§ 173. Rate of interest; effect of usury. 1. No private banker shall take, receive, reserve or charge on any loan or discount made, or upon any note, bill of exchange or other evidence of debt, interest as computed pursuant to this section, at a rate greater than the rate prescribed by the superintendent of financial services pursuant to section fourteen-a of this chapter, or, if no rate has been so prescribed, six per centum per annum, or two dollars if the interest so computed is less than that amount. Such interest may be taken in advance, reckoning the days for which the note, bill or evidence of debt has to run. The knowingly taking, receiving, reserving or charging a greater rate of interest shall be held and adjudged a forfeiture of the entire interest which the note, bill of exchange or other evidence of debt carries with it, or which has been agreed to be paid thereon. If a greater rate of interest has been paid, the person paying the same or his legal representatives may recover twice the entire amount of the interest thus paid from the private banker. The purchase, discount or sale of a bona fide bill of exchange, note or other evidence of debt payable at another place than the place of such purchase, discount or sale at not more than the current rate of exchange for sight draft, or a reasonable charge for the collection of the same, in addition to the interest, shall not be considered interest for the purpose of any law regulating the maximum rate of interest which may be charged, taken or received.

Anything contained in this subdivision to the contrary notwithstanding, the charging of interest or discount on a loan or discount at an office of a private banker located outside of the states of the United States of America and the District of Columbia at a rate allowed by the laws of the country, territory, dependency, province, dominion, insular possession or other political subdivision where such office is located, or the acquisition by a private banker of a part interest or the entire interest in any loan or discount heretofore or hereafter made by a bank or trust company or any other banking institution at an office located outside of the states of the United States of America and the District of Columbia, shall not be a violation of this section.

1-a. Anything contained in this section to the contrary notwithstanding, any private banker, in purchasing or otherwise acquiring, any note or other evidence of debt, which has arisen out of the sale of personal property or the performance of services on credit and which is repayable in instalments from the payee or holder thereof, may take, receive, reserve or charge an amount not exceeding twelve per centum per annum, computed pursuant to this section on unpaid principal balances, or the sum of ten dollars, whichever is the greater; provided, however, that nothing contained in this subdivision shall authorize a private banker to take, receive, reserve or charge upon the purchase or other acquisition of any two or more notes or other evidences of debt, arising out of the same transaction, an amount greater than such private banker would be entitled to take, receive, reserve or charge if all of such obligations constituted a single obligation. In the event that the private banker insures, under a group insurance policy, the life of the person primarily liable on any such obligation, or in the event that the private banker requires insurance on personal property securing any such obligation, the actual cost of such insurance may be added to the amount which such private banker may take, receive, reserve or charge upon the purchase or other acquisition of such obligation. This subdivision shall not be in derogation of any powers, rights or privileges possessed by any private banker prior to the effective date this subdivision.

2. Upon advances of money repayable on demand to an amount not less than five thousand dollars made upon warehouse receipts, bills of lading, certificates of stock, certificates of deposit, bills of exchange, bonds or other negotiable instruments, pledged as collateral security for such repayment, a private banker may receive or contract to receive and collect as compensation for making such advances any sum which may be agreed upon by the parties to such transaction.

3. Upon an advance of money, whether or not repayable on demand, to an amount not less than five thousand dollars, made upon documents of title within article seven of the uniform commercial code or negotiable instruments within article three or article eight of the uniform commercial code pledged as collateral security for such repayment, any private banker may receive or contract to receive and collect as

compensation for making such advance any sum which may be agreed upon by the parties to such transaction; provided that such advance is (a) to or for any partner of a firm which is a member firm of a national securities exchange registered with the securities and exchange commission as a national securities exchange under the federal securities exchange act of 1934, as amended, to enable such partner to make a contribution of capital to such firm or to purchase stock of an affiliated corporation of such firm, provided that such partner is actively engaged in the business of such firm and devotes the major portion of his time thereto, or (b) to or for any person who is or will become a holder of stock of a corporation which is a member corporation of such a national securities exchange to enable such person to purchase stock of such corporation or to purchase stock of an affiliated corporation of such corporation, provided that such person is actively engaged in the business of such corporation and devotes the major portion of his time thereto.