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## Liability of directors for loans to stockholders

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times be impersonal and dignified. Outside the presentation, in which case they appear over the firm's signature, the words "you" and "your" should never be used. The excessive use of the pronoun "we" should be avoided. Unusual expressions, foreign words, slang, witticisms, figures of

speech, involved construction, are all out of place in an accountant's report. Ideas clearly thought out, simply and directly expressed, with due regard for the exact meaning of words and the rules of grammatical construction, lend dignity to any composition.

## Liability of Directors for Loans to Stockholders

IT is obviously impossible, with the vast number and variety of corporation laws, for the accountant to have in his mind all of the statutes governing corporations in the various states. The outstanding features of corporation law are covered in various text-books which the accountant studies and consults; but investigation in special cases frequently brings to light points which constitute more or less of a surprise, because of the infrequency with which such cases arise in accountancy practice.

The accountant probably overlooks many violations of corporation law because of his inability to give the time necessary to cover all the refinements of such law. It is not to be supposed that he will have all the legal equipment of the lawyer, and he is not charged with such knowledge or experience. When, however, cases involving a fine point of corporation law bring to light certain statutes of particular interest, it seems

worth while to call attention to such passages in the law. The following is quoted from Section 29 of the New York Stock Corporation Law:

"No loans of moneys shall be made by any stock corporation, except a monied corporation, or by any officer thereof out of its funds to any stockholder therein, nor shall any such corporation or officer discount any note or other evidence of debt, or receive the same in payment of any installment or any part thereof due or to become due on any stock in such corporation, or receive or discount any note, or other evidence of debt, to enable any stockholder to withdraw any part of the money paid in by him on his stock. In case of the violation of any provision of this section, the officers or directors making such loan, or assenting thereto, or receiving or discounting such notes or other evidences of debt, shall, jointly and severally, be personally liable to the extent of such loan and interest, for all the debts of the corporation contracted before the repayment of the sum loaned, and to the full amount of the notes or other evidences of debt so received or discounted, with interest from the time such liability accrued."

## Recent Changes

We announce the appointment, effective May 1, 1922, of Mr. E. E. Leffler as manager of the Buffalo Office.

Mr. Leffler, who was formerly a member of the New York staff, became attached to the Buffalo Office in June, 1920, at the time of the consolidation of our practice with that of the late Mr. H. S. Champlin

of Buffalo. He is a certified public accountant of New York State and a member of the American Institute of Accountants.

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Announcement is made of the withdrawal of Mr. J. D. Brawner as manager of our Philadelphia Office, effective May 1, 1922.