1853</td>
<td>S. Met. 247.</td>
</tr>
<tr>
<td>1878</td>
<td>P. S. 203, §§ 42, 44.</td>
</tr>
<tr>
<td>1911</td>
<td>R. L. 208, § 43.</td>
</tr>
</tbody>
</table>

**Penalty for Breach of Trust.**

Section 53A. An officer, director, trustee, agent or employee of a bank, as defined in section one of chapter one hundred and sixty-seven, who wilfully misapplies otherwise than as described in sections fifty-two or fifty-three, any of the moneys, funds, credits or other property of such bank; or who, without authority from the directors or trustees of such bank, executes or issues a certificate of deposit, order or bill of exchange, or makes an acceptance, purporting to be executed, issued or made by such bank; or who, without such authority, assigns any note, bond, draft, bill of exchange, mortgage, judgment, decree or other property of
such bank; or who loans the funds or credit of such bank to any individual, corporation, joint stock company, trust, association or partnership known by him to be insolvent; or who knowingly receives or accepts for such bank any fictitious, valueless, inadequate or irresponsible obligation directly or as security or endorsement unless the consideration or security is otherwise sufficient, or unless it shall be necessary to prevent loss upon a debt previously contracted in good faith; or who certifies any check drawn upon such bank unless the drawer then has on deposit with the bank and entered to his credit on its books not less than the amount of money specified in the check; or who resorts to any fictitious or colorable loan, transfer or device to avoid any provision of law relating to such bank; or who knowingly makes or causes to be made any false entry in any book, report or statement of such bank; and any person who knowingly aids or abets any violation of this section shall be punished by a fine of not more than ten thousand dollars or by imprisonment in the state prison for not more than ten years, or in a jail or house of correction for not more than two and one half years, or by both such fine and imprisonment.

1922, 313, § 2.

Penalty for receiving Deposits by Insolvent Banks, etc.

Section 54. Any officer of any trust company, savings or co-operative bank or institution for savings, or any individual banker who receives or permits the receipt of, and any employee who receives, any deposit knowing that such company, bank, institution or banker is insolvent, shall be punished by imprisonment for not more than two and one half years or by a fine of not more than five thousand dollars, or both.


Embezzlement by Receiver, etc.

Section 55. An agent appointed by the commissioner of banks for the purposes of liquidating the affairs of a bank, as defined in section one of chapter one hundred and sixty-seven, or a person employed by said commissioner under section twenty-six of said chapter, or a receiver or other officer appointed by a court of record, who embezzles or fraudulently converts, or fraudulently takes and secretes with intent so to do, or willfully misapplies, moneys, funds, credits or other property in his possession by virtue of his appointment or employment, shall be guilty of larceny and shall be punished by imprisonment in the state prison for not more than ten years, or by a fine of not more than one thousand dollars and imprisonment in a jail or house of correction for not more than two years.

**INDICES**

**CHAPTER 167. BANKS AND BANKING**

| Advertisement of lost pass books | 20 |
| Agents, appointment of, by commissioner, while in possession | 26 |
| authority of | 26 |
| certificate of appointment, filed with commissioner | 26 |
| copy to be filed in court | 26 |
| security from, may be required by commissioner | 26 |
| Application for examination of bank by officers | 4 |
| Appraisal of real estate loans by commissioner | 10 |
| Attorney-general may prosecute officials of savings banks | 5 |
| to grant hearing to officer abusing trust | 5 |
| to prosecute banks violating laws | 5 |
| persons doing unauthorized banking | 13 |

| Banks, commissioner of, application to, by officers for examination | 2-3 |
| assistants of, powers | 2-3 |
| authority of, while in possession of banks and trust companies | 2-3 |
| duties relative to foreign banks | 2-3 |
| litigation and sales of property by, while in possession | 24 |
| " " " may appoint agents, while in possession | 24 |
| " " " may authorize banks in possession to resume business | 24 |
| " " " may examine persons using words “bank, banking, etc.” | 24 |
| " " " may prescribe method of keeping books, etc. | 24 |
| " " " may prescribe extent of audit | 24 |
| " " " may prescribe manner of safeguarding funds | 24 |
| " " " may prosecute, etc., suits commenced while in possession | 24 |
| " " " may summon and examine witnesses | 24 |
| " " " may take possession of bank, etc., when | 24 |
| " " " to appoint appraisers | 24 |
| " " " to appraise real estate when loans on are deemed excessive | 24 |
| " " " to ascertain if bank complies with law | 24 |
| " " " to ascertain condition of banks | 24 |
| " " " to furnish federal officials with information | 24 |
| " " " to furnish forms for reports | 24 |
| " " " to have access to books, etc. | 24 |
| " " " to order banks to discontinue certain practices | 24 |
| " " " to preserve records of examination | 24 |
| " " " to preserve statement of condition of bank | 24 |
| " " " to report to attorney-general names of persons improperly using words “bank, banking, etc.” | 24 |
| " " " to report to attorney-general violations of laws | 24 |
| " " " " " " " " officers violating trusts | 24 |
| " " " to report annually to general court | 24 |
| " " " to visit banks once a year | 24 |

"Banks and banking," use of words regulated | 3 |

| Banks, examiner of, may summon and examine witnesses | 2-3 |
| examination of | 2-3 |
| foreign regulation of | 2-3 |
| insolvent, claims rejected, action on | 2-3 |
| insolvent, commissioner to make inventory of | 2-3 |
| " " " to file copies of inventory in court | 2-3 |
| " " " proof of claims to be filed with | 2-3 |
| " " " notice for presentation of claims | 2-3 |
| " " " pass on claims | 2-3 |
| liability of, on lost pass books | 2-3 |
| liquidation of, possession of, by commissioner | 2-3 |
| liquidation of | 2-3 |
| may issue duplicate pass books, when | 2-3 |
| may resume business, when | 2-3 |
| may vote to liquidate | 2-3 |
| " " " dissolve | 2-3 |
| not to have lien on money in banks in possession, in certain cases | 2-3 |
| possession of, to be taken by commissioner, when | 2-3 |
| " " " notice of | 2-3 |
| regulation of business | 2-3 |
| " " " " " " to make reports to commissioner | 2-3 |
| " " " " " " to make report, forms to be furnished therefor | 2-3 |

| Claims, limitation of action on, rejected | 24 |
| proof of, against insolvent banks or trust companies | 24 |
| Co-operative banks, excessive loans on real estate | 24 |
| Court to have jurisdiction in equity against officers of savings banks | 24 |
| Creditors may apply to commissioner to examine bank | 24 |
| Definitions as used in chapter 167 | 24 |
| bank defined | 24 |
| commissioner defined | 24 |
Depositors, advertisement of lost pass books by
depositors may apply to commissioner to examine bank
may authorize banks to advertise lost pass books
vouchers, return of

Deposits, in name of two persons
interest on, when deposited at intervals
joint, payments of

Dividends. See Interest.

