

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 553

By: Senators Bookout and Gibson

"AN ACT TO AMEND SECTION 30 OF ACT 113 OF 1913, AS AMENDED  
[ARK.STAT. 67-506] TO PROHIBIT THE USE OF BANK HOLDING  
COMPANY STOCK AS SECURITY FOR A LOAN AT ITS SUBSIDIARY BANK;  
AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 30 of Act 113 of 1913, as amended, the same being  
Arkansas Statutes 67-506, is hereby amended to read as follows:

"Section 30. It shall be unlawful for any bank or trust company to  
knowingly loan its funds to its stockholders on its own stock, or stock in its  
bank holding company, as collateral security, or to make any loan the proceeds  
of which are used to purchase its own stock, or stock of its bank holding com-  
pany, or to carry as an asset any loan representing, either directly or  
indirectly, an investment in its own stock or that of its bank holding com-  
pany. For purposes of this section a bank holding company is defined as  
owning 5% or more of the lending bank's stock. Any officer or director of any  
bank or trust company operating under the laws of this State, or any  
stockholder violating the provisions of this Section shall be guilty of a mis-  
demeanor punishable by a fine of not less than \$50.00 or more than \$500."

