

ment Act of nineteen hundred and nineteen, with table of contents'; by conferring additional powers on the Secretary of Banking with regard to the leasing of real estate, the pledge of assets in his possession as security for loans, the sale of listed and unlisted securities, and the extension of the period for the payment of mortgages," absolutely.

Section 1203. General Repeal of Acts.—All other acts or parts of acts inconsistent herewith are hereby repealed.

Approved—The 15th day of May, A. D. 1933.

GIFFORD PINCHOT

No. 112

AN ACT

Relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization of corporations with fiduciary powers, and of banking corporations, with or without fiduciary powers, including the conversion of National banks into State banks, and for the licensing of private bankers; defining the rights, powers, duties, liabilities, and immunities of such corporations, of existent corporations authorized to engage in a banking business, with or without fiduciary powers, of private bankers, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations or private bankers, or of affiliated corporations, associations, or persons; restricting the exercise of banking powers by any other corporation, association, or person, and of fiduciary powers by any other corporation; conferring powers and imposing duties upon the courts, prothonotaries, recorders of deeds, and certain State departments, commissions, and officers; imposing penalties; and repealing certain acts and parts of acts.

*Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same, as follows:*

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ARTICLE I

SHORT TITLE AND PRELIMINARY PROVISIONS

Section 1. Short Title.—This act shall be known, and Banking Code.  
may be cited, as the "Banking Code."

Section 2. Definitions.—A. The following terms shall be construed in this act to have the following meanings, except in those instances where the context clearly indicates otherwise:

"Affiliated corporation or person" means such an affiliated corporation or person, as is defined, by any Federal law or any regulation issued by any Federal authority pursuant to law, to be a corporation or person affiliated with a national banking association or a member of a Federal Reserve Bank.

"Articles" includes the original articles of incorporation, any or all amendments thereto, articles of merger, consolidation, or conversion, and also what have heretofore been designated by law as certificates of incorporation or charters.

"Assets" includes all the property and rights of every kind of an institution as herein defined.

"Attorney" includes any attorney at law who receives a general retainer as solicitor or as counsel for an institution.

"Authorized capital" means the sum of the par value of the shares authorized to be issued in the articles of incorporation, or in any amendment thereto.

"Bank" includes any bank which does not have the power to act as trustee, guardian, executor, administrator, or in other fiduciary capacities, incorporated under this act; or under the act, approved the thirteenth day of May, one thousand eight hundred seventy-six (Pamphlet Laws, one hundred sixty-one), entitled "An act for the incorporation and regulation of banks of discount and deposit," its amendments and supplements; or under any special act of the General Assembly of this Commonwealth.

“Bank and Trust Company” includes any bank and trust company incorporated under this act; or any bank incorporated under the act, approved the thirteenth day of May, one thousand eight hundred seventy-six (Pamphlet Laws, one hundred sixty-one), entitled “An act for the incorporation and regulation of banks of discount and deposit,” its amendments and supplements, which has acquired the power to act as fiduciary under the act, approved the seventeenth day of July, one thousand nine hundred nineteen (Pamphlet Laws, one thousand thirty-two), entitled “An act authorizing banking companies, incorporated and organized under the laws of the Commonwealth and having capital stock at least equal to the capital stock which trust companies are required by law to have, to act in any fiduciary capacity in which trust companies organized under the laws of the Commonwealth are empowered to act, and prescribing the method of acquiring such rights”; or any corporation organized “for insurance of owners of real estate, mortgagees, and others interested in real estate, from loss by reason of defective titles, liens and incumbrances,” under the act approved the twenty-ninth day of April, one thousand eight hundred seventy-four (Pamphlet Laws, seventy-three) its amendments and supplements, and which has acquired the power to engage in the business of banking and to act as fiduciary under the supplement to that act approved the ninth day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, one hundred fifty-nine); or a corporation, organized under any special act of the General Assembly of this Commonwealth, which has the power to engage in a banking business and to act as fiduciary.

“Banking” means discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; receiving money and commercial paper on deposit or for transmission; lending money on real or personal security; buying and selling gold and silver bullion, foreign exchange, coin, or bills of exchange.

“Capital” means the sum of the par value of the common shares, issued and outstanding.

“Corporation” means a corporation or a joint stock association organized under the laws of this Commonwealth, of the United States, or of any other state, territory, foreign country, or dependency.

“Department” means the Department of Banking of this Commonwealth.

“Director” includes any individual who is a member of a board of directors, board of managers, or board of trustees of a bank, bank and trust company, or trust company.

“Incorporator” means a signer of the original articles of incorporation.

“Incorporated Institution” includes any bank, bank and trust company, savings bank, or trust company.

“Institution” includes any bank, bank and trust company, savings bank, trust company, or private bank.

“Net worth” means the total of all the assets of every kind employed in the business of a private bank, less the total of all the liabilities of every kind of such business.

“Person” means an individual, or an unincorporated association, including a partnership, a limited partnership, or any other form of unincorporated enterprise owned by two or more individuals.

“Private Bank” means a banking business, other than those specifically exempted by this act, owned and operated in this Commonwealth by an individual, a partnership, or any other unincorporated association; but this shall not include clubs and hotels which receive money from members and guests for temporary safe-keeping, express, steamship, or telegraph companies which receive money for transmission, attorneys at law, real estate agents, fiscal agents, and attorneys in fact, who are not engaged in the business of receiving moneys in this Commonwealth for deposit or for transmission but receive and transmit moneys only as an incident to their general business or profession, and brokers licensed under the laws of this Commonwealth, holding membership in a lawfully constituted brokerage exchange, who do and have authority to do only such banking as is incidental to their brokerage business.

“Private Banker” means an individual, who, by himself, or as a member of a partnership or other unincorporated association, owns or operates a private bank.

“Recognized Stock Exchange” means the stock exchange of any city having a population of more than five hundred thousand, according to the latest official census.

“Savings Bank” includes any savings bank incorporated under this act; or under the act, approved the twentieth day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, two hundred forty-six), entitled “An act to provide for the incorporation and regulation of savings banks and institutions without capital stock, established for the encouragement of saving money”; or under any special act of the General Assembly of this Commonwealth.

“Shares” means the units into which the shareholders’ right to participate in the control of an incorporated institution, in its undivided profits, or in the distribution of its assets, are divided.

“Shareholder” means a registered owner of shares in an incorporated institution.

“Share Certificate” means a written instrument signed by the proper corporate officers as required by this act, and evidencing the fact that the corporation or person therein named is the registered owner of the

shares therein described; it also includes the term "certificate of stock" as used in existing laws.

"Trust Company" includes any trust company incorporated under this act; or any corporation organized for insurance of owners of real estate, mortgagees, and others interested in real estate, from loss by reason of defective titles, liens, and encumbrances, under the act approved the twenty-ninth day of April, one thousand eight hundred seventy-four (Pamphlet Laws, seventy-three), its amendments and supplements, and which has acquired the power to engage in the business of banking and acting as fiduciary under the supplement to the act approved the ninth day of May, one thousand eight hundred and eighty-nine (Pamphlet Laws, one hundred fifty-nine); or any other bank and trust company which renounces, or has renounced, its power to transact a banking business; or a corporation, organized under any special act of the General Assembly of this Commonwealth, which has the power to engage in the banking business and act as a fiduciary, but which renounces, or has renounced, its power to transact a banking business.

"Trustee" includes any individual who is a member of the board of managers or board of trustees of a savings bank.

"Written" includes printed, typewritten, engraved, lithographed, photographed, photostated, or telephotographed.

B. The singular shall be construed to include the plural. The masculine shall be construed to include the feminine and the neuter, and conversely, the neuter shall be construed to include the masculine and the feminine.

Section 3. Applicability of Act; Automatic Acceptance.—A. Except as herein otherwise specifically provided, this act shall apply to all incorporated institutions, whether incorporated before or after the effective date of this act and whether by general or special law.

B. If the application of the provisions of this act to any incorporated institution organized under a special act of the General Assembly shall be declared unconstitutional, an acceptance or exercise by such institution of any benefit, right, or power conferred or granted by this act, including a change of its name or of its place of business, an extension of its term of existence, an increase or decrease of its capital, any other amendment to its articles, or a merger or consolidation with another institution, or with a national banking association, shall constitute an acceptance by such institution of all the provisions of this act which by their terms are made applicable to it.

Section 4. Saving Clause.—A. The provisions of this act, in so far as they are the same as those of existing acts, shall be construed as a continuation of such acts, and not as new enactments. The repeal by this act of any existing act, or of any part thereof, shall not be

construed to revive any act, or part of any act, heretofore repealed or superseded.

B. Except as otherwise specifically provided in this act, the provisions of this act shall not affect any act done, any liability, duty, or obligation incurred, or any right accrued, prior to the effective date of this act, nor shall they affect any suit or prosecution pending, or to be instituted to enforce any right or penalty, or to punish any offense under the authority of any act repealed or superseded by this act.

C. The repeal of any act by this act shall not affect the corporate existence of any bank, bank and trust company, or savings bank heretofore created under any law of this Commonwealth, or the existence of any private banker heretofore authorized to do a banking business in this Commonwealth.

D. Any person holding office under any act repealed by this act shall continue to hold such office until the expiration of his term, subject to the conditions attached to such office prior to the passage of this act.

E. All resolutions, regulations, and rules made pursuant to any act repealed by this act shall, unless inconsistent with any provision of this act, continue with the same force as if such act had not been repealed.

Section 5. Constitutional Construction.—It is hereby declared to be the legislative intent that if this act cannot take effect in its entirety because of the decision of any court holding unconstitutional any part hereof, the remaining provisions of the act shall be given full force and effect as completely as if the part held unconstitutional had not been included herein.

Section 6. Construction of References, Article and Section Headings.—A. Any reference in this act to any act by title or otherwise shall be construed to apply to, and include, any codification wherein the provisions of the act referred to are substantially reenacted.

B. Any reference in this act to the provisions of law on any subject shall apply to statutes and decisions becoming effective after the effective date of this act, as well as those then in existence.

C. Article and section headings shall not be construed to affect in any manner the scope or meaning of any article or section of this act.

Section 7. Jurisdiction of Courts.—Except where otherwise specifically provided, the provisions of this act shall not be deemed to curtail in any manner whatsoever the equity jurisdiction and powers of the courts of this Commonwealth.

Section 8. Notices to Corporations and Persons.—Unless expressly provided otherwise, all written notices required by this act to be given to any corporation or person shall be (1) served in the manner now or hereafter established by law for the service of writs of summons, except that such service need not be made by the

sheriff, or (2) mailed, charges prepaid, (a) in the case of an individual, to his last known residence or place of business, (b) in the case of an unincorporated association, or a corporation organized under the laws of this Commonwealth, to its principal office, and (c) in the case of a corporation incorporated under the laws of some other state, to its registered office in Pennsylvania, or, if it has no registered office in Pennsylvania, to its home office in the state of incorporation or in any other state.

If a notice is sent by mail, such notice shall be deemed to have been given to the corporation or person addressed when it is deposited in the United States mail for transmission to such corporation or person.

Section 9. Advertisement or Notice in Newspapers.—  
A. Unless expressly provided otherwise, any advertisement or notice in a newspaper of general circulation, required by this act, shall be published in a newspaper of general circulation in the county, as defined by the Newspaper Advertising Act, approved the sixteenth day of May, one thousand nine hundred twenty-nine (Pamphlet Laws, one thousand seven hundred eighty-four), its supplements and amendments, in which the principal place of business of the institution is, or in the case of a proposed institution will be, located, and which is published in the city, borough, or township in which such place of business is or will be located.

If there is no newspaper of general circulation published in the city, borough, or township, then the advertisement or notice shall be inserted in a newspaper of general circulation in the county, published at the county seat. If no newspaper of general circulation in the county is published at the county seat, then such advertisement or notice shall be inserted in the newspaper of general circulation published nearest to the city, borough, or township in which the principal place of business of such institution is or will be located and within the county. If there is no newspaper of general circulation published within the county, then the advertisement or notice shall be inserted in the newspaper of general circulation published nearest to such city, borough, or township in an adjoining county.

B. Unless expressly provided otherwise, any advertisement or notice in a legal newspaper, required by this act, shall be published in the legal newspaper published within the county, as defined by the Newspaper Advertising Act, in which the principal place of business of the institution is, or in the case of a proposed institution will be, located.

C. Unless expressly provided otherwise, if this act requires advertisement or notice to be made both in a newspaper of general circulation and in a legal newspaper, and if there is no legal newspaper published within the county in which the principal place of business of the in-

stitution is, or in the case of a proposed institution will be, located, the advertisement shall be made in two newspapers of general circulation in the county, except that if two newspapers of general circulation are not published in the county, then such advertisement or notice shall be made in only one newspaper of general circulation published in the county, or if none is published there, then in one newspaper published in an adjoining county, as provided by this section in any case in which a newspaper of general circulation is not published in the county.

D. Any proof of publication, required by this act, shall be in accordance with the requirements set forth in the definition of proof of publication contained in the Newspaper Advertising Act.

E. Any notice or advertisement in a newspaper, required by this act, shall be construed to refer to a newspaper published in the English language.

Section 10. Waiver of Notice.—A. Any notice required by this act, or by the articles or by-laws of any corporation governed by the provisions of this act, to be given to any corporation or person, may be waived by such corporation or person, either before or after the day prescribed for the giving of such notice. Such waiver shall be in writing and signed by such corporation or person.