Examination of banks
application for, by officers
record not to be open to public inspection
Examination of trust companies, payment of expenses
Excessive loans on real estate, appraisal of, by commissioner

Fiduciaries, foreign banking associations and corporations to act.
Foreign banks, application of certain sections
board of bank incorporation to grant certificate to
branch office of
certificate to do business,
commissioner may administer oaths to officers of
summon witnesses in examination of
to examine annually
have access to vaults, etc., of
apply for injunction against
supervise
insolvent, proceedings against
receivers of, may be appointed
reports to commissioner
savings departments in
funds in, to be kept separate
income from

Income, payments of interest and dividends from
Insolvent banks and trust companies
inventory of, by commissioner
copy filed with commissioner
court
possession of, by commissioner
Interest and dividends on sums deposited at intervals
rate of
payment of, if not earned, prohibited, penalty
period in savings bank
departments of trust companies
to be paid from income earned and collected

Joint deposits

Liquidation of banks and trust companies:
by vote of stockholders
commissioner to regulate
take possession
election of committee to dissolve corporation
distribute proceeds
in general

Litigation by commissioner while in possession of banks
Loans on real estate, excessive, appraisal of, by commissioner

Name, regulation of use of

Oath, commissioner may administer to officers
of officers to application for examination of bank
of foreign banks
prosecution of
facts may be published
may apply to commissioner to examine bank
penalty on, for paying unwarranted interest or dividends

Pass books lost, advertisement of, by savings banks
co-operative banks
savings departments of trust companies
issue of duplicate by bank

Penalty for improper use of words "banks, banking, etc."
misfeasance, malfeasance, or nonfeasance in office
neglect of bank to make returns, etc., recovery of
refusing commissioner access to books
refusing to testify when summoned by commissioner or agent
refusal of officers, etc., to make returns

Possession and liquidation of banks and trust companies:
agents of commissioner:
appointment and authority
certificate of appointment to be filed with commissioner
by copy to be filed in court
agents of stockholders to liquidate banks in certain cases
application to court by bank to enjoin commissioner
banks and trust companies:
inventory of
lien of other banks on
Possession and liquidation of banks and trust companies—concluded:

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>may apply to court to join commissioner</td>
</tr>
<tr>
<td>22</td>
<td>may elect committee to dissolve</td>
</tr>
<tr>
<td>22</td>
<td>&quot; vote to dissolve</td>
</tr>
<tr>
<td>22</td>
<td>&quot; vote to liquidate</td>
</tr>
<tr>
<td>22</td>
<td>&quot; resume business, when</td>
</tr>
<tr>
<td>23</td>
<td>possession of, to be taken when</td>
</tr>
<tr>
<td>22</td>
<td>to pay expense of litigation in certain cases</td>
</tr>
<tr>
<td>31</td>
<td>claims:</td>
</tr>
<tr>
<td>29</td>
<td>dividends on</td>
</tr>
<tr>
<td>29</td>
<td>list of, open to public inspection</td>
</tr>
<tr>
<td>29</td>
<td>&quot; &quot; to be filed with commissioner</td>
</tr>
<tr>
<td>29</td>
<td>&quot; &quot; &quot; court</td>
</tr>
<tr>
<td>31</td>
<td>objection to</td>
</tr>
<tr>
<td>28</td>
<td>presented late</td>
</tr>
<tr>
<td>28</td>
<td>proof of, notice calling for</td>
</tr>
<tr>
<td>31</td>
<td>reference to master by court</td>
</tr>
<tr>
<td>28</td>
<td>rejected, limitation of action on</td>
</tr>
<tr>
<td>26</td>
<td>commissioner of banks:</td>
</tr>
<tr>
<td>26</td>
<td>appointment of agents</td>
</tr>
<tr>
<td>26</td>
<td>certificate of</td>
</tr>
<tr>
<td>26</td>
<td>&quot; &quot; may require security of</td>
</tr>
<tr>
<td>26</td>
<td>&quot; &quot; to fix compensation of</td>
</tr>
<tr>
<td>24</td>
<td>authority of, while in possession</td>
</tr>
<tr>
<td>24</td>
<td>disposition of funds</td>
</tr>
<tr>
<td>32</td>
<td>&quot; property deposited with banks</td>
</tr>
<tr>
<td>31</td>
<td>dividends, to apply to court for right to pay</td>
</tr>
<tr>
<td>22</td>
<td>duties in general</td>
</tr>
<tr>
<td>27</td>
<td>litigation and sales of property of</td>
</tr>
<tr>
<td>23</td>
<td>notice of possession to be sent to other banks holding assets</td>
</tr>
<tr>
<td>32</td>
<td>&quot; to owners of property deposited with bank</td>
</tr>
<tr>
<td>23</td>
<td>to call meeting of stockholders in certain cases</td>
</tr>
<tr>
<td>32</td>
<td>&quot; cause safe, vaults, etc., to be sealed</td>
</tr>
<tr>
<td>23</td>
<td>&quot; consent to resumption of business by banks</td>
</tr>
<tr>
<td>29</td>
<td>&quot; file with court duplicate list of claims</td>
</tr>
<tr>
<td>27</td>
<td>&quot; make inventory</td>
</tr>
<tr>
<td>26</td>
<td>&quot; notify persons owning valuable in banks</td>
</tr>
<tr>
<td>28</td>
<td>&quot; pass on all claims</td>
</tr>
<tr>
<td>28</td>
<td>&quot; publish notice calling for proof of claims</td>
</tr>
<tr>
<td>22</td>
<td>&quot; regulate dissolution and liquidation of banks</td>
</tr>
<tr>
<td>35</td>
<td>&quot; report annually list of banks taken possession of</td>
</tr>
<tr>
<td>22</td>
<td>committee:</td>
</tr>
<tr>
<td>22</td>
<td>to dissolve, election of, by stockholders, shareholders or trustees</td>
</tr>
<tr>
<td>22</td>
<td>&quot; &quot; &quot; &quot; liquidate</td>
</tr>
<tr>
<td>31</td>
<td>disposition of property deposited with banks</td>
</tr>
<tr>
<td>31</td>
<td>dividends</td>
</tr>
<tr>
<td>36</td>
<td>enforcement of certain sections</td>
</tr>
<tr>
<td>30</td>
<td>fees and expenses in connection with</td>
</tr>
<tr>
<td>30</td>
<td>&quot; &quot; to be paid by bank</td>
</tr>
<tr>
<td>27</td>
<td>inventory of</td>
</tr>
<tr>
<td>27</td>
<td>&quot; &quot; copy to be filed with supreme court</td>
</tr>
<tr>
<td>20</td>
<td>lists of claims</td>
</tr>
<tr>
<td>25</td>
<td>litigation and sales of property</td>
</tr>
<tr>
<td>32</td>
<td>notary public to seal vaults, etc.</td>
</tr>
<tr>
<td>34</td>
<td>stockholders may vote to dissolve or liquidate</td>
</tr>
<tr>
<td>24</td>
<td>Possession of bank, authority of commissioner</td>
</tr>
<tr>
<td>22</td>
<td>&quot; &quot; &quot; may be taken by commissioner, when</td>
</tr>
<tr>
<td>28</td>
<td>&quot; &quot; &quot; notice of</td>
</tr>
<tr>
<td>25</td>
<td>Property, sales of, by commissioner while in possession of bank</td>
</tr>
</tbody>
</table>

Records of examination of banks not open to public inspection

Refusal to testify, penalty on person summoned

Regulation of business of

Reports by banks to commissioner

Foreign banks to commissioner

Responsibility, to fix, upon officers and employees

Resumption of business by insolvent banks, etc.

