

HOUSE No. 24

Bill accompanying third recommendation of the Bank Commissioner (House, No. 22). Banks and Banking. January 6.

The Commonwealth of Massachusetts.

In the Year One Thousand Nine Hundred and Eleven.

AN ACT

To regulate the Taking of Deposits by Certain Persons,
Partnerships, Associations or Corporations.

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 four hundred and twenty-eight of the acts of
2 the year nineteen hundred and five is hereby amended
3 by striking out section two, as amended by section two
4 of chapter four hundred and eight of the acts of the
5 year nineteen hundred and six, and inserting in place
6 thereof the following: — *Section 2.* Said bond shall be
7 executed by said persons, partnerships, associations or
8 corporations as principal, with at least two good and
9 sufficient sureties who shall be residents and owners of
10 real estate within the commonwealth, or by said per-
11 sons, partnerships, associations or corporations as prin-
12 cipal and a surety company approved by the bank
13 commissioner. In lieu of the aforesaid sureties, the
14 persons, partnerships, associations or corporations may

15 deposit, and the treasurer and receiver general shall
16 accept as security for the fulfilment of the provisions
17 of the bond, money, bonds of the United States, of this
18 commonwealth or of any municipality thereof, or, if
19 approved by the bank commissioner, other bonds, cer-
20 tificates of deposit issued by a national bank or trust
21 company, or deposit books of depositors in savings banks
22 or trust companies. The money or securities so de-
23 posited shall be held on the conditions specified in the
24 aforesaid bond. If securities be deposited in lieu of
25 the aforesaid sureties and be accepted, the treasurer
26 and receiver general shall require the depositor to
27 maintain such deposit at a value equal to the amount
28 fixed as the penalty of the bond, and he may in his
29 discretion permit the substitution of securities for
30 money, or of money for securities, in whole or in part,
31 or of money or securities for any sureties, or of a bond
32 for money or securities deposited, or the withdrawal
33 of securities deposited and the substitution of others of
34 equal value in their place, and if the total value of
35 securities become substantially impaired, he shall re-
36 quire the deposit of money or additional securities
37 sufficient to cover the impairment in value. This bond
38 shall not be accepted unless approved by the treasurer
39 and receiver general, and upon such approval it shall
40 be filed in his office. Upon notice of such approval the
41 bank commissioner shall issue a license authorizing the
42 persons, partnerships, associations or corporations in
43 question to carry on the aforesaid business for a period
44 of one year from the date of the issuance of such li-
45 cense, at a place to be specified therein, and no persons,
46 partnerships, associations or corporations shall enter
47 into or continue in the aforesaid business without such
48 authority. Such license shall state the kind of business

49 which the licensee is authorized to carry on, either that
50 of receiving deposits of money for safe-keeping, or that
51 of receiving money for the purpose of transmitting the
52 same or equivalents thereof to foreign countries, or that
53 of receiving deposits of money for safe-keeping and
54 transmission to foreign countries. If authority is
55 therein given the licensee to carry on the business of
56 receiving deposits of money for the purpose of trans-
57 mitting the same or equivalents thereof to foreign
58 countries, he shall pay for such license an annual fee
59 of twenty-five dollars, but if authority is given to re-
60 ceive deposits of money for safe-keeping, or for the
61 purpose of safe-keeping and transmission abroad, then
62 an annual fee of fifty dollars shall be paid. Such li-
63 cense shall not be transferred or assigned. It shall not
64 authorize the transaction of business at any place other
65 than that described in the license except with the written
66 approval of the bank commissioner. Immediately upon
67 the receipt of the license issued by the bank commis-
68 sioner, the licensee named therein shall cause such li-
69 cense to be posted and at all times conspicuously
70 displayed in the place of business for which it is issued,
71 so that all persons visiting such place may readily see
72 the same. It shall be unlawful for any licensee to post
73 such license or to permit such license to be posted upon
74 premises other than those designated therein or to which
75 it has been transferred without the written approval of
76 the bank commissioner, or knowingly to deface or de-
77 stroy any such license. The money and securities
78 deposited with the treasurer and receiver general as
79 herein provided and the money which in case of default
80 shall be paid on the aforesaid bond by any licensee or
81 the surety thereof, shall constitute a trust fund for the
82 benefit of such persons as shall deliver money to such

83 licensee for safe-keeping or for the purpose of trans-
84 mitting the same to foreign countries, and such bene-
85 ficiaries shall be entitled to an absolute preference as
86 to such money or securities over all general creditors
87 of the licensee. The license issued shall be revocable at
88 all times by the bank commissioner for cause shown,
89 and in the event of such revocation or of a surrender
90 of such license, no refund shall be made in respect of
91 any license fee paid under the provisions of this act.
92 Every license shall be surrendered to the bank commis-
93 sioner within twenty-four hours of the notice in writing
94 to the holder that such license has been revoked. In
95 case of the revocation of such license, the money and
96 securities and the bond, if there be one, shall continue
97 to be held by the treasurer and receiver general for a
98 period of one year from the date of the revocation of
99 the license unless otherwise directed by the order or
100 judgment of a court of competent jurisdiction. When-
101 ever a person, partnership, association or corporation
102 shall be granted a license to carry on only the business
103 or receiving deposits of money for safe-keeping, or only
104 that of receiving deposits of money for the purpose of
105 transmitting the same or equivalents thereof to foreign
106 countries, the condition of the bond required by section
107 one of chapter three hundred and seventy-seven of the
108 acts of the year nineteen hundred and seven may be the
109 faithful holding or repayment of the money deposited
110 or the faithful holding and transmission of the money
111 or equivalents thereof, respectively, instead of the con-
112 dition described by said section one. The sum of the
113 bond shall be liable at any time to be increased in such
114 amounts as shall be shown by examination to be neces-
115 sary.