

# MAINE STATE LEGISLATURE

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S. 10

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**EIGHTY-FIFTH      LEGISLATURE**

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**Legislative Document**

**No. 776**

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In Senate, Feb. 27, 1931.

Tabled by Senator Slocum of Cumberland pending adoption and 500 copies ordered printed.

ROYDEN V. BROWN, Secretary.

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**STATE OF MAINE**

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IN THE YEAR OF OUR LORD ONE THOUSAND NINE  
HUNDRED AND THIRTY-ONE

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Senate Amendment A to Senate Paper 353, being Legislative Document No. 376, an Act relating to regulation of loans by trust companies.

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Amend said Act by adding thereto the following:

Sec. 2. Section 78, Chapter 57 of the Revised Statutes is hereby amended by striking out the word "twenty-five" in the twenty-first line of said section and inserting in lieu thereof the word 'fifteen' so that said section as amended shall read as follows:

'Sec. 78. No trust company shall make any loan to any of its directors, officers, agents, or to any other person in its employ, or on which any such director, officer, agent, or employee is an endorser, guarantor, or surety, or to any firm or business syndicate of which such director, officer, agent, or employee is a member, or to any person or on the endorsement or guaranty of any person who is a partner of, or member of a business syndicate with, such director, officer, agent, or employee, or to any corporation of which any such director, officer, agent, or employee is a director, officer, superintendent, or manager, until the proposition to make such loan shall have been submitted by the person desiring the same to the board of directors of such company, or to the executive committee thereof, if any, and accepted and approved by a majority of the entire membership of such board or committee; provided, how-

ever, that no director of such company who is interested in said loan in any of the above capacities, or who is connected or associated with the borrower in any of the above ways, shall be regarded as voting in the affirmative on such loan. For the purposes of this section each renewal shall be considered as an original loan. Such approval, if the loan is made, shall be spread upon the records of the company; and this record shall, in every instance, give the names of the directors authorizing the loan. Nothing in this section or section seventy-seven shall make it unlawful for a trust company to give any person, firm, syndicate, or corporation a line of credit to an amount not exceeding fifteen per cent of its total capital, unimpaired surplus and net undivided profits, subject to the several restrictions as to percentage of entire board and right of interested persons to vote on same contained in said sections. The records of the company shall show how every director voted on the same, and when such line of credit is given, the treasurer or other authorized officer may pay out loans in accordance therewith without further approval. A line of credit so given shall expire in six months unless renewed in the same manner in which it is originally given. No loan shall hereafter be made to the treasurer, assistant treasurer, or any employee of the company upon the security of corporation stocks as collateral; provided, however, that this provision shall not apply to the renewal of existing loans.'