Returns by banks, may be destroyed by custodian

" " " neglect to make, penalty

" " " " " amend, penalty

" " " to commissioner

Savings bank," may pay interest on sums deposited at intervals

" " " use of words regulated

Signs, restriction of use of

Supervision of banks and banking

Trust companies, excessive loans on real estate, appraisal by commissioner

" " may pay interest on sums deposited at intervals in savings department, limit on rate

" " payment of expenses of examinations

" " " use of words regulated

Trustees may apply, under oath, to commissioner to examine bank

Unauthorized banking

" " injunction to prevent

Vouchers, return of, to depositors

Words, use of certain, regulated
### CHAPTER 168

**SAVINGS BANKS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Acceptance of provisions of chapter by savings banks.</td>
</tr>
<tr>
<td>7</td>
<td>Agreement of association to form savings bank.</td>
</tr>
<tr>
<td>11</td>
<td>Annual meeting of corporation, advertisement, notices, etc.</td>
</tr>
<tr>
<td>26</td>
<td>Report of condition to commissioner.</td>
</tr>
<tr>
<td>54, cl. 1</td>
<td>Application of chapter.</td>
</tr>
<tr>
<td>54, cl. 2</td>
<td>Applications for real estate loans.</td>
</tr>
<tr>
<td>54, cl. 3</td>
<td>Assistant treasurer, election of, to give bond and file attested copy with commissioner.</td>
</tr>
<tr>
<td>14, 24</td>
<td>Penalty.</td>
</tr>
<tr>
<td>15</td>
<td>Association, meaning of word whenever used in this clause.</td>
</tr>
<tr>
<td>18</td>
<td>Audit of books, securities, etc., of bank by commissioner.</td>
</tr>
<tr>
<td>17, 26, 48</td>
<td>Auditing committee, appointment, duties, reports.</td>
</tr>
<tr>
<td>18</td>
<td>&quot; of books, extent to be prescribed by commissioner.</td>
</tr>
<tr>
<td>54, cl. 11</td>
<td>Bank building, investments in.</td>
</tr>
<tr>
<td>54, cl. 8</td>
<td>&quot; definition of words.</td>
</tr>
<tr>
<td>54, cl. 3</td>
<td>Banks, commissioner of, may employ assistants to audit books.</td>
</tr>
<tr>
<td>20</td>
<td>&quot; &quot; &quot; &quot; upon request of auditing committee, audit books, etc., of bank.</td>
</tr>
<tr>
<td>18</td>
<td>&quot; &quot; &quot; &quot; require a new bond from treasurer.</td>
</tr>
<tr>
<td>24</td>
<td>&quot; &quot; &quot; &quot; to approve rules governing verification of pass books.</td>
</tr>
<tr>
<td>45</td>
<td>&quot; &quot; &quot; &quot; charges to guaranty fund.</td>
</tr>
<tr>
<td>49</td>
<td>&quot; &quot; &quot; &quot; declaration of dividend in excess of net income collected during any twelve months.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; furnish trustees with copy of law.</td>
</tr>
<tr>
<td>24</td>
<td>&quot; &quot; &quot; &quot; keep record showing expiration of bonds of treasurer, etc.</td>
</tr>
<tr>
<td>21</td>
<td>&quot; &quot; &quot; &quot; pay fees received for auditing bank to state treasurer.</td>
</tr>
<tr>
<td>54, cl. 15</td>
<td>&quot; &quot; &quot; &quot; annually prepare list of bonds and notes, legal under certain provisions.</td>
</tr>
<tr>
<td>19</td>
<td>&quot; &quot; &quot; &quot; report to attorney-general failure of banks to pay fee for audit.</td>
</tr>
<tr>
<td>19</td>
<td>&quot; &quot; &quot; &quot; failure to pay fee for audit, action for.</td>
</tr>
<tr>
<td>3</td>
<td>&quot; &quot; &quot; &quot; may borrow money to pay depositors.</td>
</tr>
<tr>
<td>54, cl. 7</td>
<td>&quot; &quot; &quot; &quot; stocks, investments in.</td>
</tr>
<tr>
<td>18</td>
<td>&quot; &quot; &quot; &quot; to pay fee for audit by commissioner.</td>
</tr>
<tr>
<td>54, cl. 8</td>
<td>Bills of exchange, investments in.</td>
</tr>
<tr>
<td>8, 10</td>
<td>Board of bank incorporation, powers and duties of.</td>
</tr>
<tr>
<td>54, cl. 1</td>
<td>Board of investment, at least two members shall certify to value of premises to be mortgaged.</td>
</tr>
<tr>
<td>3</td>
<td>&quot; &quot; &quot; may authorize borrowing of money by corporation.</td>
</tr>
<tr>
<td>16</td>
<td>&quot; &quot; &quot; meetings, duties, records.</td>
</tr>
<tr>
<td>29</td>
<td>&quot; &quot; &quot; members cannot borrow of the corporation.</td>
</tr>
<tr>
<td>13</td>
<td>&quot; &quot; &quot; member-ship of certain officers limited.</td>
</tr>
<tr>
<td>15</td>
<td>&quot; &quot; &quot; names to be published semi-annually.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; to authorize payments to minors.</td>
</tr>
<tr>
<td>15</td>
<td>&quot; &quot; &quot; be elected by trustees.</td>
</tr>
<tr>
<td>28</td>
<td>&quot; &quot; &quot; furnish trustees with detailed statement of loans, etc.</td>
</tr>
<tr>
<td>24</td>
<td>&quot; &quot; &quot; prescribe rules governing verification of pass books, etc.</td>
</tr>
<tr>
<td>24</td>
<td>Bond of treasurer, etc., attested copy to be filed, penalty.</td>
</tr>
<tr>
<td>24</td>
<td>&quot; &quot; &quot; blanked or schedule form may be used.</td>
</tr>
<tr>
<td>24</td>
<td>&quot; &quot; &quot; new ones to be given every five years.</td>
</tr>
<tr>
<td>54, cl. 15</td>
<td>Bonds and notes, list of those legal under certain provisions to be prepared annually by commissioner.</td>
</tr>
<tr>
<td>64, cl. 16</td>
<td>Bonds, investment in, not to become illegal through failure to fulfill requirement of chapter.</td>
</tr>
<tr>
<td>54, cl. 6a</td>
<td>&quot; &quot; &quot; &quot; those of gas, electric or water companies.</td>
</tr>
<tr>
<td>54, cl. 2</td>
<td>&quot; &quot; &quot; &quot; public service companies.</td>
</tr>
<tr>
<td>54, cl. 3</td>
<td>&quot; &quot; &quot; &quot; railroads.</td>
</tr>
<tr>
<td>54, cl. 4</td>
<td>&quot; &quot; &quot; &quot; states, counties, cities, towns and districts.</td>
</tr>
<tr>
<td>54, cl. 5</td>
<td>&quot; &quot; &quot; &quot; street railways.</td>
</tr>
<tr>
<td>25</td>
<td>&quot; &quot; &quot; &quot; telephone companies, limitations.</td>
</tr>
<tr>
<td>14</td>
<td>Branch offices or depots of savings banks.</td>
</tr>
<tr>
<td>29</td>
<td>By-laws and amendments, copies of, to be sent by clerk to commissioner.</td>
</tr>
<tr>
<td>36</td>
<td>Cemetery and shade tree fund, statement thereof to be sent, etc.</td>
</tr>
<tr>
<td>14</td>
<td>Claims for deposits may be made defendants in certain cases.</td>
</tr>
<tr>
<td>14</td>
<td>Clerk to notify all persons elected to office, penalty.</td>
</tr>
<tr>
<td>14</td>
<td>Publish list of officers and corporators, penalty.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; transmit copies of all by-laws or amendments to commissioner.</td>
</tr>
<tr>
<td>54, cl. 14</td>
<td>Collateral securities pledged, to remain valid.</td>
</tr>
<tr>
<td>30</td>
<td>Commission not to be received on account of loans, except penalty.</td>
</tr>
<tr>
<td>1</td>
<td>Commissioner as used in chapter defined.</td>
</tr>
<tr>
<td>22</td>
<td>Compensation of committees, authorization of.</td>
</tr>
<tr>
<td>11</td>
<td>Corporation, annual meetings of.</td>
</tr>
<tr>
<td>11</td>
<td>&quot; &quot; &quot; &quot; defined in this chapter.</td>
</tr>
<tr>
<td>12</td>
<td>Corporators, how elected, etc., forfeiture of membership.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; list to be published annually by clerk.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; included in annual report to commissioner.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; kept on file in commissioner's office for inspection by public.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; not more than three-fifths thereof to be officers.</td>
</tr>
<tr>
<td>14</td>
<td>&quot; &quot; &quot; &quot; to elect trustees from their own body.</td>
</tr>
<tr>
<td>14a</td>
<td>&quot; &quot; &quot; &quot; in groups, annually.</td>
</tr>
</tbody>
</table>
Meetings, of trustees and board of investment may be held at other places in the city or town 23
regular and special, adjournment 15
Members of corporation, how elected 12
Minors, payments to, etc. 34, 53
National banks, deposits therein limited 54, cl. 7
Notice of intention to apply for loan on deposit book, ninety days may be required 51
withdraw deposits, ninety days may be required 51
Notices of annual and special meetings to be published and mailed 11
Office of trustee, how and when vacated, record thereof and notice 23
Officers, certain, may not hold certain offices in national banks or trust companies, penalty 5
Officers not to borrow of corporation or become surety 29
" of savings banks, limited to three-fifths of number of corporators 13
" number, choice and appointment of 13, 14
" subject to examination by general court 6
" to be sworn and records made thereof 13
Offices of savings banks and national banks, etc., to be separate, penalty 4
Order, payment of, after death of drawer 62
Payment of order, after death of drawer 62
Payments to minors 23
Penalty for obstructing committee of general court in examinations 4
on certain officers of savings banks holding certain offices in national banks or trust companies 5
President cannot borrow of the corporation 29
" election of 14
" name to be published semi-annually 15
" not to hold certain offices in national banks or trust companies 5
Profit and loss account, transfers from, to guaranty fund 46
Public service corporations, loans to 54, cl. 9
Public service corporations, bonds, investments in 54, cl. 6a
Quarterly statement of condition to be posted in banking room 15
Quorum of board of trustees 15
Real estate acquired by foreclosure, mortgage may be taken from purchaser 54, cl. 12
" loans, written applications to be made therefor 54, cl. 9
Removal of officers and employees 23
Reports by accountants of borrowing corporations to be delivered, etc. 54, cl. 9
Reports, commissioner to report on audit of bank to auditing committee; see therefor 34
Reports of unclaimed deposits to commissioner, penalty 27
Reports, treasurer to report annually to the commissioner 26
Revaluation of mortgaged premises to be made at certain intervals, reduction of loans, etc. 54, cl. 1
Safe deposit vaults 32a
Savings banks, annual and special meetings thereof 11
" report to commissioner 26
" branch offices or depots may be authorized by commissioner 25
" certain officers may not hold certain offices in national banks or trust companies, penalty 7-10
" how incorporated 5
" may accept provisions of law inconsistent with charters 2
" may receive and hold for depositors securities issued by United States 33
" not to receive brokerage, etc., on account of loans, except, penalty 30
" powers and duties of 2
" relating to membership, etc. 13
" officers, etc. 4
" securities acquired in settlement of indebtedness to be sold within five years, unless, etc. 54, cl. 12
" shall not occupy offices with national banks or trust companies, etc., penalty 4
" subject to examination by committee of general court 6
" to be subject to this chapter 2
" to carry on usual business at banking house only, except 25
" trustees to be elected from the corporators 13
" unclaimed deposits, report thereof to commissioner 27
School savings deposits 25
Securities issued by United States may be held for safe-keeping 33
pledged as collateral to remain valid 54, cl. 14
Set-off of deposits by depositors 35
Shade tree and cemetery funds, corporation ceases to do business, etc., funds may be transferred by order of court 40
statement thereof to be sent, etc. 30
Special meetings, advertisement, notices, etc. 11
" trust funds for parks, Shade trees, etc. 37
" trust funds, probate judge may order executors, trustees or administrators to deposit in savings banks 33
State treasurer, unclaimed deposits to be paid to 41, 42
Statement of condition of savings banks to be posted quarterly in banking room 54, cl. 4
Street railway bonds, investment in 54, cl. 3
" corporations are not railroad corporations 54, cl. 9
Supreme judicial court may order deposits reduced, when