B. Except in the case of a special meeting, neither the business to be transacted at, nor the purpose of, the meeting need be specified in the waiver of notice of such meeting.

C. Attendance of a director, a trustee, or a shareholder, in person or by proxy, or of any other person, at any meeting shall constitute a waiver of notice of such meeting, except where he attends such meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called.

Section 11. Fees.—Except as otherwise specifically provided, any prothonotary or recorder of deeds, and any State department, board, commission, or officer, shall be entitled to receive for services performed, as required by this act, such fees as are or may be lawfully charged for such or similar services.

Section 12. Powers of Department of State.—The Department of State shall have the power and authority reasonably necessary to enable it to perform the duties imposed upon it by this act. All articles, papers, and other documents, required by this act to be filed with the Department of State, shall be in such form as shall be prescribed by the Department of State.

Section 13. Certificates and Certified Copies of Certain Documents to Be Received in Evidence.—A. All certificates issued by the Department of State in accordance with the provisions of this act, and all copies of articles, papers, and other documents filed with the De-



partment of State in accordance with the provisions of this act, when certified by the Secretary of the Commonwealth, shall be taken and received by all courts, public offices, and official bodies as prima facie evidence of the facts therein stated. A certificate by the Department of State, under the seal of the Commonwealth, as to the existence or nonexistence of facts relating to corporations which would not appear from any of the foregoing documents or certificates, shall be taken and received by all courts, public offices, and official bodies as prima facie evidence of the existence or nonexistence of facts therein stated.

## ARTICLE II

### NAMES AND PLACES OF BUSINESS OF INSTITUTIONS

Section 201. Institution Name; Change of Name.—

A. The name of an institution may be in any language, but it shall be expressed in English letters or characters. In the case of a bank, it shall contain in English the word "bank," in the case of a bank and trust company, the words "bank and trust company," in the case of a trust company, the words "trust company," in the case of a savings bank, the words "mutual savings bank," and in the case of a private bank, the words "private bank" or "unincorporated bank." The name of a bank or private bank shall not contain the words "trust," or "savings," and the name of a savings bank shall not contain the word "trust." The name of an institution shall not contain any word which may deceptively lead to the conclusion that it is authorized to perform any act or conduct any business which is forbidden to it by law, by its charter, or otherwise. The name of an institution shall not contain the words "Government," "Official," "Federal," "National," "United States," or abbreviations thereof.

The name of an institution shall not be the same as, or deceptively similar to, that of any other corporation authorized to transact business in this Commonwealth, or the name of any unincorporated body whatsoever, voluntarily registered with the Department of State under any act, unless such other corporation or unincorporated body is about to change its name, or to cease doing business, or is being wound up, or, in the case of a foreign corporation, is about to withdraw from doing business in this Commonwealth, and the written consent of such other corporation or unincorporated body to the adoption of its name, or a deceptively similar name, has been given and is filed with the Department of State and with the Department of Banking.

B. The provisions of this section shall not apply to any name which is in existence upon the effective date of this act. The name of any institution existing upon the effective date of this act may be used by such institution, and by any successor corporation formed by the

consolidation or merger of such existing institution with another institution, as provided in this act. The name of an institution existing upon the effective date of this act may also be used by a new institution incorporated under this act, if such new incorporated institution is formed in pursuance of a plan of segregating the banking business and the trust business of an existing institution. However, if an existing institution shall desire to change its name in any manner whatsoever, pursuant to the provisions of this act, the new name shall comply in every detail with the requirements of this section. A change in name shall be effected, in the case of an incorporated institution, in the regular manner provided by this act for amending its articles, and, in the case of a private bank, in the manner provided by law for a change in the registered name of an individual trading alone or of an unincorporated association, except that the assent of the Department of Banking shall be required.

C. This section shall not be construed to abrogate or limit the law as to unfair competition or unfair practices, nor derogate from the common law, the principles of equity, or the statutes of this Commonwealth with respect to the right to acquire and protect trade names.

D. The assumption of a name in violation of this section shall not vitiate or otherwise affect the corporate existence, but the court of common pleas of Dauphin County may, upon the application of the Attorney General acting on his own motion or at the instance of any administrative department, board, or commission of the Commonwealth, or the court of common pleas of the county in which the incorporated institution has its place of business may, upon the application of any corporation or person adversely affected, enjoin the corporation from using or continuing to use a name assumed in violation of this section.

Section 202. Reservation of Institution Name.—The exclusive right to the use of a name may be reserved (1) by any person intending to organize an institution, or (2) any institution intending to change its name. Such reservation shall be made by filing with the Department of State an application to reserve a specified name, executed by the applicant. If the Department of State shall find that such name is available, it shall send a copy of such application to the Department of Banking. If the Department of Banking advises that such name is satisfactory to it, it shall forthwith give its written assent to the Department of State. The Department of State shall then reserve the name for the exclusive use of such applicant for a period of sixty days. The right to the exclusive use of a specified name so reserved may be transferred to any corporation or person, who, except for such prior reservation, would be entitled under the provisions of this act to reserve such name. Such transfer may be made by filing with the Department of

State a notice of such transfer, which notice shall be executed by the applicant for whom such name was reserved, and shall specify the name and address of the transferee. The Department of State shall send a copy of such notice to the Department of Banking.

Section 203. Place of Business; Change of Place of Business.—A. An institution shall not transact any banking or trust business, except, in the case of an incorporated institution, at the place or places designated in its articles, and, in the case of a private bank, at the place or places the address or addresses of which are filed with the Department of Banking.

B. An incorporated institution may change its place of business, within the limitations imposed by this act, in the regular manner provided by this act for an amendment to its articles. Any private bank may likewise remove its place of business, within the limitations of this act, if it shall first obtain the written approval of the department. Such removal by an institution shall not, in any case, be to a place where such institution would not be entitled under the provisions of this act to establish a branch at the time it applies for authority to make such change, and shall not violate the provisions of this act relating to the establishment of branches, agencies, sub-offices or sub-agencies.

Section 204. Branch Offices and Sub-Agencies.—An institution shall not establish, maintain, or operate, either directly or indirectly, any branch bank, branch office, agency, sub-office, sub-agency, or branch place of business within this Commonwealth, for the transaction of any part of its business, but all of the business of such institution shall be carried on solely and exclusively at its principal place of business, except as may be permitted by this act.

This section shall not apply to branches, sub-offices, and sub-agencies established, or those for which locations had been purchased or leased, by deed recorded or leases actually delivered, prior to the first day of March, one thousand nine hundred twenty-seven, or to branches, sub-offices, and sub-agencies which resulted from mergers or consolidations of institutions, effective prior to the first day of April, one thousand nine hundred twenty-seven; and such institutions shall have the right to relocate the same within the corporate limits of the city, borough, or township in which the principal place of business is located at the time of such relocation, provided that such relocation is made with the approval of the department in the manner provided by this act for any removal of the place of business of an institution.

This section shall not apply to any institution which has its principal place of business in a city, borough, or township, within this Commonwealth, in which one or more national banking associations, incorporated under the laws of the United States, was, on the first day of

March, one thousand nine hundred twenty-seven, operating one or more branch banks, branch offices, agencies, sub-offices, sub-agencies, or branch places of business for the transaction of any part of its business; and any such institution may hereafter establish, subject to the approval of the department, and thereafter maintain and operate branch banks, branch offices, agencies, sub-offices, sub-agencies, and branch places of business for the transaction of any part of its business, but only within the corporate limits of the city, borough, or township in which its principal office is located and in which such national banking association was, on the first day of March, one thousand nine hundred twenty-seven, operating one or more branch banks, branch offices, agencies, sub-offices, sub-agencies, or branch places of business. The right to establish and maintain branch banks, branch offices, agencies, sub-offices, sub-agencies, or branch places of business, under the provisions of this subsection, shall be limited to the territory included within the corporate limits, on the first day of March, one thousand nine hundred twenty-seven, of the respective cities, boroughs, or townships in which such national banking associations were on that date operating one or more branch banks, branch offices, agencies, sub-offices, sub-agencies, or branch places of business; and such right shall not extend to additional territory which may, after the first day of March, one thousand nine hundred twenty-seven, be added to such cities, boroughs, or townships by annexation, consolidation with one or more municipal corporations, or otherwise, nor shall it extend to other portions or divisions of municipal corporations to which such cities, boroughs, or townships may be annexed, or with which they may be consolidated after that date; the intention being to limit to the respective corporate limits such cities, boroughs, or townships, as they existed on the first day of March, one thousand nine hundred twenty-seven, the right to establish and maintain the branch banks, branch offices, agencies, sub-offices, sub-agencies, and branch places of business authorized in this section.

Any institution may continue to maintain and operate any branch bank, branch office, agency, sub-office, sub-agency, or branch place of business lawfully established by such institution.

Any institution may, in the manner provided by this act for an amendment to its articles, establish a branch bank, branch office, agency, sub-office, sub-agency, or branch place of business at any place within this Commonwealth where, at the time such institution proposes to establish such branch bank, branch office, agency, sub-office, sub-agency, or branch place of business, any national banking association, having its principal office in the same county as that in which the principal office of the institution proposing to take such action is located,

would have the power, under the laws of the United States, now or hereafter enacted, to establish a branch bank, branch office, agency, sub-office, sub-agency, or branch place of business of such national banking association.

### ARTICLE III

#### FORMATION, ORGANIZATION, AND GENERAL CORPORATE POWERS OF INCORPORATED INSTITUTIONS

Section 301. Incorporators.—A. A bank, a bank and trust company, or a trust company may be formed, pursuant to the provisions of this act, by three or more incorporators, and a savings bank by fifteen or more incorporators.

B. Such incorporators shall be natural persons of full age and of either sex, married or single. At least two-thirds of them shall be citizens of the United States or of its territories or possessions, and at least two-thirds shall be residents of this Commonwealth.

C. In the case of a bank, a bank and trust company, or a trust company, each incorporator shall subscribe to common shares of a par value of at least one thousand dollars.

Section 302. Prohibition upon Payment of, or Contract for, Promoters' Fees.—A. It shall be unlawful (1) for any fee, commission, or compensation to be paid to any corporation or person for the promotion or organization of an incorporated institution, or (2) for any part of the money collected or to be collected from subscribers or shareholders to be applied to the payment of promoters' fees for obtaining subscriptions or selling shares or for services in starting such incorporated institution, whether such fee, commission, or compensation is provided for by the contract with the proposed incorporated institution, with the promoters, with the subscribers, or otherwise.

B. This section shall not apply to the payment of legal fees and other usual and ordinary expenses necessary for the organization of the incorporated institution.

C. At least a majority of the incorporators shall execute and file with the Department of State, at the time of the filing of the articles of incorporation as provided in this act, an affidavit containing a statement of all expenses connected with the organization of the corporation and procuring subscriptions, including a declaration that no fee, commission, or compensation of any kind has been, or is to be, paid to any corporation or person for the promotion or organization of the incorporated institution, or for the procuring of subscriptions for the sale of its shares.

D. In any case in which there has been a violation of this section, the department shall have the power to disapprove the articles upon this ground.

Section 303. Articles of Incorporation.—Articles of

incorporation shall be signed by each of the incorporators, and acknowledged by at least two of them before any officer within this Commonwealth authorized to take acknowledgments, except in the case of a savings bank, in which case they shall be signed and acknowledged by at least five of the incorporators.

The articles shall set forth, in the English language:

(1) The name of the proposed incorporated institution.

(2) The exact location of its place or places of business.

(3) A precise and accurate statement of the purpose or purposes for which it is organized, as well as a statement that it is organized under the provisions of this act.

(4) The term for which it is to exist, which may be perpetual.

(5) In the case of a bank, a bank and trust company, or a trust company, the aggregate number of shares which it shall have authority to issue, the par value of each of the shares, and the amount of the capital, as well as the amount of the surplus, and expense fund, with which the bank, bank and trust company, or trust company will commence business. If the shares are to be divided into classes, the number of shares of each class shall be given, together with a description of each class and a statement of the preferences, qualifications, limitations, restrictions, and the special or relative rights granted to, or imposed upon, the shares of each class.

(6) In the case of a savings bank, the amount of the expense fund which will be paid-in, in accordance with this act.

(7) The name, occupation, citizenship, place of residence, and post-office address of each incorporator, and, except in the case of a savings bank, the number of shares to which he has subscribed.

(8) The name, occupation, citizenship, place of residence, post-office address, and term of office of each of the first directors, and, in the case of a savings bank, each of the first trustees. In the case of each director, the articles shall state the number of shares to which he has subscribed.

(9) The name, place of residence, and post-office address of each of the first officers.

(10) In the case of a bank, a bank and trust company, or trust company, any provision which the incorporators may choose to insert denying to common shareholders, or granting to preferred shareholders, preëemptive rights to subscribe to any or all issues of additional shares of the corporation.

(11) Any provision, not inconsistent with law, which the incorporators may choose to insert for the regulation of the business and the internal affairs of the incorporated institution.

