

HOUSE No. 29

Accompanying the sixteenth recommendation of the Commissioner of Banks (House, No. 13). Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Forty-Eight.

AN ACT PROHIBITING LOANS OR OTHER EXTENSIONS OF CREDIT BY BANKING COMPANIES TO THEIR OWN EXECUTIVE OFFICERS AND PROVIDING PENALTIES THEREFOR.

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

1 Chapter 172A of the General Laws is hereby
2 amended, by inserting after section 8, as amended by
3 chapter 39 of the acts of 1947, the following new
4 section:—

5 *Section 8A.* No executive officer of any such cor-
6 poration which has been authorized to do the business
7 of a banking company under section one shall borrow
8 from or otherwise become indebted to such corpora-
9 tion, and no such corporation shall lend or extend
10 credit in any other manner to any of its own execu-
11 tive officers. If any such executive officer, either
12 individually or as trustee holding property in trust,
13 becomes the owner of any property, real or personal,
14 upon which such corporation has a lien or liens, his
15 office shall become vacant at the expiration of ninety

16 days thereafter, unless he has caused said lien or liens
17 to be satisfied, transferred or assigned. Whoever
18 violates any provision of this section shall be punished
19 by a fine not exceeding one thousand dollars, or by
20 imprisonment for not more than ninety days, or both.