41

Telephone company bonds, investments in, limitations

54, cl. 5

54, cl. 9

Transmission of money to another state or country

33a

Travelers' checks, may sell

33a

Treasurer, cannot borrow of the corporation

29

" election of, to give bond and file attested copy with commissioner, penalty

14, 24

" name to be published semi-annually

15

" not to hold certain offices in national banks or trust companies

5

" to give bond every five years

24

" make annual report to commissioner

26

" report amounts paid to trustees or attorney

22

" quarterly to trustees

15

Trial balance of depositors' ledgers to be made at least annually

17

Trust companies, deposits therein limited

54, cl. 7

Trustees, office of, how and when vacated, record thereof and notice

23

" president, vice-presidents and board of investment to be chosen from

13

" records to be kept of names of those present at meetings and the transactions of the board

15

" regular and special meetings, how called and where may be held

15, 25

" to appoint auditing committee

17

" authorize compensation paid to committees

22

" " payment of dividends after examination

48

" " be elected from the incorporators

13

" " in groups, annually

15a

" elect board of investment, treasurer and assistant treasurer

14

" have published semi-annually names of president, treasurer and board of investment

15

" have statement of condition posted in banking room

15

" require bonds from treasurer, and from other officers or employees, as considered necessary

24

Unclaimed deposits, how reclaimed from state treasurer

43

" " to be paid to state treasurer

13, 42

" " reported every five years to commissioner, penalty

27

Vacancy in any office of corporation, how filled

14

Verification of pass books of depositors, when to be made, etc.

28

Vice-president, how elected

14

not to hold certain offices in national banks or trust companies

5

Vice-treasurer, election of, to give bond and file attested copy with commissioner, penalty

14, 24

Vote of board of investment to be filed with commissioner when corporation borrows money

3

" corporation to accept provisions of chapter

2

Water companies, bonds, investments in

54, cl. 6

" list of, by whom furnished

54, cl. 6, 9

Withdrawal of deposits, ninety days' notice of intention may be required

51

Note.—For other provisions relative to savings banks and savings departments of foreign banking associations or corporations, see chapter 167.

CHAPTER 158
CERTAIN MISCELLANEOUS CORPORATIONS.

Proceedings if rent of safe deposit boxes not paid

17

CHAPTER 266
CRIMES AGAINST PROPERTY.

Embezzlement by accomplice of employee and others

53

" " " liquidating agent, receiver, and others

55

" " officer, director, trustee, agent or employee

52

Fraud by accomplice of employee and others

53

" " liquidating agent, receiver, and others

55

" " officer, director, trustee, agent or employee

52

Larceny by liquidating agent, receiver, and others

55

Penalty for breach of trust by officers, employees, and others

53a

" " " " fraud or embezzlement by accomplice of employee and others

53

" " " " liquidating agent, receiver, and others

55

" " " " officers and others

52

" " receiving deposits by officer or employee of insolvent banks

54
Savings Bank Life Insurance

General Laws of Massachusetts

Chapter 178, As Amended By
Acts of 1921, Chapter 416
Acts of 1922, Chapter 79
Acts of 1927, Chapter 92
Acts of 1927, Chapter 188
Acts of 1929, Chapter 37
Acts of 1929, Chapter 162

Chapter 26, Sections 9-12
Chapter 63, Section 18

Savings Bank Life Insurance, Room 207, State House, Boston

Publication of this Document Approved by the Commission on Administration and Finance

2502. 3M—5-29. No. 5586.
Chapter 178
SAVINGS BANK LIFE INSURANCE.