Section 304. Advertisement of Articles.—The incorporators shall advertise their intention to file articles with the Department of State, one time in a newspaper of general circulation and one time in a legal newspaper. Advertisements shall appear at least three days prior to the day the articles are to be filed with the Department of State, and shall set forth briefly:

(1) The name of the proposed incorporated institution;

(2) A statement that the proposed incorporated institution is to be organized under the provisions of this act;

(3) The purpose or purposes of the proposed incorporated institution; and

(4) The time when the articles will be filed with the Department of State.

Section 305. Filing of Articles; Payment of Bonus and Fees or Charges.—A. The incorporators shall deliver, or cause to be delivered, to the Department of State, proof of publication of the advertisement of their intention to file articles of incorporation, the affidavit required by this act stating that no fee, commission, or compensation has been paid for the promotion or organization of the proposed incorporated institution, and the articles required by this act.

B. The Department of State shall examine the proof of publication, the affidavit, and the articles to determine whether they contain all the information and are in the form required by this act, and whether the name of the proposed incorporated institution is the same as one already adopted or reserved by any other corporation or person, or is so similar thereto that it is likely to mislead the public.

C. After all the bonus, fees, and charges established by law have been paid, the Department of State shall, if the proof of publication, the affidavit, and the articles contain the information and are in the form required by this act, and if the name of the proposed institution does not violate any provision of this act, forthwith, but not prior to the day specified in the advertisement of the intention of the incorporators to file the articles, endorse its approval thereon, and transmit them to the Department of Banking.

D. If the Department of State shall disapprove the articles, pursuant to the provisions of this act, it shall forthwith give notice thereof to the proposed incorporators, stating in detail its reasons for doing so, and indicating how the incorporators can remedy their non-conformance with the provisions of this act. Upon remedying the defect, the incorporators may in the same manner file the same or amended articles, whichever the particular case may require.

Section 306. Approval of Articles by Department of Banking.—A. The Department of Banking shall, im-

mediately upon the receipt of the articles from the Department of State, conduct such investigation as it may deem necessary to ascertain from the best sources of information at its command:

(1) Whether the name of the proposed incorporated institution is likely to mislead the public as to its character or purpose.

(2) Whether the convenience and advantage of the public will be served by the proposed incorporation and whether the density of the population in the neighborhood designated for the place of business of such proposed incorporated institution and in the surrounding country affords reasonable promise of adequate support for the enterprise.

(3) Whether the responsibility, character, and general fitness for the business of the incorporators, directors, and officers named in the articles are such as to command the confidence of the community and to warrant the belief that the business of the proposed incorporated institution will be honestly and efficiently conducted in accordance with the intent and purpose of this act.

(4) Whether any fee, commission, or compensation has been paid to any corporation or person for the promotion or organization of such incorporated institution, or whether any part of the money collected or to be collected from subscribers or shareholders has been, or is to be, applied to the payment of promoters' fees for obtaining subscriptions or selling shares, or for services in starting such incorporated institution, whether such fee, commission, or compensation is provided for by contract with the proposed incorporated institution or by contract with the subscribers to the shares.

B. Within thirty days after the receipt of the articles from the Department of State, the Department of Banking shall, upon the basis of the facts disclosed by the investigation provided for by this section, either approve or disapprove the articles. It shall immediately notify the Department of State in writing of its action. If it shall approve the articles, it shall endorse its approval thereon and shall return them to the Department of State.

C. If the Department of Banking disapproves the articles, it shall return them to the Department of State, stating in detail its reasons for doing so. The Department of State shall immediately give notice to the proposed incorporators of the action of the Department of Banking, and of the reasons therefor as stated to it by that department. The decision of the Department of Banking shall be conclusive and not subject to any review.

Section 307. Issuance of Certificate of Incorporation. —Immediately upon receipt of the approved articles of a proposed institution from the Department of Banking,



the Department of State shall file the articles, and shall issue to the incorporators, or their representative, a certificate of incorporation, to which shall be attached a copy of the approved articles. A copy of the approved articles shall be sent by the Department of State to the Department of Banking. The articles, upon being approved by the Department of State and the Department of Banking, and filed by the Department of State, shall constitute the charter of the corporation.

Section 308. Effect of Issuance of Certificate of Incorporation.—Upon the issuance of the certificate of incorporation of any institution by the Department of State, the corporate existence shall begin. The certificate of incorporation shall be conclusive evidence of the fact that the institution has been incorporated, but proceedings may be instituted by the Commonwealth to dissolve, wind up, and terminate an institution which should have been formed under some other act, or which has been formed without a substantial compliance with the conditions prescribed by this act.

Section 309. Fees for Investigation by Department of Banking.—In addition to any bonus, fee, and charge provided by law in the case of any corporation, the incorporators of an incorporated institution shall pay to the Department of State, at the time they file their articles, such reasonable fees as shall be established, by rule and regulation, by the Department of Banking for the investigation made by the Department of Banking, pursuant to the provisions of this act, to determine whether the articles should be approved. Such fees shall be paid by the Department of State, through the Department of Revenue, into the Banking Department Fund.

Section 310. Conditions Precedent to Beginning Business; Certificate of Authorization; Penalty for Violation.—A. An incorporated institution formed under this act shall not accept any deposits, incur any indebtedness, or begin the transaction of any business, except such as shall be incident to its organization, or to the obtaining of subscriptions to or payment for its shares, until it shall receive from the Department of State a certificate of authorization, which shall not, however, be issued until:

(1) In the case of a bank, a bank and trust company, or a trust company, its capital, its surplus, and its expense fund, to the amount stated in the articles, have been fully paid in, such capital, surplus, and expense fund being equal at least to the minimum required by this act for such an institution;

(2) In the case of a savings bank, the amount of the expense fund, as stated in the articles, has been fully paid in, provided that such amount equals at least the minimum expense fund required by this act or by the department:

(3) At least a majority of the directors or trustees have taken the oath or affirmation required of directors or trustees by this act;

(4) The incorporated institution is organized and ready to begin business;

(5) The by-laws of the incorporated institution have been filed with the Department of Banking.

When all the acts set forth in this section have been completed, an affidavit to that effect, signed by either the cashier or the treasurer of the incorporated institution and by at least a majority of the board of directors in the case of a bank, a bank and trust company, or a trust company, or a majority of the trustees in the case of a savings bank, shall be prepared and filed with the Department of State. If it shall appear to the Department of State that the affidavit is in proper form and contains all the information required by this act, the Department of State shall endorse its approval thereon and forthwith transmit it to the Department of Banking. If it shall appear to the Department of Banking that the provisions of this section have been complied with, it shall endorse its approval thereon and shall then return it to the Department of State. Immediately upon receipt of the approved affidavit from the Department of Banking, the Department of State shall file the affidavit and shall issue to the incorporated institution a certificate of authorization. A copy of the approved affidavit shall be sent by the Department of State to the Department of Banking. Upon the issuance of the certificate of authorization, the incorporated institution shall be authorized to commence and transact its business.

B. If an incorporated institution shall transact any business in violation of this section, the officers who participated therein and the directors, or, in the case of a savings bank, the trustees, except those directors or trustees who dissented therefrom and caused their dissent to be filed at the time in the Department of Banking, or who, being absent, so filed their dissent upon learning of the action, shall be severally liable for the debts and liabilities of the incorporated institution incurred prior to the receipt of the certificate of authorization.

Section 311. Organization Meetings.—A. After the issuance of the certificate of incorporation of a bank, a bank and trust company, or a trust company, the first meeting of the shareholders shall be held within this Commonwealth at the call of the shareholders who were the incorporators, or a majority of them, for the purpose of adopting such by-laws as this act, or the articles of incorporation, provide shall be adopted by the shareholders, and for such other purposes as shall be stated in the notice of the meeting. The persons calling the meeting shall give at least five days' written notice thereof to each shareholder, which notice shall state the time, place, and purpose or purposes of the meeting.

B. After the issuance of the certificate of incorporation of an incorporated institution, an organization meeting of the board of directors or the board of trustees named in the articles shall be held within this Commonwealth, at the call of a majority of the directors or trustees, for the purpose of adopting such by-laws, if any, as the articles authorize the directors or trustees to adopt, for the purpose of electing officers, and for the transaction of such other business as may come before the meeting. The directors or trustees calling the meeting shall give at least five days' written notice of the time and place of the meeting to each director or trustee named in the articles.

Section 312. Power of Legislature to Alter or Revoke Charters.—The General Assembly may alter, revoke, or annul the charter of any incorporated institution formed under this act, as provided by Article XVI, Section 10, of the Constitution.

Section 313. General Powers.—Subject to the limitations and restrictions contained in this act, or in its articles, every incorporated institution shall have power:

(1) To continue as an incorporated institution for the time specified in its articles, subject to the power of the General Assembly under the Constitution of this Commonwealth;

(2) To sue and be sued, complain and defend, in its corporate name;

(3) To have a corporate seal, which may be altered at pleasure, and to use the same by causing it or a facsimile of it to be impressed or affixed, or in any manner reproduced;

(4) To make, alter, amend, and repeal by-laws, not inconsistent with its articles or with law, for the administration and regulation of the affairs of the incorporated institution;

(5) To elect or appoint and remove officers and agents of the incorporated institution, and to define their duties and fix their compensation;

(6) To have and exercise all of the powers and means necessary to effect the purpose or purposes for which the incorporated institution is organized.

The powers herein enumerated shall not be construed as limiting or enlarging any grant of authority specifically granted elsewhere in this act, or as limiting the purposes for which an incorporated institution may be organized, as set forth in its articles. It shall not be necessary to set forth in the articles of an incorporated institution any of the powers enumerated in this section. Except as otherwise provided in this act, in its articles, or in the by-laws of a particular incorporated institution, the powers herein enumerated shall be exercised by the board of directors or the board of trustees of the incorporated institution, as the case may be.

Section 314. By-Laws; Adoption, Amendment, or Repeal.—A. Except as herein otherwise provided, the shareholders shall have the power to make, alter, amend, and repeal the by-laws of a bank, a bank and trust company, or a trust company. The authority to make by-laws may be expressly vested by the articles in the board of directors, subject to the power of the shareholders to change or repeal such by-laws, but the board of directors shall not make or alter any by-laws fixing their qualifications, classification, or term of office. Unless the articles or by-laws otherwise provide, the by-laws shall be adopted, altered, amended, and repealed by a majority vote of the board of directors, or of the shareholders, as the case may be, at any regular or special meeting duly convened after notice to the shareholders or directors of that purpose.

B. Except as otherwise provided in this act, or in the articles or by-laws of a savings bank, the trustees shall have the power to make, alter, amend, and repeal the by-laws of a savings bank. Unless the articles or by-laws otherwise provide, the by-laws may be adopted, altered, amended, and repealed by a majority vote of the trustees at any regular or special meeting of the trustees duly convened after notice of that purpose has been given to them.

This provision shall not affect any other plan for the making of by-laws contained in any special act of the General Assembly creating a savings bank, its amendments and supplements.

C. The by-laws of an incorporated institution may contain any provision for the regulation and management of the affairs of such incorporated institution, not inconsistent with law or the articles, and may provide penalties for the breach thereof.

D. Immediately upon the adoption of the by-laws, or of any additions thereto, or any alteration, amendment, or repeal thereof, notice of such fact and a copy of such by-law or such alteration, amendment, or repeal shall forthwith be sent to the Department of Banking.

Section 315. Parties Bound by By-laws; Execution of Instruments.—A. The by-laws of an incorporated institution shall operate merely as regulations among the shareholders of the incorporated institution, and shall not affect contracts or other dealings with other corporations or persons, unless such corporations or persons have actual knowledge of such by-laws, or unless the incorporated institution has given to such corporations or persons a copy of such by-laws.

B. Any form of execution provided in the by-laws to the contrary notwithstanding, any note, mortgage, evidence of indebtedness, contract, or other instrument of writing, or any assignment or endorsement thereof, executed or entered into between an incorporated institution and any other corporation or person, when signed

by the president or vice-president and by the cashier or treasurer of such incorporated institution, shall be held to have been properly executed for and in behalf of the incorporated institution.

#### ARTICLE IV

#### CAPITAL, SURPLUS, AND EXPENSE FUND OF BANKS, BANK AND TRUST COMPANIES, OR TRUST COMPANIES

Section 401. Minimum Capital of Banks, Bank and Trust Companies, and Trust Companies Incorporated Under This Act.—A. A bank shall not be incorporated under this act, unless it has a minimum capital, as follows:

(1) Fifty thousand dollars if its place of business is to be in a borough or a township, the population of which does not exceed seven thousand.

(2) One hundred thousand dollars if its place of business is to be in a city, borough, or township, the population of which exceeds seven thousand but does not exceed fifty thousand.

(3) Two hundred thousand dollars if its place of business is to be in a city, borough, or township, the population of which exceeds fifty thousand.

B. Neither a bank and trust company nor a trust company shall be incorporated under this act, and a bank shall not become a bank and trust company under this act, unless it has a minimum capital, as follows:

(1) One hundred fifty thousand dollars if its place of business is, or is to be, in a borough or township, the population of which does not exceed seven thousand.

(2) Two hundred thousand dollars if its place of business is, or is to be, in a city, borough, or township, the population of which exceeds seven thousand but does not exceed fifty thousand.

(3) Three hundred thousand dollars if its place of business is, or is to be, in a city, borough, or township, the population of which exceeds fifty thousand.

