

# MAINE STATE LEGISLATURE

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May 11, 1956

To Irl Withee, Deputy Bank Commissioner  
Re: Indirect Loan to Bank Officer

You have presented to us a problem in regard to one of the savings banks which you have examined in the course of your duties.

The fact situation, as disclosed to us, is as follows:

The assistant treasurer of the savings bank now being examined and his sister jointly hold property, including a home thereon, and as tenants in common recently gave to the savings bank a mortgage to secure two notes which were signed by the sister alone.

Further information disclosed that the assistant treasurer had been making payments on one of these notes and he has admitted that he received the proceeds of one of the notes and used it for his own personal business.

The question is whether or not the loan is one which is prohibited under subparagraph C of subsection III, Section 19-E of Chapter 59 of the Revised Statutes of 1954:

"No loan shall be made, directly or indirectly, to any officer of the corporation or to any partnership of which such officer is a member."

There is no doubt in our minds that the assistant treasurer is an officer within the meaning of this section.

Subparagraph A of the same section provides as follows:

"The board of trustees shall elect annually from their membership or otherwise a president, one or more vice-presidents, clerk, treasurer, one or more assistant treasurers, and such other officers as they may deem advisable, . . ."

In view of this provision and the prohibition above mentioned, it would be our opinion that the loan in this case is one prohibited by the statutes and it should be called to the bank's attention, so that immediate steps may be taken to rectify the situation.

Roger A. Putnam  
Assistant Attorney General

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