Section 1. Definitions. The following words as used in this chapter shall, unless the context otherwise requires, have the following meanings:

"Savings Bank," a savings bank incorporated under the laws of the commonwealth, including institutions for savings incorporated as such in the commonwealth.

"Savings and insurance bank," a savings bank which has established an insurance department.

"Savings department," that department of a savings and insurance bank in which the business done by savings banks other than that provided for by this chapter is conducted.

"Insurance department," the department of a savings and insurance bank in which the business of issuing life insurance and the granting of annuities is conducted.

"Trustees," trustees of the savings bank or savings and insurance bank.

"Treasurer," the treasurer of the savings bank or savings and insurance bank.

Section 2. Savings Banks may establish Insurance Departments. Any savings bank may, upon complying with the provisions hereinafter set forth, establish an insurance department if its board of trustees has, at a meeting specially called for the purpose, voted so to do by a majority of two-thirds of its trustees present at the meeting and voting; and if such vote has been ratified by vote of a majority of the incorporators present and voting at a meeting duly called therefor. The notice of such trustees' meeting shall be given at least thirty days prior to the date of the meeting, and shall be otherwise in accordance with any laws and by-laws governing the calling of special meetings of trustees. Copies of the vote of the trustees to establish the insurance department and of the vote of the incorporators ratifying the same, certified to by the clerk of the bank, and sworn to by the president or vice-president and the treasurer or assistant treasurer, shall be filed with the commissioner of banks and with the commissioner of insurance within thirty days after the adoption thereof; and if said commissioners shall find said votes to be in conformity with law, and that the conditions provided for by the following section have been complied with, and if in the opinion of the commissioner of banks the financial condition of the bank presents no objection to the establishment of an insurance department, they shall issue a joint certificate declaring said insurance department established.

Section 3. Conditions to be complied with. The certificate establishing the insurance department shall not be issued until there shall have been provided (a) a special expense guaranty fund as set forth in the following section, and (b) either a special insurance guaranty fund as set forth in section 5, or a guaranty contract under section nineteen; and until (c) a certificate in duplicate, under the oath of the treasurer, shall have been filed with the commissioner of insurance and the commissioner of banks certifying that said special expense guaranty fund and said special insurance guaranty fund or guaranty contract have been furnished, and (d) said commissioners shall, upon investigation, have made a joint finding that said requirements have duly been complied with.

Section 4. Special Expense Guaranty Fund. The special expense guaranty fund mentioned in the preceding section shall consist of not less than five
thousand dollars in cash, advanced to and placed at the risk of said department as a guaranty fund to be applied in payment of the expenses thereof, if and so far as the amounts contributed from the loading in the insurance premium and in annuity charges, together with any membership fee and surrender and death charges, shall prove insufficient to pay the expenses of said insurance department. The original amount of such guaranty fund shall be fixed by the trustees, with the approval of the state actuary of the division of savings bank life insurance of the department of banking and insurance, and the guaranty fund may be increased at any time thereafter by the trustees. The amounts advanced as a special expense guaranty fund shall be evidenced by certificates of the par value of one hundred dollars, and the holders thereof shall be credited with interest thereon annually, with annual rests, at a rate equal to the average rate paid in that year upon its deposits by the savings department. If in any year ending October thirty-first the profits remaining, after setting aside amounts for surplus as provided in section twenty-one, shall be sufficient therefor, the trustees shall from such profits reimburse said expense guaranty fund for any amounts theretofore drawn from it to defray expenses of the insurance department; and if, after so reimbursing said fund, and after reimbursing the special insurance guaranty fund for amounts theretofore drawn from it, the balance of profits shall be sufficient therefor, the trustees shall pay to the holders of the certificates of said expense guaranty fund the interest accrued thereon, or such part thereof as the amount may suffice to cover. Said expense guaranty fund may be retired, with the approval of the commissioner of banks and the commissioner of insurance, whenever in the opinion of the trustees it is no longer required. The amount so advanced as an expense guaranty fund shall be repaid, and the interest credited shall be paid only as above provided, or under section twenty-five, and shall not be deemed a liability of the insurance department in determining the solvency thereof.

SECTION 5. Special Insurance Guaranty Fund. The special insurance guaranty fund mentioned in section three shall consist of not less than twenty thousand dollars in cash, advanced to and placed at the risk of the insurance department, which shall be applicable to the payment and satisfaction of all losses or other obligations arising out of policies or annuity contracts if and whenever the liabilities of said department, including the insurance reserve, are in excess of its assets. The original amount of such special insurance guaranty fund shall be fixed by the trustees, with the approval of the state actuary, and the guaranty fund may be increased at any time thereafter by vote of the trustees. The amounts advanced to such special insurance guaranty fund shall be represented by certificates of the par value of one hundred dollars; and the holders thereof shall be credited with interest thereon annually, with annual rests, at the rate equal to the average rate paid in that year upon its deposits by the savings department. If in any year ending October thirty-first the profits remaining are sufficient therefor, after setting aside amounts for the surplus as provided in section twenty-one, and reimbursing the special expense guaranty fund and said special insurance guaranty fund for all amounts theretofore drawn from them or either of them, and paying interest on the certificates representing the special expense guaranty fund, the trustees may pay the interest accrued on said insurance guaranty certificates or such part thereof as the amount may suffice to cover. After the special expense guaranty fund has been retired as provided in section four, said special insurance guaranty fund may, with the approval of the commissioner of insurance, be retired by the trustees as soon as the insurance department shall have accumulated a surplus in excess of all its liabilities equal to the amount of such guaranty fund, including any interest accrued thereon remaining unpaid; and said insurance guaranty fund may, with like approval, be retired from time to time, in part, but the balance of such guaranty fund, including unpaid interest plus the surplus on hand, shall at no time be less than the amount of the original insurance guaranty fund. The amounts so advanced as an insurance guaranty fund shall be repaid and the interest credited thereon
shall be paid only as above provided, or under section twenty-five, and shall not be deemed a liability of the insurance department in determining the solvency thereof.

SECTION 6. Policies of Insurance and Annuities. Any savings and insurance bank acting through its insurance department, after the issue of the license provided for in the following section, may make and issue policies upon the lives of persons and grant or sell annuities with all the rights, powers, and privileges and subject to all the duties, liabilities and restrictions in respect to the conduct of the business of life insurance conferred or imposed by general laws relating to domestic legal reserve life insurance companies, so far as the same are applicable and except as is otherwise provided herein. The insurance department shall in all respects, except as is otherwise provided herein, be managed as savings banks are managed under general laws relating to savings banks. Such insurance department may decline particular classes of risks or reject any particular application.