C. For the purposes of this section the population of a city, borough, or township shall be taken to be that stated in the United States census last preceding the date of the filing of the articles of incorporation, or, in the case of a bank which is about to become a bank and trust company, that stated in the United States Census last preceding the date when its articles of amendment are filed.

Section 402. Minimum Capital for Existing Banks, Bank and Trust Companies, or Trust Companies; Required Method of Increase.—A. The capital of a bank, a bank and trust company, or a trust company, incorporated prior to the effective date of this act, shall not be less than the minimum capital required in the case of any bank, bank and trust company, or trust company, as the case may be, incorporated under this act, except that no bank, bank and trust company, or trust com-

pany, incorporated prior to the effective date of this act, shall be required to maintain a capital of, or to increase its capital to, more than one hundred per centum above the minimum which was required by law for such bank, bank and trust company, or trust company, prior to the effective date of this act.

A bank, a bank and trust company, or a trust company, which, upon the effective date of this act, has a capital below that required by this section, but not below that required by law prior to the effective date of this act, may continue to do business with such capital as it has, but it shall forthwith proceed to increase such capital by one of the following methods:

(1) It may increase its capital out of surplus or otherwise, provided that, after such increase out of surplus, the bank, bank and trust company, or trust company has a capital equal at least to the minimum required by this act and a surplus equal to at least fifty per centum of such capital.

(2) It may increase its capital by the sale of additional common shares at a price equal at least to the par value of such shares plus fifty per centum thereof, provided that the assent of the directors and of the shareholders to such increase is procured in the manner prescribed by this act for any increase in capital.

(3) If such increase is not made by either of these methods within six months after the effective date of this act, the bank, bank and trust company, or trust company shall increase its capital to the minimum required by this act, in the following manner. It shall, at the close of each dividend period, or at least annually if no dividend is paid, credit to its surplus an amount equal to not less than one-half of its net earnings for such period, until the capital and the surplus together equal an amount not less than fifty per centum above the minimum capital required by this act, at which time a sufficient portion of the surplus shall be credited to capital to make the capital at least equal to the minimum required by this act and to leave a surplus of at least fifty per centum thereof. However, any bank, bank and trust company, or trust company, may increase its capital after six months from the effective date of this act by the other methods provided in this section.

B. Unless such increase is made by an actual sale of shares, a bank, a bank and trust company, or a trust company may increase its capital to the minimum required by this act without action of its shareholders. The cashier or treasurer, as the case may be, or any other officer to whom such duties are delegated by the by-laws, shall, at the time such increase has actually been made pursuant to the provisions of this section, file articles of amendment with the Department of State, and procure a certificate of amendment, in the manner provided by this act, except that such articles need not, unless

the increase is made by an actual sale of shares, state that advertisement has been made, or notice given, or action taken by the shareholders.

Section 403. Consideration for Shares.—A. Except as otherwise provided in this act, the shares of a bank, a bank and trust company, or a trust company shall not be issued for any consideration other than cash actually received or the assets of another institution or a national banking association. Common shares shall not be issued for an amount less than the par value of such shares plus fifty per centum thereof. Preferred shares shall not be issued for less than the par value thereof. Shares of a bank, bank and trust company, or trust company, issued and thereafter acquired by it, in the manner authorized by law, may be disposed of by such bank, bank and trust company, or trust company, for such consideration as may be fixed from time to time by its board of directors.

B. The consideration for the issuance of shares by a bank, a bank and trust company, or trust company, as a share dividend, shall be that part of the surplus or undivided profits of such bank, bank and trust company, or trust company, which is, by this act, required to be transferred to capital upon the issuance of such shares.

Section 404. Payment of Subscriptions.—A. Unless otherwise provided in the subscription agreement, subscriptions for shares, whether made before or after the organization of a bank, a bank and trust company, or a trust company shall be paid in full at such time, or in such installments and at such times, as shall be determined by the board of directors. Any call made by the board of directors for the payment of subscriptions shall be uniform as to all subscribers for shares of the same class. The board of directors shall cause notice of the amount of any call, and of the time and place of payment, to be given at least thirty days before the call is due.

B. A share of a bank, a bank and trust company, or a trust company, shall not be issued until paid in full. Until such time, a subscriber shall not, by virtue of his subscription or of a partial payment thereon, become a shareholder, exercise any voting or other rights of a shareholder, or participate in any dividend of the incorporated institution.

C. In the case of shares issued prior to the effective date of this act, any installments which are due shall be collected in the manner, and the incidents of such subscription or shares shall be as, provided by law prior to the effective date of this act.

D. This section shall not be construed to affect in any way whatsoever the requirement of this act that the authorized capital of a bank, a bank and trust company, or a trust company, incorporated under this act, shall be paid in full before it can commence business.

## Section 405. Defaults in Payment of Subscriptions.

—When any subscriber shall fail to pay any call upon his subscription, properly made by the directors, at the time when such payment is due, the directors may proceed to collect the amount due in the same manner as any debt to the bank, the bank and trust company, or the trust company, or they may sell at public sale the right of such subscriber to have a share or shares issued in his favor upon the payment of the balance due, but such right shall not be sold below the balance due, plus the expenses of the sale, or, if such right of more than one subscriber shall be put up at such sale, the proportionate expense thereof. The purchaser of such right shall, upon payment in full in cash of the amount bid, if in accordance with the provisions of this section, be entitled to the issuance of a share to him, according to the terms of the contract between the original subscriber and the bank, the bank and trust company, or the trust company. Notice of the time and place of such sale, and of the sum due on each subscription, shall be given by a single advertisement in a newspaper of general circulation, and a single advertisement in a legal newspaper, if any, not less than one week prior to the day fixed for the sale. Notice shall also be given by the secretary of the bank, the bank and trust company, or the trust company, as the case may be, to the delinquent subscriber at least twenty days prior to the day fixed for such sale. If no one shall bid at least the amount due, plus the expense or the proportionate expense of the sale, as the case may be, or if the amount due, together with costs, is not collected from the subscriber, by an action at law, the amount previously paid in by the delinquent subscriber shall be forfeited to the bank, the bank and trust company, or the trust company, and shall be credited to undivided profits. If an amount in excess of the balance due, and of the expense or proportionate expense, as the case may be, is obtained, such excess amount, up to the amount he has paid on his subscription, shall be paid to the subscriber.

Section 406. Share Certificate.—A. The shares of a bank, a bank and trust company, or a trust company shall be represented by share certificates, which shall state:

(1) That the bank, the bank and trust company, or the trust company is incorporated under the laws of this Commonwealth.

(2) The name of the registered holder of the shares represented thereby.

(3) The number and class of shares which the certificate represents.

(4) The par value of each share represented.

(5) If the bank, the bank and trust company, or the trust company shall issue shares of more than one class, the designations, preferences, qualifications, privileges,



limitations, options, conversion rights, and other special rights, of the shares of each class to be issued, shall be stated in full or in the form of a summary, either upon the face or the back of the certificates.

This section shall not be interpreted to require any institution incorporated prior to the effective date of this act to change its outstanding certificates.

B. Every share certificate shall be signed by the president and secretary, or by such officers as the by-laws may provide, and sealed with the corporate seal, which may be a facsimile, engraved or printed. In case any officer who has signed any share certificate shall have ceased to be such officer, because of death, resignation, or otherwise, before the certificate is issued, it may be issued by the bank, the bank and trust company, or the trust company with the same effect as if the officer had not ceased to be such at the date of its issue.

C. Every shareholder of record shall be entitled to a share certificate representing the shares owned by him.

Section 407. Issuance of Shares; Shares to Be Identical; Shares as Personal Property.—A. Except in the case of its original capital, which, as provided in this act, shall be created, issued, and paid in full before a bank, a bank and trust company, or a trust company shall commence business, and except as otherwise provided in its articles or by-laws, the board of directors of a bank, a bank and trust company, or a trust company shall have the power, by resolution duly adopted, to issue from time to time, in whole or in part, the shares authorized in the articles, provided that no share shall be issued until paid for in full.

B. Every bank, bank and trust company, or trust company shall have power to issue one or more classes of shares, but each class so issued shall consist of shares having a par value, as required by this act. Every share shall have equal voting rights but in all other respects preferred shares may be issued with such designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights as shall be stated or authorized in the articles.

C. Shares of a bank, a bank and trust company, or a trust company shall be deemed personal property.

Section 408. Par Value of Shares; Change of Par Value.—A. The authorized capital of a bank, a bank and trust company, or a trust company shall be divided into shares of a par value of not less than ten dollars each, nor more than one hundred dollars each, but every share shall have the same par value as every other share. Any bank, bank and trust company, or trust company may, by amending its articles in the manner prescribed by this act, change the par value of its shares, but such change shall not be to an amount less than ten dollars, nor more than one hundred dollars each. Such change of the par value of the shares shall not increase or diminish

the total par value of the outstanding shares of such bank, bank and trust company, or trust company.

B. Whenever such change in par value is made, such bank, bank and trust company, or trust company shall, upon the surrender and cancellation of its outstanding shares, issue to each shareholder the proper number of shares at the new par value. The bank, the bank and trust company, or the trust company may withhold any cash or share dividends due on a share certificate which has not been exchanged within six months after the date upon which the change in par value was effected, but upon the shareholder's thereafter exchanging such certificate, the bank, the bank and trust company, or the trust company shall pay to him any dividends which were thus withheld.

Section 409. Issuance of Fractional Shares or Scrip.—A bank, a bank and trust company, or a trust company may, in paying a dividend, or in pursuance of a plan of merger or consolidation, issue a certificate for a fractional share, and, by action of its board of directors, may issue in lieu thereof scrip or other evidence of ownership which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or other evidence of ownership aggregating a full share, but which shall not entitle the holder to exercise any voting right or to receive any dividend. However, any such holder shall be entitled to participate proportionately in any of the assets of the bank, bank and trust company, or trust company in the event of liquidation. The board of directors may cause such scrip or evidence of ownership to be issued subject to the condition that it shall become void if not exchanged for share certificates before a specified date, or subject to the condition that the shares for which such scrip or evidence of ownership is exchangeable may be sold by the bank, the bank and trust company, or the trust company, and the proceeds thereof distributed to the holders of such scrip or other evidence of ownership, or subject to any other conditions, not prohibited by this act, which the board of directors may deem advisable.

Section 410. Transfer of Share Certificates and Shares.—The transfer of share certificates and the shares represented thereby may be regulated by the by-laws, provided such by-laws are not inconsistent with the provisions of the Uniform Stock Transfer Act, approved the fifth day of May, one thousand nine hundred eleven (Pamphlet Laws, one hundred twenty-six), its amendments and supplements.

Section 411. Increase of Authorized Capital.—A. A bank, a bank and trust company, or a trust company may amend its articles to increase its authorized capital, in the same manner and with the same approval as is required by this act for any amendment to the articles of a bank, a bank and trust company, or a trust company,

except that written notice of a proposed amendment for increasing the authorized capital of the institution shall be given to each shareholder entitled to vote thereon at least sixty days prior to such meeting.

Such increase of authorized capital shall, however, become invalid and inoperative unless the actual increase of capital or of preferred shares, which is authorized, shall be made within one year from the date of the issuance of the certificate of amendment. If any portion of such authorized capital shall be created and issued within such one-year period, only such portion as remains unissued within such period shall become invalid and inoperative. In the case of a bank, a bank and trust company, or a trust company, which, upon the effective date of this act, has an authorized capital which exceeds the par value of its outstanding shares, such one-year period shall date from the effective date of this act. Such actual increase may be made from time to time within such period of one year, but no such increase shall be made until the shares shall be paid for in full, pursuant to the provisions of this act as to the creation or issuance of any share. Such increase may, however, be made by the declaration of a share dividend, in accordance with the provisions of this act concerning share dividends.

B. Except as otherwise specifically provided in this act, a common share shall not be issued, pursuant to such increase, for a consideration of less than the par value of such share, plus fifty per centum thereof, unless a share can be issued for a consideration less than such amount without reducing the surplus of the bank, the bank and trust company, or the trust company below one hundred per centum of the capital as increased, but in no case shall such share be created or issued for a consideration which is less than the par value thereof.

C. The bank, the bank and trust company, or the trust company may withhold any cash or share dividend due on a share certificate which has not been exchanged within six months after the date upon which the shares were issued pursuant to such increase, but upon the shareholder's thereafter exchanging such certificate, the bank, the bank and trust company, or the trust company shall pay to him any dividends which were thus withheld.

Section 412. Decrease of Authorized Capital.—A. A bank, a bank and trust company, or a trust company may amend its articles to decrease its authorized capital, either by reducing the number of its shares, or by reducing the par value of each share, or by both such methods, in the same manner and with the same approval as is required by this act for any amendment to the articles of a bank, a bank and trust company, or a trust company, but the capital of a bank, a bank and trust company, or a trust company shall not be decreased to an amount below the minimum prescribed by this act

for such bank, bank and trust company, or trust company.

B. The responsibility for the contracts, debts, or engagements of the bank, bank and trust company, or trust company, to which its shareholders are subject, upon the date when the certificate of amendment is issued, shall continue for one year thereafter.

C. Any capital gains, resulting from such decrease of the authorized capital of a bank, a bank and trust company, or a trust company, shall forthwith be transferred to the surplus of such bank, bank and trust company, or trust company, or it may, with the approval of the department, be returned to the shareholders in the form of a cash dividend, provided that the surplus of the institution, after the payment of such cash dividend, equals at least one hundred per centum of the resulting capital.

