
By Mr. Bacigalupo of Boston, petition of Edward P. Bacigalupo for various amendments of the law regulating the business of making small loans. Banks and Banking.

The Commonwealth of Massachusetts

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

AN ACT REGULATING THE BUSINESS OF MAKING LOANS.

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 one hundred and forty of the General Laws
2 is hereby amended by inserting after section one
3 hundred and fourteen the following new sections:—

4 *Section 114A.* No person shall directly or indi-
5 rectly engage in the business of making loans without
6 first obtaining from the commissioner of banks, called
7 the commissioner, a license to carry on the said busi-
8 ness. The buying or endorsing of notes or the fur-
9 nishing of guarantee or security for compensation
10 shall be considered to be engaging in the business of
11 making small loans within said sections.

12 *Section 114B.* The commissioner shall from time
13 to time establish regulations respecting the granting
14 of licenses and the business carried on by the licensees,
15 and by loan companies and associations established

16 by special charter. He shall either personally or by
17 such assistants as he may designate, at least once a
18 year and oftener if he deems it necessary, investigate
19 the affairs of such licensees, companies and associa-
20 tions, and for that purpose shall have free access to
21 the vaults, books and papers thereof, and shall ascer-
22 tain the condition of the business and whether it has
23 been transacted in compliance with the law and the
24 regulations made hereunder. The commissioner may
25 cause an examination of the said books and business
26 to be made by an accountant whom he may select,
27 and the cost of any such examination shall be paid by
28 the person whose books are so examined.

29 *Section 114C.* All persons required by this chap-
30 ter to be under the supervision of the commissioner
31 shall annually on November first make a return to him
32 in the form of a trial balance of their books at the close
33 of business on September thirtieth preceding, and
34 shall specify the different kinds of liabilities and the
35 different kinds of assets, with such other information
36 as may be called for by the commissioner in accord-
37 ance with a blank form to be furnished by him. The
38 commissioner shall make an annual report and shall
39 forward therewith a copy of such returns or so much
40 thereof as he may deem necessary.

41 *Section 114D.* The commissioner may summon
42 said licensees, companies or associations, or any of
43 their agents or employees, and such other witnesses
44 as he deems necessary, and examine them relative to
45 their transactions and to the condition of their busi-
46 ness, and for that purpose may administer oaths.
47 Whoever without justifiable cause refuses to appear
48 and testify when so required, or obstructs the com-
49 missioner or his representatives in the performance

50 of their duties, shall be punished by a fine of not more
51 than five hundred dollars or by imprisonment for not
52 more than six months, or both.

53 *Section 114E.* Licenses granted by the commis-
54 sioner shall be for a period of one year from October
55 first. Each license shall plainly state the name of the
56 licensee, and the city or town, with the name of the
57 street, and the number, if any, of the place where
58 the business is to be carried on, and shall be posted in
59 a conspicuous place in the office where the business is
60 transacted.

61 *Section 114F.* The fee for all licenses granted
62 under section ninety-six shall be not less than one
63 hundred dollars.

64 *Section 114G.* Any person violating any provision
65 of this chapter, or any regulation made thereunder,
66 or any rule or order made by the commissioner, shall
67 be subject to a fine of not more than five hundred
68 dollars, and the license may be suspended or revoked
69 by the commissioner.

70 *Section 114H.* A license under this chapter shall
71 not be granted until the applicant has filed with the
72 commissioner a statement on oath, which in the case
73 of a corporation or association may be made by the
74 president or agent thereof in charge of the business,
75 stating the place in the town where the business is to
76 be carried on, the name and the private and business
77 address of the applicant, and in the case of a corpora-
78 tion the state under the laws of which it is organized,
79 and the name and private address of the clerk or
80 secretary and of the agent or other officer having
81 charge of its proposed business, nor until the appli-
82 cant, unless excused by the commissioner, files with
83 him a power of attorney, appointing a person satis-

84 factory to the commissioner to be his attorney, upon
85 whom all lawful process may be served in any action
86 or proceeding arising under sections ninety-six to one
87 hundred and twelve, inclusive, with the same effect
88 as if served upon the licensee. If any change occurs
89 in the name or address of a licensee or of the clerk,
90 secretary or agent aforesaid of any licensed corpora-
91 tion, or in the place where the licensed business is
92 carried on, or in the membership of any partnership
93 licensed under said sections, a true and full statement
94 of such change, sworn to in the manner required by
95 this section in the case of the original statement, shall
96 forthwith be filed with the commissioner, who may
97 after a hearing revoke the license.

98 *Section 114I.* Loan companies and loan associa-
99 tions established by special charter, and fraternal
100 mutual benefit societies the membership of which is
101 limited to the employees of any one person and which
102 make loans to its members only, shall be subject to
103 the supervision of the commissioner, but need not
104 procure a license.