SECTION 7. License to do Business. A license to issue policies and make annuity contracts shall, upon the application of the trustees, be granted by the commissioner of insurance to any savings and insurance bank which has duly complied with the requirement set forth in section three; but the said license shall be revocable by said commissioner at his discretion, and after having given thirty days' written notice to said trustees, provided not more than twenty thousand dollars of insurance on not less than one hundred lives of residents of the commonwealth, on which all payments due by the terms thereof have been made thereon, shall have been applied for and issued, and then remain outstanding. A list showing the amount of outstanding policies, with the names of the holders thereof, shall be filed by the treasurer of the said bank with said commissioner at the close of each month until the above limits as to amount of insurance and number of persons insured and holding policies standing in full force by reason of the due payment of premium, have been exceeded. Upon the filing of every such list, the correctness of which shall be certified by the treasurer on oath, the said commissioner may make such investigations as he deems proper, in order to ascertain the truth of the facts thus certified by the treasurer.

The revocation of the license of any bank under the terms of this section shall not affect the right and the obligation of the bank to continue and fulfill its existing contracts, or the right, with the approval of said commissioner, to reinsure them or to transfer them to another bank or company holding a license to do insurance business in the commonwealth.

SECTION 8. Savings Department distinct from Insurance Department. The assets of the savings department shall be liable for and applicable to the payment and satisfaction of the liabilities, obligations and expenses of the savings department only. The assets of the insurance department shall be liable for and applicable to the payment and satisfaction of the liabilities, obligations and expenses of the insurance department only. The savings department and the insurance department shall be kept distinct also in matters of accounting and of investment. Expenses pertaining to the conduct of both the savings department and the insurance department, such as office rent and the salaries of general officers, shall be apportioned by the trustees equitably between the two departments.

SECTION 9. Investment of Insurance Funds. The funds of the insurance department, whether arising from premiums, annuity contracts, guaranty funds, or from the income thereof, and whether constituting insurance reserve or surplus, shall be invested in the same classes of securities and in the same manner in which the deposits of the savings departments are required by law to be invested, except that it may make loans upon any policy of insurance or annuity contract issued by it to the extent specified in section fifteen.

SECTION 10. Limit of Insurance. No savings and insurance bank shall write any policy or annuity contract binding it to pay more than one thousand dollars, exclusive of dividends or profits, upon the death of any one person, except for such amount, if any, as it may be bound to pay upon the death
of such person under an employees' group policy, or under an annuity contract embodying an agreement to refund, upon the death of the holder, to his estate or to a specified payee, a sum not exceeding the premiums paid thereon with compound interest, nor shall it write any annuity contract otherwise binding it to pay in any one year more than two hundred dollars, exclusive of dividends or profits.

Section 11. Non-forfeiture of Policies after Payment of six months' Premiums, 1922; 79. No policy of life or endowment insurance or annuity contract issued by any savings and insurance bank shall become forfeit or void for non-payment of premium after six full months' premiums have been paid thereon; and in case of default in the payment of any subsequent premium, then, without any further stipulation or act, such policy shall be binding upon the bank at the option of the insured, either (a) for the cash surrender value or (b) for the amount of paid-up insurance which the then net value of the policy and all dividend additions thereon, less any indebtedness to the bank on account of said policy, and less a surrender charge of not more than one per cent of the face value of the policy, will purchase as a net single premium for life or endowment insurance, maturing or terminating at the time and in the manner provided for in the original policy contract, or (e) for the amount of paid-up term insurance which such net value would purchase.

Section 12. Insurance for Residents only. No policy or annuity contract shall be issued except upon the life and for the benefit of a resident of the commonwealth or of a person regularly employed therein. If the holder of any policy or annuity issued by such a bank becomes a resident of another state or country, it shall be necessary, unless the bank otherwise provides, for such a policy holder or such an annuitant, or his duly authorized representative, or the beneficiary entitled to a claim for loss under such a policy, to make or receive payments at the bank, or by correspondence, without notice from the bank. Should a lapse occur by reason of the failure of any such person to do so seasonably, the liability of the bank, in case of a policy of insurance, shall be only for the amount of its previously acquired paid up insurance value, or, on demand, for the stipulated cash surrender value thereof.

Section 13. Solicitors not to be employed by banks. Savings and insurance banks shall not employ solicitors of insurance, and shall not employ persons to make house to house collections of premiums; but the trustees may establish such agencies and means for the receipt of applications for insurance of deposits and of premium and annuity payments, at such convenient places and times, of such nature and upon such terms as the commissioner of banks and the commissioner of insurance may approve. The trustees may also, with like approval, appoint any savings bank or savings and insurance bank its agent to make, so far as thereunto authorized, payments due on policies of insurance and on contracts for annuities, and to perform other services for the insurance department. All savings banks and all savings and insurance banks may, with like approval, act as such agents. The business of the insurance department may, in the discretion of the trustees, be carried on either in the same building with that of the savings department or in a different building.

Section 14. Management of General Insurance Guaranty Fund. The General Insurance Guaranty Fund shall be a body corporate, with the powers specifically provided in this chapter and with all the general corporate powers incident thereto. It shall be managed by the board of trustees appointed under section ten of chapter twenty-six. The trustees of the fund shall adopt a code of by-laws.

Section 15. Duties of State Actuary. The state actuary, appointed under section eleven of chapter twenty-six, with the advice of the attorney general as to matters of legal form, shall prepare standard forms of life insurance policies and life annuity contracts, including a whole life policy, a limited payment life policy, a limited term policy, an endowment policy, an annuity contract, and a combination of life insurance policy and deferred annuity contract, and such others as may from time to time, in the opinion of
the commissioner of insurance, be desirable. Every policy and annuity contract shall provide that the issuing bank may make any payment thereunder by placing to the credit of the account of the registered beneficiary in the savings department the amount payable. Such standard forms shall be used as the uniform and exclusive forms of policies by all savings and insurance banks. He shall also prepare the form of blanks for application for life insurance policies and life annuity contracts and for proof of loss, and all other forms necessary for the efficient prosecution of the business, also books of record and of account, and all schedules and all reports, not otherwise provided for, required in the conduct of the business, and these shall be used as the uniform and exclusive form of blanks, books, schedules and reports in the insurance departments of all savings and insurance banks. He shall also, consistently with the law governing domestic legal reserve life insurance companies, determine and prepare the table of premium rates for all kinds of life insurance policies, and the purchase rates for annuities, and the amount of the membership fee, the surrender and any proof of death charges, and the premium rates for reinsurance. The rates, fees and charges so fixed shall be adopted as the uniform and exclusive premiums, annuity rates, the initiation, the surrender, and the proof of death charges. He shall also determine and prepare tables showing the amounts which may be loaned on insurance policies, and the reinsurance rates to be charged by all savings and insurance banks, and the guaranty charges to be made by the General Insurance Guaranty Fund, but the loan value shall in no event exceed the reserve on any policy. He shall also prepare or procure tables for computing the legal reserve to be held under insurance and annuity contracts, and for this purpose may, with the approval of the commissioner of insurance, adopt a table of mortality which may be deemed more suitable than the American experience table for policies of insurance of the character and amounts to which the risks of the banks are limited; and shall in all other respects, except as otherwise provided, perform the duties of insurance actuary for all the savings and insurance banks and the General Insurance Guaranty Fund. The ordinary actuarial routine work of the banks, including an annual and other valuations of their policies, shall be performed by their clerks, guided and assisted, so far as may be necessary, by the advice and instruction of the state actuary; but an annual valuation of all the policies of the banks and of the condition of the General Insurance Guaranty Fund as of October thirty-first of each year shall be made in the office of the state actuary under his direction, and from schedules of policy data on blanks furnished by him and prepared by the banks in accordance with his instructions. The state actuary shall also furnish to the savings and insurance banks and to the General Insurance Guaranty Fund all blanks for policies, applications, schedules, and other papers and books which the state actuary is required to prepare, as herein provided. The state actuary shall for each year ending October thirty-first determine the ratio of actual to expected mortality claims for all of the savings and insurance banks combined, and shall determine a similar ratio for each of the savings and insurance banks separately. Both calculations shall be based upon the mortality tables and the rate of interest used by the banks in the calculation of the premiums, or upon such other bases as shall be approved by the commissioner of insurance. If the calculation of the ratio pertaining to any savings and insurance bank shows that the actual mortality experience is less than the mortality expected to be experienced by all of the banks combined, the state actuary shall send to such bank a certificate setting forth the amount of such difference, and thereupon such bank shall send to the General Insurance Guaranty Fund in cash the amount of such certificate. The state actuary shall also furnish to the trustees of the General Insurance Guaranty Fund a certificate in respect to any savings and insurance bank in which the ratio of the actual to the expected mortality has exceeded the ratio of the actual to the expected mortality for all of the banks combined, and thereupon the trustees of the General Insurance Guaranty Fund shall pay to such bank the amount of such excess as evidenced by such certificate.
In determining the net profits, as defined in section twenty-one, to be distributed to the holders of the policies and annuity contracts each year for each savings and insurance bank, the state actuary shall consider as a mortality factor the ratio of the actual to the expected mortality for all of the savings and insurance banks combined.

