

HOUSE No. 1423

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, May 5, 1932.

The committee on Bills in the Third Reading, to whom was referred the Bill relative to the withdrawal of shares in co-operative banks and to the borrowing powers of such corporations (House, No. 1377), report recommending that the same be amended by the substitution of the accompanying bill (House, No. 1423).

For the committee,

PHILIP BARNET.

The Commonwealth of Massachusetts

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

An Act relative to the Withdrawal of Shares in Co-operative Banks and to the Borrowing Powers of Such Corporations.

1 *Whereas*, The deferred operation of this act would
2 tend to defeat its purpose, therefore it is hereby de-
3 clared to be an emergency law, necessary for the
4 immediate preservation of the public convenience.

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. Chapter one hundred and seventy of
2 the General Laws is hereby amended by striking out
3 section sixteen and inserting in place thereof the
4 following: —

5 *Section 16.* A shareholder, upon giving thirty days'
6 written notice to the treasurer of his intention so to
7 do, may withdraw unmatured shares not pledged for
8 real estate loans and, upon giving ninety days' written
9 notice to the treasurer of his intention so to do, may
10 withdraw matured or paid-up shares, but the treas-
11 urer may waive such a notice, in his discretion, under
12 such restrictions as may be imposed by the board of
13 directors. Such shareholder shall be paid the balance
14 remaining after deducting from the amount then
15 standing to the credit of the shares all fines, any other
16 charges legally incurred, and such part of the profits

17 credited thereto, as the by-laws may prescribe. All
18 withdrawals shall be paid in order of the expiration
19 of the notices thereof. The directors may at any
20 time order that not more than one half of the then
21 cash on hand and in banks and one half of the funds
22 received thereafter until such order is rescinded shall
23 be applicable to the demands of withdrawing share-
24 holders, and such limitation shall be effective until
25 the rescission of such vote except as otherwise provided
26 in section twenty. Dividends becoming due on ma-
27 tured and paid-up shares while such an order is ef-
28 fective shall be credited to the owners thereof and
29 shall not, except in the discretion of the directors, be
30 paid until said order is rescinded, notwithstanding
31 the provisions of section forty.

1 SECTION 2. Section nineteen of said chapter one
2 hundred and seventy, as amended by chapter two
3 hundred and eight of the acts of nineteen hundred and
4 twenty-two, is hereby further amended by striking
5 out all after the word "eighteen" in the tenth line
6 down to and including the word "directors" in the
7 thirteenth line, — so as to read as follows: — *Section*
8 *19.* Whenever shares of a given series reach the value
9 of two hundred dollars, either by the payment of dues,
10 the addition of a regular dividend or the addition of
11 interest as hereinafter provided, they shall be deemed
12 matured and all payments of dues thereon shall cease,
13 and the owner of each unpledged share shall be paid
14 out of the funds of the corporation the matured value
15 thereof; or if he shall so elect, and at the option of the
16 directors, there may be entered on his pass book any
17 number of shares that have matured, not exceeding
18 ten, and such shares shall continue as matured shares

19 in said corporation, subject to be withdrawn or retired
20 as provided in sections sixteen and eighteen. For the
21 purpose of determining the maturity of shares between
22 the dates of adjustment of profits, there shall be added
23 to the value of the shares interest for all full months
24 from the date of the preceding adjustment to the date
25 when the addition thereof will mature the shares.
26 The interest to be added shall be at the same rate at
27 which profits were distributed at the last preceding
28 adjustment; but before the payment of matured
29 shares all arrears and fines shall be deducted. In the
30 event of a dissolution and winding up of such corpora-
31 tion, by process of law or otherwise, any member hold-
32 ing matured or paid-up shares of such corporation shall
33 not thereby be entitled to any preference over any
34 holder of unmatured shares, and all shares, whether
35 matured, paid-up or unmatured, shall be held and
36 treated as belonging to one general class of liability.

1 SECTION 3. Said chapter one hundred and seventy
2 is hereby further amended by inserting after section
3 twenty the following new section:—

4 *Section 20A.* Upon the death of any shareholder,
5 the value of the shares standing in his name shall be
6 paid to his legal representatives; provided, that if the
7 value thereof does not exceed two hundred dollars,
8 and there has been no demand for payment thereof
9 by a duly appointed executor or administrator, pay-
10 ment may be made, in the discretion of the president
11 and treasurer of the corporation, after the expiration
12 of thirty days from the death of such shareholder, to
13 the husband, widow or next of kin of such deceased,
14 upon presentation of a copy of the death certificate
15 and the surrender of the pass book or certificate evi-

16 dencing the shares, and such payment shall be a full
17 discharge of all obligations of the corporation in
18 respect to such shares.

1 SECTION 4. Said chapter one hundred and seventy
2 is hereby further amended by inserting after section
3 thirty-six the following new section:—

4 *Section 36A.* Such corporation may, by a vote of
5 at least three fifths of all its directors, borrow money
6 from any source to meet withdrawals or to loan against
7 the security of shares of the corporation, and as se-
8 curity therefor may assign and pledge its real estate
9 notes and mortgages and any other securities; but
10 no such corporation shall make any loans except
11 against the security of its shares until all money
12 borrowed by it under this section has been repaid.
13 Such a corporation shall file with the commissioner
14 forthwith upon voting to borrow money as aforesaid,
15 a copy of such vote, and forthwith upon taking any
16 action thereunder, a detailed statement by its treas-
17 urer of such action. Money so borrowed shall con-
18 stitute a debt which shall be satisfied, in case of the
19 liquidation of the affairs of the corporation, before any
20 distribution of its assets to its shareholders.

HOUSE OF REPRESENTATIVES, May 5, 1932.

Passed to be engrossed.

Sent up for concurrence.

FRANK E. BRIDGMAN, *Clerk.*

Log of the U.S.S. Albatross

Under the command of

Commodore

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