

By the same member by Mr. Murphy of Peabody, petition of John E. Murphy, Jr., relative to the depositing of state funds in certain banks or trust companies. Banks and Banking.

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**The Commonwealth of Massachusetts**

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In the Year One Thousand Nine Hundred and Eighty-One.

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AN ACT RELATIVE TO DEPOSITING OF CERTAIN STATE FUNDS.

*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 29 of the General Laws is hereby amended by striking  
2 out section 34 and inserting in place thereof the following sec-  
3 tion: —

4 *Section 34.* State officers, departments, institutions and other  
5 agencies may deposit any portion of the public moneys in their  
6 possession in such national banks, trust companies or banking  
7 companies, lawfully doing business in the commonwealth, as shall  
8 be designated by the state treasurer from a list of depositories  
9 prepared by him and approved at least once in three months by the  
10 governor and council; but the aggregate balance on deposit in any  
11 one such national bank, trust company or banking company by  
12 the state treasurer, by a state officer of funds advanced under the  
13 provisions of section twenty-three by a state officer, department,  
14 institution or other agency of fees or other money as referred to in  
15 section twenty-seven of chapter thirty shall not exceed, as of the  
16 close of the business each business day, sixty per cent of its paid up  
17 capital, surplus, in accordance with the records of the national  
18 bank, trust company, or banking company. In addition, no monies  
19 may be deposited in any such national bank, trust company or  
20 banking company unless such national bank, trust company or  
21 banking company has deposited securities with the state treasurer,  
22 or a special depository designated by him, at least equal in market  
23 value to the amount of monies deposited. The state treasurer may

24 enter into agreements in conformity herewith with any depository  
25 relating to the deposit of such securities. No such deposit of  
26 securities is required for such amounts of money as are deposited  
27 in accounts insured by the Federal Deposit Insurance Corpora-  
28 tion. For amounts not so insured, as security, the state treasurer  
29 may, in his discretion, accept bonds or other securities of the  
30 United States, bonds or notes issued or guaranteed by the United  
31 States or an instrumentality thereof, as to payment of principal  
32 and interest to the extent of such insurance or guaranty, bonds or  
33 notes of the commonwealth, or bonds or notes guaranteed by the  
34 commonwealth as to payment of principal and interest to the  
35 extent of such insurance or guarantee, or the bonds or notes of any  
36 county, city, town, or authority of this commonwealth. All securi-  
37 ties are subject to acceptance only upon approval of the state  
38 treasurer. With the increase or reduction of the amount of com-  
39 monwealth money on deposit, there may be an increase or reduc-  
40 tion in the amount of securities so deposited and the state treasurer  
41 may require additional securities in case of the depreciation of  
42 securities so deposited by him. Such national bank, trust company  
43 or banking company may demand and receive securities on depos-  
44 it by it in excess of those required to protect deposits of common-  
45 wealth monies hereunder. The state treasurer may provide that  
46 any such bank may receive additional deposits not to exceed one  
47 hundred per cent of its paid up capital, surplus, providing that  
48 such additional deposits are subject to collateral approved by the  
49 state treasurer. Deposits of the proceeds from the sale of bonds  
50 and notes by the state treasurer shall not be subject to the sixty per  
51 cent limit for a period of seven days from the date of the deposit or  
52 other credit to the account of the state treasurer. All certificates of  
53 deposit of any such national bank, trust company or banking  
54 company whether issued directly to the state treasurer or pur-  
55 chased on the open market shall be considered deposits within the  
56 meaning of this section. For the purpose of paying the principal or  
57 interest due on any bond, note or other obligation of the common-  
58 wealth, which is payable in the city of New York or the city of  
59 Chicago, the state treasurer may keep on deposit in any national  
60 bank or trust company in said cities, approved for the purpose by  
61 the governor and council, a sum not exceeding in the aggregate

62 twenty-five thousand dollars; provided, that for a period of seven  
63 days prior to the date of any such payment or payments, said  
64 amount may be increased by a sum or sums sufficient to cover the  
65 same.

66 A state treasurer who knowingly makes any deposit in violation  
67 of the foregoing provisions shall be deemed guilty of misconduct  
68 and maladministration in his office within the meaning of the  
69 constitution, any other officer who knowingly makes any deposit  
70 in violation of the foregoing provisions shall be deemed guilty of  
71 misconduct and maladministration in his office, and any national  
72 bank, trust company or banking company knowingly receiving  
73 any deposit in violation thereof shall be disqualified from receiving  
74 said monies for the period of three years from the date of said  
75 deposit. All interest received on any deposits under this section  
76 shall be paid to the commonwealth.