D. Upon effecting a decrease in its authorized capital, a bank, a bank and trust company, or a trust company shall issue to its shareholders new share certificates, setting forth any changes in the par value of each share issued in exchange for the outstanding shares of such shareholders, which shall then be cancelled. The bank, the bank and trust company, or the trust company may withhold any cash or share dividend due on a share certificate, which has not been exchanged within six months after the date upon which the certificate of amendment, authorizing the decrease in authorized capital, was issued, but upon the shareholder's thereafter exchanging such certificate, the bank, the bank and trust company, or the trust company shall pay to him any dividends which were thus withheld.

Section 413. Surplus for Banks, Bank and Trust Companies, or Trust Companies Incorporated Under This Act; Impairments Thereof.—A bank, a bank and trust company, or a trust company, incorporated under this act, shall maintain a surplus of at least one hundred per centum of its capital. Before it shall be granted a certificate of authorization to commence business, such bank, bank and trust company, or trust company shall have a surplus equal to at least fifty per centum of its capital, such surplus to be created out of payments for shares in excess of the par value thereof. If the surplus of such bank, bank and trust company, or trust company is not equal to at least one hundred per centum of its capital upon the date upon which it commences business, or if, at any subsequent time, its surplus becomes impaired below such one hundred per centum minimum, it shall, at the close of each dividend period, or at least annually if no dividend is paid, credit to its surplus an amount which shall be not less than one-half of its net earnings for such period, until its surplus shall equal at least one hundred per centum of its capital

Section 414. Surplus for Existing Banks, Bank and Trust Companies, or Trust Companies.—A bank, a bank and trust company, or a trust company, incorporated prior to the effective date of this act, shall maintain a surplus of at least one hundred per centum of its capital. If, upon the effective date of this act, the capital of such bank, bank and trust company, or trust company is equal to the minimum requirement established by this act for such bank, bank and trust company, or trust company, or if its capital upon such date does not meet such minimum requirement, then, when it has accumulated such capital in the manner provided by this act, such bank, bank and trust company, or trust company shall, if its surplus is not equal to at least one hundred per centum of its capital, increase its surplus as follows: It shall, at the close of each dividend period, or at least annually if no dividend is paid, credit to its surplus an amount which shall be not less than one-half of its net earnings for such period, until its surplus shall equal at least one hundred per centum of its capital. If at any subsequent time the surplus of such bank, bank and trust company, or trust company shall become impaired to less than one hundred per centum of its capital, it shall forthwith proceed to accumulate surplus in the same manner.

Section 415. Expense Fund.—A bank, a bank and trust company, or a trust company, incorporated under this act, shall not be granted a certificate of authorization to commence business until it shall have, as a reserve for expenses, a fund of at least five per centum of its capital. Such expense fund shall be created out of payments for common shares in excess of their par value, plus at least fifty per centum thereof.

Such expense fund may be charged for the expenses incurred by a bank, a bank and trust company, or a trust company in its organization and operation. Any balance remaining in such expense fund may, at the expiration of not less than one year from the date of the issuance of such certificate of authorization, be credited to undivided profits.

#### ARTICLE V

#### OFFICERS AND EMPLOYEES OF INSTITUTIONS; DIRECTORS AND TRUSTEES OF INCORPORATED INSTITUTIONS

Section 501. Number and Election of Directors and Trustees; Executive Committee.—Subject to the provisions of this act, the number, qualifications, terms of office, manner of election, time and place of meeting, compensation, and powers and duties of the directors of a bank, or a bank and trust company, or a trust company, may be prescribed from time to time by the by-laws.

Subject to the provisions of this act, the number, qualification, manner of election, time and place of meeting, compensation, and powers and duties of the trustees of

a savings bank may be prescribed from time to time by the by-laws.

Except as otherwise provided in the articles or by-laws, or, in the case of a savings bank, in the special act creating such savings bank, its amendments and supplements:

(1) A director shall be elected for a term of one year; a trustee until he becomes disqualified or resigns.

(2) The number of directors or trustees shall be the same as that stated in the articles, but not less than the minimum prescribed by this act.

(3) Vacancies in the board of directors or in the board of trustees caused by death, resignation, disqualification, or otherwise, shall be filled by the remaining members of the board, though less than a quorum, and each person so elected shall, in the case of a bank, a bank and trust company, or a trust company, be a director until his successor is elected by the shareholders, who may make such election at the next annual meeting of the shareholders, or at any special meeting duly called for that purpose and held prior thereto, and in the case of a savings bank created by special act, by the persons specified in such act. In the case of any other savings bank he shall serve until he shall become disqualified or shall resign.

(4) The meetings of the board of directors or of the board of trustees shall be held at such place, within this Commonwealth, as a majority of the directors or of the trustees may from time to time designate, or as may be designated in the notice calling the meeting.

(5) A majority of all the directors or trustees in office shall be necessary to constitute a quorum for the transaction of business, and except as otherwise provided in this act, or in the articles or by-laws of a particular incorporated institution, the acts of a majority of the directors or trustees who are present at a meeting, at which a quorum is present, shall be the acts of the board of directors or the board of trustees, but if all the directors or trustees shall severally or collectively consent in writing to any action to be taken by the incorporated institution, such action shall be as valid corporate action as though it had been authorized at a meeting of the board of directors or the board of trustees.

(6) The board of directors or the board of trustees may, by resolution adopted by a majority of the whole board, delegate three or more of its number, in the case of a bank, a bank and trust company, or a trust company, and five or more of its number in the case of a savings bank, to constitute an executive committee, which, to the extent provided in such resolution, shall have and exercise the authority of the board over the ordinary operations of the business of the incorporated institution between the dates of the regular meetings of the board. Every such committee shall keep full minutes of all busi-

ness transacted by it, and shall present detailed reports of all such minutes to the board at each regular meeting.

Section 502. Term of Office and Qualification of Directors and Trustees.—A. The business and affairs of every incorporated institution shall be managed, in the case of a bank, a bank and trust company, or a trust company, by a board of at least five directors, and in the case of a savings bank, by a board of at least fifteen trustees. Except as otherwise provided by this act, or by the articles or by-laws of the incorporated institution, such board of directors or board of trustees shall exercise all the powers and fulfill all the duties granted to, or imposed upon, the incorporated institution by this act.

B. Each director shall hold office for the term for which he is elected and until his successor shall have been duly elected and qualified. The names and terms of office of the first directors shall be stated in the articles. Except as otherwise provided in this act for the filling of vacancies, directors, other than those constituting the first board of directors, shall be elected by the shareholders.

C. Except as otherwise specifically provided in any special act of the General Assembly creating a savings bank, or in any amendment or supplement thereto, each trustee shall hold office until he resigns or becomes disqualified. The names of the first trustees shall be stated in the articles.

D. Every director or trustee shall, during his term of office, be a citizen of the United States, and at least two-thirds of the directors or trustees shall, during their terms of service, be bona fide residents in this Commonwealth.

E. Every director shall own, in his own right and free of any lien or encumbrance, common shares of the bank, the bank and trust company, or the trust company to the aggregate par value of at least three hundred dollars, but the number or par value of the common shares required to be owned by any person who is a director of a bank, a bank and trust company, or a trust company, upon the effective date of this act, shall not be greater than was required prior to the effective date of this act, so long as such director shall serve continuously. The share certificates for the minimum number or par value of common shares, which each director must own, shall be filed, unendorsed, unpledged, and unassigned by him, with the cashier or treasurer of the bank, the bank and trust company, or the trust company. Such shares shall remain in the custody of the cashier or treasurer during the term of service of such director.

Any director who, during his term of service, pledges, assigns, or in any other manner ceases to be the owner in his own right of the shares required by this section, shall forthwith cease to be a director of the bank, the bank and trust company, or the trust company, and his

office shall be vacant. He shall not be eligible for reëlection as a director of such bank, such bank and trust company, or such trust company for the remainder of the term for which he was elected, and for a further period of one year from the expiration of his term. Any vacancy thus occurring shall be filled in the regular manner for filling vacancies in the board.

F. The following shall not be eligible to be directors or trustees in any incorporated institution:

(1) A judge of any court of record in this Commonwealth; but this provision shall not operate to disqualify any judge who shall be a director or trustee of an institution upon the effective date of this act, as long as such judge continuously remains a director or trustee of such institution;

(2) Any person holding office under this Commonwealth in the Department of Banking, the Treasury Department, the Auditor General's Department, or the Department of Revenue;

(3) Any person authorized to receive and account for the public moneys of this Commonwealth.

G. A trustee of a savings bank shall not, at the same time, be a trustee, officer, or employe of any other savings bank.

Section 503. Classification of Directors.—If the articles or by-laws of a bank, a bank and trust company, or a trust company so provide, the directors may be classified in respect to the time for which they shall severally hold office. In such case, each class shall be as nearly equal in number as possible, the term of office of at least one class shall expire in each year, and the members of a class shall not be elected for a shorter period than one year, or for a longer period than four years.

Section 504. Oaths of Directors.—A. Each director of a bank, a bank and trust company, or a trust company, and each trustee of a savings bank, shall, before assuming the duties of his office, take an oath or affirmation that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of the incorporated institution, and will not knowingly or willfully permit to be violated any of the provisions of law applicable to the incorporated institution of which he is a director or a trustee; that he meets the requirements of this act and of the articles and by-laws of the incorporated institution for directors or trustees; and, in the case of a director of a bank, a bank and trust company, or a trust company, that he has met the requirements of this act and of the articles and by-laws with respect to his ownership of shares and filing them with the cashier or treasurer of the institution.

B. Such oath or affirmation shall be signed by the director or trustee making it and shall be immediately transmitted to the department, where it shall be filed.



C. A director or trustee named in the original articles of incorporation shall not assume the duties of his office until he has taken the oath or affirmation, required by this section, and has transmitted the same to the Department of Banking.

Section 505. Meetings of Board of Directors or of Trustees; Notice Thereof.—A. The board of directors or the board of trustees of every incorporated institution shall hold a regular meeting at least once in each month. Meetings of the board of directors or the board of trustees shall be held upon such notice as the by-laws may prescribe. Unless the by-laws provide otherwise, notice of every special meeting of the board of directors or of the board of trustees shall be given to each director or trustee. When any regular or special meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting, other than by announcement at the meeting at which such adjournment is taken, unless otherwise provided in the by-laws.

B. The board of directors or the board of trustees shall keep complete records of their proceedings in a minute book kept for that purpose alone. When a director or a trustee shall request it, the vote of each director or trustee upon a particular question shall be recorded in the minutes.

Section 506. Compensation of Directors or Trustees.—A. The directors or trustees of an incorporated institution shall be entitled to such compensation for their services as directors or trustees as may be established in the manner provided in its articles or by-laws.

B. Except as otherwise specifically provided in this act, a director or a trustee may also be a salaried officer of the incorporated institution.

Section 507. Examination and Report by Board of Directors or Trustees.—A. The board of directors or the board of trustees of every incorporated institution shall, once in each year, make or cause to be made by at least three of the members of the board, or by accountants employed for the purpose, a complete examination of the books, papers, and affairs of the incorporated institution, and the loans and discounts thereof, and into such other matters as the department may require. The board of directors or the board of trustees shall have the power to use such assistants as they may deem necessary to make such examinations.

B. As soon as such examination is completed, a complete written report thereof, signed and certified to by the directors or trustees, or by the accountants making such examination, shall be sent to the department. A copy thereof shall be placed on file in the incorporated institution and properly noted on the minutes.

C. A certificate by an auditor or comptroller of an institution employing a continuous audit control, or similar system, approved by the department, may be ac-

cepted by the department in lieu of the examination required by this section.

Section 508. Communications from Department of Banking.—Every official communication directed by the department to an incorporated institution, or to any officer thereof, shall if required by the department, be transmitted by the officer receiving it to the board of directors or the board of trustees at the next meeting of such board, and shall be duly noted in the minutes of such meeting.

Section 509. Disqualification of Directors or Trustees.—A. If a director or trustee shall, for six successive months, fail to attend any of the regular meetings of an incorporated institution, without having been, during such period excused by the board for such failure to attend, his office shall forthwith become vacant but he shall be eligible for reelection.

B. If a trustee of a savings bank shall become trustee, officer, clerk, or employe in any other savings bank, or if he shall accept directly or indirectly, either as a loan or otherwise, any of the funds of the savings bank of which he is trustee, or if he shall become surety or guarantor for any money borrowed from such savings bank, his office shall forthwith become vacant.

Section 510. Removal of Directors or Trustees.—A. The entire board of directors of a bank, a bank and trust company, or a trust company, or any individual director, may be removed from office by a majority vote of the holders of the outstanding shares entitled to vote at an election of directors. In case the board, or any one or more directors, be so removed, new directors may be elected at the same meeting. Unless the entire board be removed, an individual director shall not be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full board, would be sufficient to elect one or more directors.

B. The board of directors or the board of trustees of an incorporated institution may declare vacant the office of a director or a trustee if he be declared of unsound mind by an order of court, or convicted of felony, or if, within sixty days, or such other time as the by-laws may specify, after notice of his election, he does not accept such office either in writing or by attending a meeting of the board of directors or the board of trustees, and fulfill such other requirements or qualifications as the by-laws may specify.