**Section 16. Duties of State Medical Director.** The state medical director appointed under section twelve of chapter twenty-six shall, subject to the supervision and control of the commissioner of insurance, prescribe the rules relating to health or acceptability of the applicant for insurance, and shall act as supervising and advising physician for the medical department of all the savings and insurance banks.

**Section 17. Reimbursement to State.** There shall be paid to the commonwealth on account of sums expended by it for the division of savings bank life insurance during the year ended on November thirtieth next preceding, the following amounts: On December fifteenth, nineteen hundred and twenty-nine, a sum equal to twenty-five per cent thereof; on December fifteenth, nineteen hundred and thirty, a sum equal to forty per cent; on December fifteenth, nineteen hundred and thirty-one, a sum equal to fifty-five per cent; on December fifteenth, nineteen hundred and thirty-two, a sum equal to seventy per cent; on December fifteenth, nineteen hundred and thirty-three, a sum equal to eighty-five per cent; on December fifteenth, nineteen hundred and thirty-four, and on December fifteenth in each year thereafter, a sum equal to the total amount. Said sums so to be repaid to the commonwealth shall be apportioned by the trustees of the General Insurance Guaranty Fund among the savings and insurance banks in proportion to their premium income, or on such other basis as the said trustees shall deem equitable and proper, and said banks shall be assessed therefor in accordance with such apportionment; provided, that no savings and insurance bank shall be assessed for any part of said expenditure unless and until it shall have accumulated in its insurance department a surplus fund of not less than twenty thousand dollars as provided in sections five, nineteen and twenty-one, or unless and until five years shall have elapsed from the date when it shall have been licensed by the commissioner of insurance to issue policies and make annuity contracts, whichever event shall sooner happen. Any sum so apportioned to banks so exempted shall be paid to the commonwealth by the trustees of the General Insurance Guaranty Fund from the interest income thereof on or before December fifteenth in each year as above provided.

**Section 18. Contributions to General Insurance Guaranty Fund.** Every savings and insurance bank shall, on the third Wednesday of each month, pay to the General Insurance Guaranty Fund an amount equal to four per cent of all amounts paid to it as premiums on policies or in the purchase of annuities during the preceding month. Said sums shall be held as a guaranty for all obligations on policies or annuity contracts of the insurance departments of all savings and insurance banks; and so much thereof shall be paid over to any bank, to be applied in the payment of losses or satisfaction of other obligations on said policies or annuity contracts, as may be required to prevent or to make good an impairment of its insurance reserve. Any amount so paid to any bank shall be charged to its account, and be repaid, with interest compounded semi-annually at the rate of five per cent per annum out of the surplus funds of said insurance department as soon and so far as an adequate surplus exists. The amounts so advanced by the General Insurance Guaranty Fund to any bank shall be repaid only as above provided, and shall not be deemed a liability in determining the solvency of its insurance department.

**Section 19. When Funds of the General Insurance Guaranty Fund are Sufficient, it may guarantee Insurance Risks in Certain Cases.** Whenever the funds held by the General Insurance Guaranty Fund are, in the opinion of both the commissioner of insurance and the commissioner of banks, sufficient therefor, the trustees of the fund may enter into a contract with any savings bank desiring to establish an insurance department to guarantee all the risks of such bank until such time as it shall have a surplus of not less than twenty thousand
dollars nor less than ten per cent of the aggregate insurance reserve. If such guaranty contract is entered into by any bank, it shall not be necessary to provide the special insurance guaranty fund provided for in section five before the commissioner of insurance and the commissioner of banks are entitled to issue the certificate establishing the insurance department as provided in section three.

SECTION 20. **Investment of General Insurance Guaranty Fund.** The funds of the General Insurance Guaranty Fund shall be invested in the same classes of securities and in the same manner in which the deposits of the savings department are required by law to be invested; but the trustees of said fund shall be at liberty to deposit in any savings bank any funds on hand which, by reason of the smallness of the amount or for any other reason, cannot, in the opinion of said trustees, otherwise properly be invested at that time.

SECTION 21. **Surplus.** 1922; 79. Each savings and insurance bank shall annually set apart as a surplus from the net profits, if any, which have been earned in its insurance department, an amount of not less than twenty nor more than seventy-five per cent thereof, until such fund equals ten per cent of its net insurance reserve, or the amount of its special insurance guaranty fund, whichever is the greater. Thereafter each such bank may add in any year to its said surplus fund not more than fifteen per cent of the net profits, if any, which have been earned in its insurance department in such year; provided, that no such bank shall so add to its said surplus fund if it equals ten per cent of the net insurance reserve of said bank. Such surplus fund shall thereafter be maintained and held or used so far as necessary to meet losses in its insurance department whether from unexpectedly great mortality, depreciation in its securities, or otherwise, and for the maintenance of a stable dividend scale. The balance of the net profits of each year shall annually be distributed equitably among the holders of its policies and annuity contracts, such distribution to be made at the option of the policy holder in accordance with section one hundred and forty of chapter one hundred and seventy-five.

SECTION 22. **Policies, how signed.** Life insurance policies and annuity contracts may be signed on behalf of the savings and insurance banks by the treasurer or assistant treasurer, or by such other officer or employee of the savings and insurance banks as the trustees may from time to time determine.

SECTION 23. **Reduction of Contribution to General Insurance Guaranty Fund.** Whenever the net assets of the General Insurance Guaranty Fund over all liabilities exceed one hundred thousand dollars or five per cent of the aggregate outstanding insurance reserve of all savings and insurance banks, whichever is the greater, the trustees of said fund may, with the approval of the commissioner of insurance, reduce the percentage of premium on insurance and annuities so payable to it or altogether discontinue the same; but said trustees may require at any time thereafter said contribution to be made at a rate not exceeding that provided for in section eighteen.

SECTION 24. **Suits.** Any Suit brought on or in respect to any policy or annuity contract issued by any savings and insurance bank shall be brought in the county where such bank is located, and within two years after the date of the alleged cause of action.

