

SENATE No. 184

To accompany the petition of the Massachusetts Co-operative Bank League, by William F. Desmond, chairman, for legislation relative to guaranty funds and surplus accounts of co-operative banks. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Thirty-One.

An Act relative to Guaranty Funds and Surplus
Accounts of Co-operative Banks.

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

1 SECTION 1. Section forty-one of chapter one
2 hundred and seventy of the General Laws, as
3 amended by section one of chapter one hundred
4 and fifty-seven of the acts of nineteen hundred
5 and twenty-one, is hereby further amended by
6 striking out, in the fifth line, the word "five"
7 and inserting in place thereof the word: — ten, —
8 so as to read as follows: — *Section 41.* At each
9 distribution of profits the board of directors shall
10 reserve as a guaranty fund not less than one nor
11 more than five per cent of the net profits accrued
12 since the last preceding adjustment, until such
13 fund amounts to ten per cent of its total liabilities,

14 and the fund shall thereafter be maintained and
15 held, and shall at all times be available to meet
16 losses in the business of the corporation from
17 depreciation of its securities or otherwise. The
18 board of directors may at any time, by vote duly
19 recorded, transfer to the guaranty fund such part
20 of the surplus account as they deem wise.

1 SECTION 2. Section forty-two of said chapter
2 one hundred and seventy, as amended by section
3 two of said chapter one hundred and fifty-seven,
4 is hereby further amended by striking out, in the
5 eighth and in the eleventh lines, the word "five"
6 and inserting in place thereof, in each instance,
7 the word: — ten, — so as to read as follows:—
8 *Section 42.* At each distribution of profits not
9 more than one per cent of the net profits accrued
10 since the last preceding adjustment shall be
11 credited to the surplus account unless there shall
12 have been reserved and credited to the guaranty
13 fund the maximum per cent of the net profits
14 under the preceding section. Any such corpora-
15 tion may hold in its surplus account such sum
16 as the board of directors may, from time to time,
17 deem wise; but whenever the guaranty fund and
18 surplus account together exceed ten and one
19 fourth per cent of its total liabilities, the board of
20 directors shall declare an extra dividend at such
21 rate as may be necessary to apportion to the
22 shareholders the accumulation in excess of ten
23 per cent of its total liabilities.