C. The court of common pleas of the county where the place of business of a bank, a bank and trust company, or a trust company is located may at the suit of any shareholder or shareholders holding at least ten per centum of the outstanding shares, remove from office any director or directors in case of fraudulent or dishonest acts, or gross abuse of authority or discretion,

with reference to such institution, and may bar from reelection any director so removed for a period prescribed by the court. The bank, the bank and trust company, or the trust company shall be made a party to such action.

Section 511. Officers of Institutions; Removal; Compensation.—A. Every institution shall have a president, a vice-president, a secretary, and a cashier or treasurer, and may have such other officers as the institution may require, but in the case of an incorporated institution, such additional officers shall not be elected unless provided for in the by-laws. Any two or more offices may be held by the same person, except the offices of president and cashier or treasurer, but in the case of an incorporated institution, two offices shall not be held by one person unless specifically authorized by the by-laws.

B. The officers of an institution shall be selected at least annually. In the case of an incorporated institution, they shall be elected by the board of directors or the board of trustees, unless the by-laws provide a different method. The president shall be required to be a member of the board of directors or the board of trustees of the incorporated institution. Unless the by-laws specifically provide otherwise, the cashier or treasurer, or any other officer, may, however, be a member of the board of directors or of the board of trustees.

C. Unless specifically provided otherwise in the by-laws, the board of directors or the board of trustees shall fix the compensation of all officers.

D. An officer elected or appointed by the board of directors or the board of trustees may be removed by such board, whenever, in its judgment, the best interests of the incorporated institution will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

E. Unless specifically provided otherwise in the by-laws, the board of directors or the board of trustees shall have the power to fill any vacancies created by the death, removal, resignation, or otherwise, of any officer.

F. The officers, shall have such authority and perform such duties as shall, in the case of a private bank, be given to them by the private banker or private bankers, and in the case of an incorporated institution, be specified in the articles or by-laws or by resolution of the board of directors or trustees.

Section 512. Eligibility for Cashier or Treasurer; Restrictions upon Office.—A. The following persons shall not be eligible to be cashiers or treasurers of any institution:

(1) A judge of any court of record in this Commonwealth;

(2) Any person holding office under this Commonwealth in the Department of Banking, the Treasury De-

partment, the Auditor General's Department, or the Department of Revenue;

(3) Any person authorized to receive and account for the public moneys of this Commonwealth.

(4) The treasurer of any county, city, township, borough, or other political subdivision of this Commonwealth. This provision shall not apply in any case where the funds of the particular county, city, township, borough, or other political subdivision of this Commonwealth, are not on deposit with the institution of which such treasurer of any county, city, township, borough, or other political subdivision is treasurer or cashier.

B. A cashier or treasurer of an institution shall not engage in any other gainful profession, business, occupation, or calling, either directly or indirectly, but this shall not be construed to affect the right to be at the same time a member of the board of directors or the board of trustees of the incorporated institution in which he is cashier or treasurer.

Section 513. Bonds of Officers and Employes.—A. The officers and employes of every institution as well as any director or trustee of an incorporated institution who is authorized to receive payments of moneys, or to handle negotiable securities on behalf of such incorporated institution, shall, before entering upon the performance of their duties, furnish to it bonds in such amount as is specified, with such surety as is approved, in the case of an incorporated institution, by the directors or trustees, and in the case of a private bank, by the private banker or bankers. Such bond shall be conditioned upon the faithful performance of the duties of such officers, directors, trustees, or employes. The cost of such bonds may be paid by the institution.

B. The department shall have the power to require any such officer, director, trustee, or employe, at any time during his term of office or employment, to furnish a bond in an amount greater than that required by the board of directors or trustees of the incorporated institution, or by the private banker or bankers, as the case may be, or it may require new or additional surety.

Section 514. Women May Be Directors or Officers.—Women, married or single, may serve as officers of an institution, or as directors or trustees of an incorporated institution.

Section 515. Relation of Directors, Trustees and Officers to Incorporated Institution.—Officers, directors, and trustees shall discharge the duties of their respective positions in good faith and with that diligence, care, and skill which ordinarily prudent men would exercise under similar circumstances in like positions.

Section 516. Power of Attorney to Make Entries of Record.—A. Every institution shall, by power of at-

torney filed of record in the office of the recorder of deeds in any county in which it may have occasion or which it may be required to enter acknowledgment of payments, assignment, extension, postponement, release, or satisfaction of, or to take any other action affecting the lien of any mortgage which appears upon the records in such office, designate a person or persons who shall be authorized, in the name of such institution, to make such entries.

B. Such recorder of deeds shall not permit any person, other than the person or persons so designated, to act in such manner for such institution.

C. Any entry on any record in an office of a recorder of deeds, if made in violation of this act, shall be of no effect.

Section 517. Acceptance of Fee or Commission by Officer, Attorney, or Employee.—A. Neither an officer, attorney, or employe of an institution, nor an officer, attorney, or employe of an affiliated institution or an affiliated national banking association, as defined in this act, shall stipulate for, or agree or assent to receive, or receive, any fee, commission, gift, or other property of value from any corporation or person, for procuring or for endeavoring to procure for such corporation or person, or for any other corporation or person, any loan from, or any investment by, or any purchase or discount of any paper, note, draft, check, bill of exchange, or other commercial paper by such institution.

B. Any officer, attorney, or employe of an institution, or any officer, attorney, or employe of an affiliated institution or an affiliated national banking association, as defined in this act, who knowingly violates the provisions of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to an imprisonment for a period not exceeding one year, or a fine not exceeding one thousand dollars, or both; he shall also be subject to a further fine of a sum equal to the amount, or the value of the property, which he receives as such fee, commission, or gift.

Section 518. Preferential Rate of Interest to Directors, Trustees, Officers, Attorneys, or Employees.—An institution shall not pay to any of its officers, attorneys, or employes, or in the case of an incorporated institution, any of its directors or trustees, nor shall it pay to the officers, attorneys, or employes of an affiliated institution or an affiliated national banking association, as defined in this act, or in the case of an affiliated incorporated institution or affiliated national banking association, as defined in this act, to any of the directors or trustees thereof, a greater rate of interest on the deposits of such director, trustee, officer, attorney or employe, than that paid to any other depositor on similar deposits with such institution, nor shall a lower rate of interest

be charged to any such director, trustee, officer, agent, or employe, on any loan or discount granted than that charged other borrowers under similar circumstances on the same types of loans or discounts.

Section 519. Overdrafts by Directors, Trustees, Officers, Attorneys, or Employes.—A. An institution shall not permit any of its officers, attorneys, employes, and in the case of an incorporated institution, any of its directors or trustees, nor any of the officers, attorneys, or employes of an affiliated institution or affiliated national banking association, as defined in this act, or in the case of an affiliated incorporated institution or affiliated national banking association, as defined in this act, any of the directors or trustees to overdraw his deposit account.

B. Any officer, attorney, or employe of an institution, and in the case of an incorporated institution, any director or trustee thereof, who knowingly overdrafts his deposit account with such institution, or any officer, attorney, or employe of an affiliated institution or an affiliated national banking association, as defined in this act, and in the case of an affiliated incorporated institution or affiliated national banking association, as defined in this act, any director or trustee thereof, who knowingly overdrafts his deposit account with such institution, and fails to repay to such institution the amount of such overdraft within ten days, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to imprisonment for a period not exceeding one year, or a fine not exceeding one thousand dollars, or both; he shall also be subject to a further fine of a sum equal to the amount to which his account is overdrawn.

Section 520. Purchases from and Sales to Directors, Trustees, Officers, Attorneys, or Employes.—A. An institution shall not contract for or purchase from any of its officers, attorneys, or employes, and in the case of an incorporated institution, from any of its directors or trustees, nor from any of the officers, attorneys, or employes of an affiliated institution or affiliated national banking association, as defined in this act, and in the case of an affiliated incorporated institution or an affiliated national banking association, as defined in this act, from any of the directors or trustees, any securities or other property, unless such purchase is made in the regular course of business upon terms not less favorable to the institution than those offered to any other corporation or person, or in the case of an incorporated institution, unless such purchase is authorized by the vote of a majority of all the members of the board of directors or of the board of trustees of such incorporated institution, who are not interested in such transaction except in their capacity as directors or trustees of the incorporated institution.

B. An institution shall not sell securities or other property owned or held by it to any of its officers, attorneys, or employes, and in the case of incorporated institutions, to any of its directors or trustees, nor to any of the officers, attorneys, or employes of an affiliated institution or affiliated national banking association, as defined in this act, and in the case of an affiliated incorporated institution or an affiliated national banking association, as defined in this act, to any of the directors or trustees, unless such sale is made in the regular course of business upon terms not less favorable to the institution than those offered to any other corporation or person, or unless, in the case of an incorporated institution, such sale is authorized by the vote of a majority of all the members of the board of directors or the board of trustees of such incorporated institution, who are not interested in such transaction except in their capacities as directors or trustees of the incorporated institution.

C. Any officer, attorney, or employe of an institution, any director or trustee thereof, or any officer, attorney, or employe of an affiliated institution or an affiliated national banking association, as defined in this act, and in the case of an affiliated incorporated institution or an affiliated national banking association, as defined in this act, any director or trustee thereof, who knowingly violates the provisions of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to an imprisonment not exceeding one year, or a fine not exceeding one thousand dollars, or both; he shall also be subject to a further fine equal to any profit which he shall have made upon the transaction.

Section 521. Purchases of Evidence of Debt Below Face Value by Directors, Trustees, Officers, Attorneys, or Employes.—A. Neither an officer, attorney, or employe of an institution, or in the case of an incorporated institution, a director or trustee, nor an officer, attorney, or employe of an affiliated institution or an affiliated national banking association, as defined in this act, or in the case of an affiliated incorporated institution or an affiliated national banking association, as defined in this act, a director or trustee, shall purchase, or directly or indirectly be interested in the purchase, from such institution of any promissory note or other evidence of indebtedness issued by such institution for less than its face value.

B. Any such director, trustee, officer, attorney, or employe, who knowingly purchases such evidence of debt below its face value in violation of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to a fine not exceeding one thousand dollars, or to an imprisonment not exceeding one year, or both; he shall also be subject to a further fine equal to the face value of the evidence of debt.

## ARTICLE VI

MEETINGS, RIGHTS, AND LIABILITIES OF SHAREHOLDERS OF  
BANKS, BANK AND TRUST COMPANIES, AND  
TRUST COMPANIES

Section 601. Meetings of Shareholders.—A. Meetings of the shareholders of a bank, a bank and trust company, or a trust company, shall be held within this Commonwealth, at such place as may be provided in the by-laws of the bank, the bank and trust company, or the trust company. Unless the by-laws provide otherwise, all meetings of the shareholders shall be held at the principal place of business of the bank, the bank and trust company, or the trust company.

B. The by-laws may provide for the number and the time of meetings of shareholders, but at least one meeting of the shareholders shall be held in each calendar year for the election of directors at such time as shall be provided in the by-laws. If the annual meeting shall not be called and held within one month after the designated time, any shareholder shall have the power to call upon the department to issue an order, in the manner provided by law, to compel the calling and holding of such meeting.

C. Special meetings of shareholders may be called at any time by the president, or the board of directors, or the holders of not less than one-fifth of all the shares outstanding and entitled to vote at the particular meeting, or by such other officers or persons as may be provided in the articles or by-laws. At any time upon written request of any person entitled to call a special meeting, it shall be the duty of the secretary of the bank, the bank and trust company, or the trust company, to call a special meeting of the shareholders to be held at such time as the notice shall specify, but in no event shall such notice specify a time more than sixty days after the receipt of the request. If the secretary shall neglect or refuse to issue such call, the person or persons making the request shall have the power to call upon the department to issue an order, in the manner provided by law, to compel the calling and holding of such meeting.

D. Any annual or special meeting may be adjourned for any period of time, but any meeting at which directors are to be elected shall be adjourned only from day to day until such directors have been elected.

Section 602. Notice of Meetings of Shareholders.—Written notice of every meeting of the shareholders of a bank, a bank and trust company, or a trust company shall be given by, or at the direction of, the person authorized to call the meeting, to each shareholder of record entitled to vote at the meeting, at least five days prior to the day named for the meeting, unless a greater period of notice is required elsewhere in this act. The



notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the general nature of the business to be transacted. When a meeting is adjourned it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken, unless otherwise provided in the by-laws.

Section 603. Quorum of Shareholders.—A shareholders' meeting duly called shall not be organized for the transaction of business unless a quorum is present. Unless otherwise specifically provided in this act, in the articles, or in the by-laws:

(1) The presence, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote shall constitute a quorum.

(2) The acts of the holders of a majority of the shares represented at any meeting, at which a quorum is present, shall be the acts of the shareholders.

(3) The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(4) If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine; but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this section or in the articles, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 604. Shareholders May Vote in Person or by Proxy.—Every shareholder of record of a bank, a bank and trust company, or a trust company shall have the right, at every shareholders' meeting, to one vote for every share standing in his name on the books of the bank, the bank and trust company, or the trust company. Every shareholder may vote either in person or by proxy. Every proxy shall be executed in writing by the shareholder, or by his duly authorized attorney in fact, and filed with the secretary of the bank, the bank and trust company, or the trust company. A proxy, unless coupled with an interest, shall be revocable at will notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the secretary of the bank, the bank and trust company, or the trust company. No unrevoked proxy shall be valid after eleven months from the date of its execution, unless a longer time is expressly provided therein, but in no event shall a proxy, unless coupled with an interest, be voted on after three years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker unless, before the

vote is counted or the authority is exercised, written notice of such death or incapacity is given to the secretary of the bank, the bank and trust company, or the trust company. A shareholder shall not sell his vote or execute a proxy to any person for any sum of money or anything of value.