SECTION 25. **Discontinuance of Insurance Department.** Any savings and insurance bank may at any time discontinue the issuing of insurance policies and annuity contracts if its board of trustees has, at a meeting duly called for the purpose, voted so to do by a majority of two-thirds of its trustees present at the meeting and voting. The notice of such meeting shall be given at least thirty days prior to the date thereof, and shall be otherwise in accordance with any laws or by-laws governing the calling of special meetings of trustees. A copy of the vote to discontinue said business, certified to by the clerk of the bank, and sworn to by its president or vice-president and its treasurer or assistant treasurer, shall be filed with the commissioner of banks and also with the commissioner of insurance. A bank which has so voted may reinsure
all outstanding policies and annuity contracts in any other savings and insurance bank, or, with the approval of the commissioner of insurance and the commissioner of banks, in any purely mutual legal reserve life insurance company organized under the laws of the commonwealth, if such company does not employ solicitors of insurance or make house to house collection of premiums, and does not provide for the payment of interest on its guaranty capital of more than four per cent, if it makes provision satisfactory to the commissioner of insurance for carrying out with reasonable convenience to policy holders and annuitants its existing contracts. When a bank which has voted to discontinue said business has so reinsured its outstanding policies and annuity contracts, or fully performed the same, it shall transfer to the General Insurance Guaranty Fund all the assets of the insurance department remaining after paying all its liabilities, including special guaranty fund certificates issued under sections four or five.

SECTION 26. Examination of Insurance Department. The commissioner of insurance and the commissioner of banks shall, at least once in each year and whenever they consider it expedient, either alone or together, personally or by deputy or assistant, examine the insurance department of each savings and insurance bank and the General Insurance Guaranty Fund. At such examination they shall have free access to the vaults, books and papers, and shall thoroughly inspect and examine the affairs of any such corporation to ascertain its condition, its transactions, its ability to fulfill its obligations, and whether it has complied with all the provisions of law applicable to it. They shall preserve in a permanent form a full record of their proceedings, including a statement of the condition of the insurance department of each of said banks.

SECTION 27. Summoning witnesses, etc. Either of said commissioners, or his deputy or assistant specially authorized by him in writing, may summon the trustees, officers or agents of any such corporation, and such other witnesses as he thinks proper, and examine them relative to the affairs, transactions and condition of the insurance department or of the General Insurance Guaranty Fund, and for that purpose may administer oaths. Whoever without justifiable cause refuses to appear and testify when so required, and whoever obstructs a commissioner in the performance of his duty, shall be punished by a fine of not more than one thousand dollars or by imprisonment for not more than one year.

SECTION 28. Injunctions and Receivers. If upon examination the insurance department of any savings and insurance bank appears to both the commissioner of banks and the commissioner of insurance to be insolvent, or if they find its condition such as to render the continuance of its business hazardous to the public or to the holders of its policies or contracts, the commissioners shall apply or, if such bank appears to have exceeded its powers or failed to comply with any provision of law, may apply to the supreme judicial court, which shall have jurisdiction in equity of such application, for an injunction to restrain such department, in whole or in part, from further proceeding with its business. The court may appoint one or more receivers to take possession of the property of the insurance department, subject to such directions as may from time to time be prescribed by the court, without in any respect affecting the operations of the savings department.

SECTION 29. Annual Report of Savings Insurance Banks. The treasurer shall annually, within twenty days after the last business day in October, file with the commissioner of insurance and the commissioner of banks a statement showing the financial condition of the insurance department on the last business day of October. For cause the commissioners may extend the time within which any such statement may be filed, but not to a date later than the following December fifteenth. Such annual statement shall be in the form required by the commissioners, who shall embody therein so much of the forms now prescribed for life insurance companies and for savings banks as may seem to them appropriate, with any additional inquiries they may require for the
purpose of eliciting a complete and accurate exhibit of the condition and transactions of the banks. The assets and liabilities shall be computed and allowed in such statement in accordance with the rules governing insurance companies, except as herein otherwise provided. The president or vice-president of the savings and insurance bank and five or more of its trustees shall make oath that the report is correct according to the best of their knowledge and belief. The commissioner of insurance and the commissioner of banks may also at any time require the treasurer to make such other statement of condition or furnish such other information concerning the insurance department as they deem necessary.

SECTION 30. Annual Report of General Insurance Guaranty Fund. The treasurer of the General Insurance Guaranty Fund shall annually, within thirty days after the last business day of October, file with the commissioner of insurance and the commissioner of banks a statement, in such form as said commissioners shall prescribe, showing its financial condition on the last business day of October, and shall also at any time make such statement of condition and furnish such other information concerning its business as said commissioners deem necessary. The president of said fund and three or more trustees thereof shall make oath that the report is correct to the best of their knowledge and belief.

SECTION 31. Commissioners' Reports. The commissioner of insurance and the commissioner of banks shall prepare annually from the said reports concerning insurance departments and the General Insurance Guaranty Fund, and communicate to the general court on or before the first Wednesday in February, a statement of the condition of each savings and insurance bank and of said General Insurance Guaranty Fund, and shall make such suggestions as they consider expedient relative to the general conduct and condition of each bank visited by them.

Chapter 26.
Division of Savings Bank Life Insurance.

SECTION 9. Commissioner. The division of savings bank life insurance shall consist of the body corporate known as the General Insurance Guaranty Fund. The commissioner of savings bank life insurance shall be one of the board of trustees of the corporation, designated by the governor as such commissioner. His term shall be that of his appointment as trustee. He shall act as president of the board of trustees of said corporation, and shall have general supervision and control of the work of the division.

SECTION 10. Trustees. Deputy. The governor, with the advice and consent of the council, shall annually appoint a trustee of the General Insurance Guaranty Fund for seven years from July first in the year of his appointment. Such trustee shall serve without compensation and shall be selected from persons who are trustees of savings banks or of savings and insurance banks. The trustees may elect from their own number a vice president to act as president of the board of trustees in the absence or disability of the president, and shall elect a treasurer and a clerk, all of whom shall hold office for one year and until their successors are appointed. The trustees may, with the approval of and subject to confirmation by the governor and council, appoint, and with their consent remove, a deputy who shall discharge the duties of the commissioner during his absence or disability.

SECTION 11. State Actuary. The trustees shall, with the approval of the governor and council, appoint, and may with their consent remove, an insurance actuary to be called state actuary, with such salary or compensation to be paid by the commonwealth as the trustees shall from time to time determine. The trustees may also appoint such clerks and assistants to the state actuary as the public business in his charge may require.

SECTION 12. State Medical Director. The trustees shall, with the approval of the governor and council, appoint, and may with their consent remove, a
physician to be known as the state medical director, with such salary or compensation to be paid by the commonwealth as the trustees shall from time to time determine. The state medical director may appoint such assistants, if any, as the public business in his charge requires.

**Chapter 63.**

**Taxation of Savings Bank Insurance.**

**Section 18.** *Taxation.* Savings and insurance banks doing business under chapter one hundred and seventy-eight shall, in respect to all funds held by the insurance department as a part of its insurance reserve or surplus, and the General Insurance Guaranty Fund created by said chapter shall in respect to all funds held by it, pay to the commonwealth the same taxes, at the same rate, to the same extent, and in the same manner as taxes under section eleven are payable on deposits held by the savings department. Savings and insurance banks shall not be taxable on funds held as part of the expense guaranty fund, or of the insurance guaranty fund, nor shall such banks or the General Insurance Guaranty Fund be liable to the commonwealth for any taxes or fees provided to be assessed upon life insurance companies, or for any taxes or fees except as above provided. All insurance policies and annuity contracts issued by such banks shall otherwise be exempt from taxation.
Not to be taken from the library.

*332.2

W58

*332.2

W58

Arbiter
A journey of the marriage
Jankeloff & Boston

DATE
MAY 2

ISSUED TO
May Whiter

May 2

10.75