

HOUSE BILL 2625

By Sargent

AN ACT to amend Tennessee Code Annotated, Title 45,
Chapter 5, relative to banks and financial
institutions.

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

SECTION 1. Tennessee Code Annotated, Section 45-5-102, is amended by deleting
subdivision (12) in its entirety and by substituting instead:

(12)

(A) "Investment certificate" means a writing by which an industrial
investment company evidences its receipt of money from a natural person
and its obligation to repay the money, with interest, in accordance with the
provisions of the writing, which certificates are not insured by an agency of
the United States government;

(B) "Investment certificate" does not include:

(i) Promissory notes, bonds, debentures, commercial paper
and the like issued by an industrial loan and thrift company or
industrial investment company or industrial bank to a bank,
insurance company, or other commercial lender; or

(ii) A promissory note -- provided, that the note is
nonnegotiable to a natural person and includes a provision to the
effect that any attempt at its assignment to any person other than
the maker, a bank, insurance company, or other commercial lender

shall be null, void and of no effect -- issued by an industrial loan and thrift company to the following:

(a) A bona fide executive officer who works at least thirty-five (35) hours per week at the company, or to members of the executive officer's immediate family;

(b) A voting member of the board of directors of the company, or to members of the voting member's immediate family; or

(c) To a shareholder, including a beneficial owner, of the company where the shareholder and members of the shareholder's immediate family own at least twenty-five percent (25%) of the outstanding voting shares of the company.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.