Section 605. Election of Directors; Cumulative Voting.—Unless otherwise provided in the by-laws, elections for directors need not be by ballot, except upon demand made by a shareholder at the election and before the voting begins. In all elections for directors, every shareholder entitled to vote shall have the right, in person or by proxy, to multiply the number of votes to which he may be entitled by the number of directors to be elected, and he may cast his whole number of such votes for one candidate or he may distribute them among any two or more candidates. The candidates receiving the highest number of votes up to the number of directors to be chosen shall be elected.

Section 606. Voting by Trustees and Pledges.—Shares of a bank, a bank and trust company, or a trust company held in a fiduciary capacity by a fiduciary appointed by last will and testament, or by decree of the orphans' court, shall be voted by such fiduciary, either in person or by proxy, in the manner and under the circumstances provided by law. Shares standing in the name of a fiduciary other than one appointed by last will and testament or by decree of the orphans' court, or shares held by an assignee for the benefit of creditors, or by a receiver, may be voted by such fiduciary, assignee, or receiver, either in person or by proxy. A shareholder whose shares are pledged shall be entitled to vote thereon, in person or by proxy, until the shares have been transferred on the books of the bank, the bank and trust company, or the trust company to the pledgee or nominee, and thereafter the pledgee shall be entitled to vote the shares in person or by proxy.

Section 607. Voting by Joint Holders of Shares.—Where shares of a bank, a bank and trust company, or a trust company are held jointly or as tenants in common by more than one corporation or person, such shares shall be voted, and any proxy shall be given, by the person or persons designated for that purpose in the agreement under which such shares are held jointly, or by tenancy in common. If the agreement does not determine the question of which person or persons shall vote such shares, or give any proxy in regard thereto, the will of the majority of such holders shall control the manner of voting, or the giving of a proxy. If the shares are held jointly or as tenants in common by two corporations or persons, and they are equally divided upon the manner of voting the shares held by them, the vote of such shares shall be divided equally among such persons. If only one or more of such holders are present in

person or by proxy, he or they shall have the right to vote all such shares, and all of the shares standing in the names of such corporations or persons shall be deemed to be represented for the purpose of determining a quorum. Except as hereinafter provided, the same shall be true in the case of fiduciaries other than those appointed by last will and testament or by decree of the orphans' court, unless such fiduciaries have been appointed under an instrument or a decree of court which directs otherwise. Where in any case such fiduciaries are equally divided upon the manner of voting the shares jointly held by them, it shall be lawful for the court of common pleas, upon petition filed by any of the fiduciaries, or by any beneficiary, to direct the voting of such shares in the manner which, in the opinion of the court, will be for the best interests of the parties beneficially interested in the shares.

Where shares of a bank, a bank and trust company, or a trust company are held jointly in a fiduciary capacity by two or more fiduciaries appointed by last will and testament or by decree of the orphans' court they shall be voted in the manner and under the circumstances provided by law.

Section 608. Voting Shares Held by an Incorporated Institution.—An incorporated institution or any other corporation owning shares in a bank, a bank and trust company, or a trust company, or an incorporated institution owning shares in any other corporation, may vote them by its president, or by proxy appointed by him, unless some other person, by resolution of its board of directors or board of trustees, shall be appointed to vote such shares, in which case such person shall be entitled to vote the shares upon the production of a certified copy of such resolution. Shares of its own capital belonging to a bank, a bank and trust company, or a trust company shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares, for voting purposes, at any given time, but where a bank and trust company or a trust company holds its own shares in a fiduciary capacity, such shares may be voted and shall be counted in determining the total number of outstanding shares at any given time.

Section 609. Determination of Shareholders of Record.—Unless the by-laws otherwise provide, the board of directors of a bank, a bank and trust company, or a trust company may fix a time, not less than ten or more than forty days, prior to the date of any meeting of shareholders, or the date fixed for the payment of any dividend or distribution, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares will be made or will go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, or

entitled to receive payment of any such dividend or distribution, or to receive any such allotment of rights, or to exercise the rights in respect to any such change, conversion, or exchange of shares. In such case, only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after any record date fixed, as aforesaid. The board of directors may close the books of the bank, the bank and trust company, or the trust company against transfers of shares during the whole or any part of such period, and in such case written or printed notice thereof shall be given, at least ten days before the closing thereof, to each shareholder of record at the address appearing on the records of the bank, the bank and trust company, or the trust company, or supplied by him to such bank, such bank and trust company, or such trust company for the giving of notice. While the stock transfer books of such corporation are closed, no transfer of shares shall be made thereon. Unless a record date is fixed by the by-laws or the board of directors for the determination of shareholders entitled to receive notice of, or to vote at, a shareholders' meeting, transferees of shares which are transferred on the books of the bank, the bank and trust company, or the trust company within ten days next preceding the date of such meeting shall not be entitled to notice of, or to vote at, such meeting.

Section 610. Voting Lists.—The officer or agent having charge of the transfer books for shares of a bank, a bank and trust company, or a trust company shall make, at least five days before each meeting of shareholders, a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the principal place of business of such bank, such bank and trust company, or such trust company, and shall be subject to inspection by any shareholder for any proper purpose at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder for any proper purpose during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in this Commonwealth, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book, or to vote, in person or by proxy, at any meeting of shareholders. An officer or agent having charge of the transfer books who shall fail to prepare the list of shareholders, or keep the same on file for a period of five days, or produce and keep the same open for inspection at any

meeting, as provided in this section, shall be liable to any shareholder suffering damages on account of such failure, to the extent of such damages.

Section 611. Voting Trusts.—A. Two or more shareholders of a bank, a bank and trust company, or a trust company may, by agreement in writing, transfer their shares to any corporation or person, but in no case to the bank and trust company or the trust company in which such shares are held, for the purpose of vesting in the transferee or transferees all voting or other rights pertaining to such shares for a period not exceeding ten years, and upon the terms and conditions stated in the agreement.

B. The share certificates of shares so transferred shall be surrendered and cancelled, and new certificates therefor shall be issued to the transferee or transferees, as voting trustee or trustees, in which new certificates it shall appear that they are issued pursuant to the agreement. In the registration of the transfer of the shares on the books of the bank, or the bank and trust company, it shall be noted that the transfer is made pursuant to the agreement. The trustee or trustees may execute and deliver to the transferors voting trust certificates, which shall be transferable in the same manner and with the same effect as share certificates, under the provisions of the Uniform Stock Transfer Act, approved the fifth day of May, one thousand nine hundred eleven (Pamphlet Laws, one hundred twenty-six), and its amendments and supplements, upon the transfer and registration of the shares. The trustee or trustees shall possess all voting and other rights pertaining to the shares so transferred and registered, subject to the terms and conditions of, and for the period specified in, the agreement, but the shareholders transferring such shares under such conditions shall be subject to any liability, in the payment of the debts of the bank or bank and trust company, which attach to such shares under this act.

C. Unless otherwise provided in the agreement:

- (1) The trustees may vote in person or by proxy;
- (2) If there are two or more trustees, the manner of voting shall be determined as heretofore provided in this act for the voting of shares by joint holders;
- (3) Vacancies among the trustees shall be filled by the remaining trustees;
- (4) A trustee shall incur no responsibility as trustee except for his own individual neglect or malfeasance.

Section 612. Judges of Election.—A. In advance of any meeting of shareholders of a bank, a bank and trust company, or a trust company, the board of directors shall appoint a judge or judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If a judge or judges of election be not so appointed, the chairman of any such meeting shall make such appointment at the meeting. The number of

judges shall be one or three. If appointed at a meeting, the majority of shares present and entitled to vote shall determine whether one or three judges are to be appointed. No person who is a candidate for office shall act as a judge.

B. In case any person appointed as judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the board of directors in advance of the convening of the meeting, or at the meeting by the person acting as chairman.

C. The judge or judges of election shall determine the number of shares outstanding, the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity, and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judges of election shall perform their duties impartially, in good faith, to the best of their ability, and as expeditiously as is practical. If there be three judges of election, the decision, act, or certificate of a majority shall be effective in all respects as the decision, act, or certificate of all.

D. On request of the chairman of the meeting, or of any shareholder or his proxy, the judge or judges shall make a report in writing of any challenge or question or matter determined by him or them, and execute a certificate of any fact found by them. Any report or certificate made by the judge or judges shall be prima facie evidence of the facts stated therein.

Section 613. Informal Action by Shareholders.—Except for the action required by this act for increasing or decreasing the authorized capital of a bank, a bank and trust company, or a trust company, any action required by this act to be taken at a meeting of the shareholders may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders who would be entitled to vote at a meeting for such purpose, and shall be filed with the secretary of the bank, the bank and trust company, or the trust company.

Section 614. Liability of Shareholders.—As to deposits in, and claims outstanding against, banks, bank and trust companies, or trust companies, upon the effective date of this act, the liability of shareholders shall be as heretofore provided by law until terminated in accordance with the provisions of this section. As to any deposit made, or claim arising, after the effective date of this act, shareholders now subject to statutory liability shall be liable to the extent of the percentage of the par value of their stock by which the surplus of the bank, the bank and trust company, or the trust company falls

short of one hundred per centum of its capital. If, at the effective date of this act, the surplus of any such bank, bank and trust company, or trust company is, or at any time thereafter becomes, equal to the aggregate par value of its capital, the liability of shareholders for deposits and other claims against such bank, bank and trust company, or trust company shall cease and determine. Shareholders of banks, bank and trust companies, or trust companies, incorporated under this act, shall not be subject to any liability to the depositors or other creditors thereof.

Section 615. Preemptive Rights of Shareholders.—

A. Unless otherwise provided in its articles, a bank, a bank and trust company, or a trust company may not issue additional shares of any class without first offering such shares pro rata to its common shareholders.

B. Unless otherwise provided in its articles, a bank, a bank and trust company, or a trust company may issue additional shares of any class without first offering such shares to its preferred shareholders.

C. The right to shares to be issued, which has been offered to shareholders having a preemptive right thereto, at a price or upon terms duly fixed, and which has not been subscribed for by them within the time duly fixed by the articles or the board of directors, may be thereafter offered for subscription to any other corporation or person at a price and upon terms not more favorable than that at which it was offered to shareholders.

#### ARTICLE VII

#### DIVIDENDS BY BANKS, BANK AND TRUST COMPANIES AND TRUST COMPANIES

Section 701. Declaration and Payment of Cash and Share Dividends.—A. Except as otherwise provided in this act, and subject to any restrictions contained in the articles of incorporation, any bank, any bank and trust company, or any trust company, by its board of directors, may declare and pay dividends upon its outstanding shares, out of its undivided profits, as hereinafter provided, from time to time and to such extent as the board of directors may deem advisable. A dividend shall not be declared or paid, unless, at the opening of business upon the day such dividend is declared, the capital, the surplus, and the reserve fund, required by this act, would, despite such dividend, be unimpaired.

B. Such dividends may be paid to the shareholders in cash, or, if such increase of capital has been authorized in the manner provided by this act, it may be paid in shares of the bank, the bank and trust company, or the trust company. If the dividend is in the form of shares of the bank, the bank and trust company, or the trust company, it may, if properly authorized, be paid out of unimpaired surplus, provided that such surplus

is not thereby reduced to an amount less than one hundred per centum of its capital, as increased by virtue of such share dividend, but this provision shall not be construed to affect the power conferred by this act upon a bank, a bank and trust company, or a trust company, incorporated prior to the effective date of this act, to credit to capital a sufficient portion of surplus to make the capital equal to the minimum required by this act, and to leave a surplus of at least fifty per centum thereof.

Section 702. Determination of Net Earnings, Disposition Thereof.—A. The net earnings of a bank, a bank and trust company, or a trust company shall be determined as follows:

(1) The gross earnings for any period may include:

(a) All earnings actually received during such period, less accrued interest included in the last previous calculation of earnings.

(b) Interest accrued and unpaid upon debts owing to it, secured by collateral, upon which no default of more than one year exists, and upon bonds or other interest bearing obligations owned by it, upon which no interest default exists, less unearned discount collected.

(c) Any profits actually received during such period from the sale of its securities, its other personal property and its real property.

(d) Sums recovered on items previously charged off.

(2) The following items shall be deducted from the gross earnings:

(a) Expenses paid or incurred, both ordinary and extraordinary, in the transaction of its business, in the collection of debts owing to it, and in the management of its affairs, less expenses incurred included in the last previous calculation of earnings.

(b) Interest paid, or accrued and unpaid, upon deposits and debts owing by it, less interest accrued included in the last previous calculation of earnings.

(c) Losses sustained by it. In the computation of such losses, assets which have been disallowed by the department, or by the board of directors of the bank, bank and trust company, or trust company, shall be included. Debts due such bank, such bank and trust company, or such trust company, upon which principal or interest is due and unpaid for six months, shall likewise be included in the computation of losses, to the extent of the estimated loss thereon, unless such debt is adequately secured, but no losses under this paragraph shall be deducted from the gross earnings, if such losses shall be charged against accumulated reserves set up on the books to provide for such contingencies.

