
By Messrs. Leonardi and Centracchio of Boston, petition of Frank M. Leonardi and Tony A. Centracchio for legislation relative to small loans and for establishment of graduated rates of interest thereon. Banks and Banking.

The Commonwealth of Massachusetts

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

An Act relative to Small Loans and establishing Graduated Rates of Interest thereon.

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 ninety-six of chapter one hun-
2 dred and forty of the General Laws is hereby repealed
3 and in place thereof the following section is added:—
4 *Section 96.* No person, association, corporation, or
5 partnership shall directly or indirectly engage in the
6 business of making loans of five hundred dollars or
7 less if the amount to be paid on any such loan for
8 interest, fines, liquidated damages, attorneys' fees and
9 expenses exceeds in the aggregate an amount equiva-
10 lent to twelve per cent per annum upon the sum
11 loaned without first obtaining from the commissioner
12 of banks, in sections ninety-six to one hundred and
13 fourteen inclusive, called the commissioner, a license
14 to carry on the said business in the town or city
15 where the business is transacted. When an applica-

16 tion for a loan or for an endorsement or guarantee or
17 for the purchase of a note is made by any person
18 within this commonwealth, and the money is ad-
19 vanced or the endorsement or guarantee is made or
20 furnished by any person without this commonwealth,
21 the transaction shall be deemed a loan made within
22 this commonwealth, and such a loan and the parties
23 making it, shall be subject to sections ninety-six to
24 one hundred and thirteen inclusive. The buying or
25 endorsing of notes or the furnishing of guarantee or
26 security for compensation shall be considered to be
27 engaged in the business of making small loans within
28 said sections. In prosecutions under said sections,
29 the amount to be paid upon any loan of five hundred
30 dollars or less for interest or expenses shall include
31 all sums paid or to be paid by or on behalf of the
32 borrower for interest, brokerage, recording fees, com-
33 missions, service, extension of loan, forbearance to
34 enforce payment, attorneys' fees, fines, liquidated
35 damages, and all other sums charged against or paid
36 or to be paid by the borrower for making or securing
37 directly or indirectly the loan, and shall include all
38 such sums when paid by or on behalf of or charged
39 against the borrower for or on account of making or
40 securing the loan, directly or indirectly, to or by any
41 person, other than the lender, if such payment or
42 charge was known to the lender at the time of making
43 the loan, or might have been ascertained by reasonable
44 inquiry. Any person directly or indirectly engaging
45 in the business of negotiating, arranging, aiding or
46 assisting the borrower or lender in procuring or mak-
47 ing loans of five hundred dollars or less, for which the
48 amount paid or to be paid for interest and expenses,
49 including all amounts paid or to be paid to any other

50 party therefor, exceeds in the aggregate an amount
51 equivalent to twelve per cent per annum, whether
52 such loans are actually made by such person or by
53 another party shall be deemed to be engaged in the
54 business of making small loans, and shall be subject
55 to sections ninety-six to one hundred and twelve,
56 inclusive.

1 SECTION 2. Section one hundred of chapter one
2 hundred and forty of the General Laws is hereby
3 repealed and the following section is added: —

4 *Section 100.* He shall establish the rate of interest
5 to be collected, and in fixing the rate shall have due
6 regard to the nature of the security and the time for
7 which the loan is made, but the total amount to be
8 paid on any loan for interest, expenses, attorneys' fees,
9 fines, liquidated damages, shall not in the aggregate
10 exceed an amount equivalent to three per cent on
11 loans from one dollar to one hundred dollars inclusive;
12 two and three quarters per cent on loans from one
13 hundred and one dollars to two hundred dollars inclu-
14 sive; two and one half per cent on loans from two
15 hundred and one dollars to three hundred dollars
16 inclusive; two per cent on loans from three hundred
17 and one dollars to five hundred dollars inclusive a
18 month on the amount actually received by the bor-
19 rower, computed on unpaid balances; and no licensee,
20 company, corporation or association to which sections
21 ninety-six to one hundred and twelve inclusive apply,
22 shall charge or receive upon any loan a greater rate of
23 interest than that fixed by the commissioner. No
24 charge, bonus, fee, expense or demand of any nature
25 whatsoever, except as above provided, shall be made
26 upon loans to which said sections relate.

1 SECTION 3. Section one hundred of chapter one
2 hundred and forty of the General Laws is hereby
3 amended by striking out the words "three hundred"
4 in the tenth line and inserting the words:— five
5 hundred.

1 SECTION 4. Section one hundred and twelve of
2 chapter one hundred and forty of the General Laws
3 is hereby amended by adding the following:—
4 *Section 112A.* Upon the complaint of any indi-
5 vidual, the state police and the police of the cities and
6 towns shall investigate such complaint, and if there
7 has been any violation of sections ninety-six to one
8 hundred and thirteen inclusive, shall prosecute any
9 violator. In the case of a corporation, the officer or
10 employee of such corporation violating sections ninety-
11 six to one hundred and thirteen inclusive, shall be
12 prosecuted in addition to the prosecution of the cor-
13 poration for such violation.