

MAINE STATE LEGISLATURE

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DECEMBER SPECIAL SESSION

E I G H T Y - S I X T H L E G I S L A T U R E

Legislative Document

No. 60

H. P. 48

House of Representatives, Dec. 5, 1933.

Referred to Committee on Banks and Banking. 500 copies ordered printed. Sent up for concurrence.

HARVEY R. PEASE, Clerk.

Presented by Mr. Hescok of Monson.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND
THIRTY-THREE

**AN ACT Relating to Loans by Trust Companies to Directors, Agents, or
Employees.**

Be it enacted by the People of the State of Maine, as follows :

R. S., c. 57, § 78, amended. Section 78 of chapter 57 of the revised statutes is hereby amended to read as follows :

‘Sec. 78. Loans to officers; approval of loan to be recorded; records to show vote of directors; credit expires in 6 months. 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 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, however, 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 77 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 ~~twenty per cent~~ 15% 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 6 months unless renewed in the same manner in which it is originally given. No loan shall hereafter be made to ~~the treasurer~~ any assistant treasurer, or ~~any other~~ 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.

The bank commissioner, under such general rules and regulations as he may prescribe, which shall apply to all trust companies alike, may require full collateral security for all loans made to such director, agent or employee and to such firm, syndicate or corporation of which such director, officer, agent or employee is a member, and for the purpose of providing that such security may be adequate may specify types and kinds thereof that may be pledged.'