(d) Deferred assets in proportion to their use, and prepaid expenses in proportion to the use of the service represented thereby.



(3) The excess of the gross earnings over the deductions required by this section, if any, shall constitute the net earnings of the bank, the bank and trust company, or the trust company for such period.

B. Such portion of the net earnings of a bank, a bank and trust company, or a trust company as is not required by this act to be credited to surplus may be credited to undivided profits.

C. If the deduction required by this section exceeds the gross earnings for the period, the amount of such excess shall be charged against undivided profits.

D. This section shall not be construed to limit the right of a bank, a bank and trust company, or a trust company to declare and pay any dividend, otherwise permitted by this act, out of accumulated undivided profits even if there shall be no net earnings for the current period.

Section 703. Statement to Directors by Cashier or Treasurer Prior to Declaring Dividend.—Prior to the declaration of a dividend by a bank, a bank and trust company, or a trust company, the cashier, treasurer, comptroller, or auditor thereof, shall furnish to the board of directors a complete written statement of the condition of the bank, the bank and trust company, or the trust company, as of a date not earlier than thirty days before the date the dividend is to be declared. Such statement shall set forth in detail all the items required by this act to be considered by the board of directors in determining whether to declare a dividend.

Section 704. Lien on Dividends.—A shareholder who is liable to the bank, the bank and trust company, or the trust company, either as the principal debtor, surety, or otherwise, for any obligation which is overdue and unpaid, shall not be entitled, as a matter of right, to receive any dividend on such shares so long as such obligation to the bank, the bank and trust company, or the trust company remains overdue and unpaid, but all such dividends may be retained by the bank, the bank and trust company, or the trust company and applied to discharge such obligation.

This section shall not be construed to affect the right of a shareholder who is indebted to the bank, the bank and trust company, or the trust company to transfer his share or shares.

Section 705. Report to Department After Declaration of Dividend; Penalty.—A. Every bank, every bank and trust company, and every trust company shall, within ten days after the declaration of any dividend, make a written report to the department of the amount of the dividend declared and the amount of its gross and net earnings, determined in the manner provided by this act. The report shall be made in the form prescribed by the department, and shall be attested by oath or affirmation of the president or the cashier, treasurer, comptroller,

or auditor of the bank, the bank and trust company, or the trust company.

B. Any bank, bank and trust company, or trust company which fails to make the report required by this section shall pay to the department a penalty of fifty dollars for each day that it delays making such report, but the department may, in its discretion, relieve any bank, bank and trust company, or trust company from the payment of such penalty, in whole or in part, if good cause be shown to it for the failure of such institution to make such report. If a bank, a bank and trust company, or a trust company fails to pay a penalty from which it has not been relieved by the department, the department may, through the Department of Justice, maintain an action at law to recover it.

Section 706. Liability for Unlawful Dividends and Distributions.—The directors of a bank, a bank and trust company, or a trust company shall not declare or pay dividends, or authorize or ratify the withdrawal or distribution of any part of its assets, to shareholders, except as authorized by this act. If any dividend shall be paid, or if any withdrawal or distribution of the assets shall be made, except as provided in this act, the directors under whose administration the same were made, except those who shall have caused their dissent therefrom to be entered on the minutes of the meeting at which such action was authorized, or who being absent at the time shall have promptly filed their written objection thereto with the secretary of the bank, the bank and trust company, or the trust company upon learning of such action, shall be jointly and severally liable to the bank, the bank and trust company, or the trust company in an amount equal to the amount of the unlawful dividend or the unlawful withdrawal or distribution of assets. Any director against whom a claim shall be asserted under or pursuant to this section, and who shall be held liable thereon, shall be entitled to a contribution from the other directors who are likewise liable thereon, pro rata, according to the number of such directors. Any two or more directors may be sued in the same action.

## ARTICLE VIII

### AMENDMENT OF ARTICLES OF INCORPORATED INSTITUTIONS

Section 801. Amendment of Articles Authorized.—Except as otherwise specifically provided in this act, an incorporated institution may, by the method hereinafter established, adopt any amendment whatsoever to its articles of incorporation, provided that the articles as so amended would be authorized by this act as original articles of incorporation.

Section 802. Proposal of Amendments to Articles of Incorporated Institutions.—A. Except as otherwise spe-

cifically provided in this act, every amendment to the articles of a bank, a bank and trust company, or a trust company shall first be proposed by the board of directors by the adoption of a resolution setting forth the proposed amendment, and directing that it be submitted to a vote of the shareholders entitled to vote thereon at a designated meeting, which may be either an annual or a special meeting of the shareholders entitled to vote on the amendment.

B. Except as otherwise specifically provided in this act, every amendment to the articles of a savings bank shall first be proposed by a vote of two-thirds of the trustees present at any meeting of the board, if a quorum is present, directing that it be submitted to a vote of the board at a designated regular or special meeting at least ten days thereafter.

C. The resolution of the board of directors or of the board of trustees, respectively, shall contain the language of the proposed amendment to the articles by providing that the articles shall be amended so as to read as therein set forth in full, or that any provision thereof be amended so as to read as therein set forth in full, or that the matter stated in the resolution be added to or stricken from the articles.

Section 803. Adoption of Amendments.—A. Except as otherwise specifically provided in this act, every proposal of an amendment to the articles of a bank, a bank and trust company, or a trust company, made by its board of directors, shall be adopted at the shareholders' meeting designated for that purpose, pursuant to the provisions of this act, by the holders of at least a majority of the outstanding shares entitled to vote at such meeting, unless the articles require a greater number.

B. Except as otherwise specifically provided in this act, every proposal of an amendment to the articles of a savings bank, made by a two-thirds vote of its board of trustees, shall be adopted at the meeting of the board of trustees designated for that purpose, pursuant to the provisions of this act, by at least two-thirds of all the trustees of the savings bank, unless the articles require a greater number.

C. Any number of amendments may be voted upon by the shareholders or the trustees, respectively, at one meeting.

Section 804. Notice of Meetings to Adopt Amendments to Articles of Incorporated Institutions.—A. Except as otherwise specifically provided in this act, written notice shall, not less than ten days before the shareholders' meetings called by the board of directors for the purpose of considering any proposed amendment to the articles of a bank, a bank and trust company, or a trust company, be given to each shareholder of record.

B. Except as otherwise specifically provided in this act, written notice shall, not less than ten days before

the meeting of the board of trustees scheduled by such board for the purpose of considering any proposed amendment to the articles of a savings bank, be given to each trustee who was not present at the meeting at which the amendment was proposed and the meeting scheduled.

C. Such notice to the shareholders or the trustees, respectively, shall state the place, the day, and the hour of the meeting, and shall set forth the proposed amendment or a summary of the changes to be effected thereby.

Section 805. Articles of Amendment.—A. After an amendment to the articles of an incorporated institution has been adopted in the manner provided by this act, the articles of amendment shall be executed under the seal of the institution, and verified by two duly authorized officers of the institution, and shall set forth:

(1) The name and location of the principal place of business of the institution.

(2) The act of Assembly under which the institution was formed, and the date when and the place where the original articles were recorded or filed.

(3) The time and place of the meeting of the shareholders, or of the trustees, of the bank, the bank and trust company, or the trust company, or of the savings bank, respectively, at which the amendment was adopted, and the kind and period of notice given to such shareholders or trustees.

(4) In the case of a bank, a bank and trust company, or a trust company, the number of shares outstanding and the number of shares entitled to vote on the amendment.

(5) In the case of a bank, a bank and trust company, or a trust company, the number of shares voted for and against such amendment, respectively, and in the case of a savings bank, the number of trustees voting for or against it.

(6) The amendment adopted, which shall be set forth in full.

Section 806. Advertisement.—The incorporated institution shall advertise its intention to file articles of amendment with the Department of State, in a manner similar to that heretofore prescribed in this act in the case of the formation of the particular type of incorporated institution. Advertisement shall appear at least three days prior to the day upon which the articles of amendment are to be presented to the Department of State, and shall set forth briefly:

(1) The name and location of the principal place of business of the incorporated institution.

(2) A statement that the articles of amendment are to be filed under the provisions of this act.

(3) The nature and character of the proposed amendment.

(4) The time when the articles of amendment will be filed with the Department of State.

Section 807. Filing of Articles of Amendment; Payment of Fees; Approval by Department of State.—

A. The articles of amendment, and the proof of publication of the advertisement required by this act, shall be delivered to the Department of State.

B. The Department of State shall examine such articles of amendment, and such proof of publication, to determine whether they contain all the information and are in the form required by this act. After all the bonus, fees, taxes, and other charges have been paid, as required by law, except for the costs of any examination made by the Department of Banking, pursuant to the provisions of this act, to determine whether to approve the amendment, or any other charges made by the Department of Banking, the Department of State shall, if the articles of amendment and the proof of publication contain the information and are in the form required by this act, forthwith, but not prior to the day specified in the advertisement of the articles of amendment required by this act, endorse its approval thereon, and shall forthwith transmit them to the Department of Banking.

C. If the Department of State shall disapprove the articles of amendment, pursuant to the provisions of this act, it shall forthwith give notice thereof to the incorporated institution, stating in detail its reasons for doing so, and stating how such incorporated institution can remedy the nonconformance with the provisions of this act. Upon remedying the defect, such incorporated institution may, in the same manner, file the same or amended articles, whichever the particular case may require.

Section 808. Approval of Articles of Amendment by Department of Banking.—A. The Department of Banking shall, immediately upon the receipt of the articles of amendment from the Department of State, conduct such examination as it may deem necessary to ascertain, from the best sources of information at its command, whether such amendment or amendments will be lawful, not injurious to the community, and in accordance with the purposes of the articles of incorporation. The costs of such examination, and any other charges of the Department of Banking bearing upon the filing of articles of amendment, shall be assessed upon the incorporated institution in the manner provided by law for assessments by the Department of Banking of costs of examinations or other charges.

B. Within thirty days after the receipt of the articles of amendment from the Department of State, the Department of Banking shall, upon the basis of the facts disclosed by the investigation provided for by this section, either approve or disapprove such articles. It shall im-

mediately notify the Department of State in writing of its action. If it shall approve the articles of amendment, it shall endorse its approval thereon, and shall return them to the Department of State. If the purpose of the amendment is to establish a branch bank, branch office, agency, sub-office, sub-agency, or branch place of business, and if the Department of Banking shall approve such amendment, any person, aggrieved by the action of the Department of Banking in approving the articles of amendment, may appeal to the court of common pleas of the county in which it is proposed to establish such branch bank, branch office, agency, sub-office, sub-agency, or branch place of business. The court shall hear such appeal promptly and shall decide the matter upon its merits. The court shall send to the Department of Banking a certified copy of its order.

C. If the Department of Banking disapproves the articles of amendment, it shall return them to the Department of State, stating in detail its reasons for doing so. The Department of State shall immediately give notice to the incorporated institution of the action of the Department of Banking, and of the reasons therefor as stated to it by that department. The decision of the Department of Banking in disapproving any articles of amendment shall be conclusive and not subject to any review.

Section 809. Issuance of Certificate of Amendment.—Immediately upon receipt of the signed articles of amendment of an incorporated institution from the Department of Banking, the Department of State shall file the articles, and shall issue to the institution, or its representative, a certificate of amendment, to which shall be attached a copy of the approved articles. A copy of the approved articles of amendment shall be sent by the Department of State to the Department of Banking.

Section 810. Effective Date of Amendment.—Upon the issuance of the certificate of amendment by the Department of State, the amendments shall become effective and the articles of incorporation shall be deemed to be amended accordingly. The certificate of amendment shall be conclusive evidence of the performance of all conditions required in this act in proceedings to amend the articles of incorporation, except as against the Commonwealth. No amendment shall affect any existing cause of action in favor of or against the incorporated institution, or any pending suit in which such incorporated institution shall be a party, or the existing rights of persons, other than shareholders in the case of a bank, a bank and trust company, or a trust company, and, in the event the corporate name shall be changed by the amendment, no suit brought by or against the incorporated institution under its former name shall be abated for that reason.

## ARTICLE IX

DEPOSITS IN INSTITUTIONS AND RESERVES THEREFOR;  
MONEYS DELIVERED TO INSTITUTIONS FOR  
TRANSMISSION

Section 901. Records of Deposits; Receipts Therefor; Inclusion of Rules Therein.—A. Every institution shall keep complete records of all deposits made in it. Such deposits shall constitute liabilities of the institution and shall be so carried upon its books or other records.

B. Every institution shall furnish to each depositor a receipt in full, by pass book or otherwise, for all deposits made by him.

Section 902. Deposits in the Name of Minors.—Any institution may receive deposits by or in the name of a minor, and shall pay such deposits and any interest thereon to such minor, upon his proper check, order, or receipt, as the case may be, without the assent of his parent or guardian. The parent or guardian of such minor shall not, in his capacity as parent or guardian, have the power to attach, or in any manner interfere, with such deposit.

Section 903. Joint Deposits; Death of One of the Parties.—A. Whenever a deposit shall be made in an institution in the names of two or more persons, the institution shall not pay out such deposit, any part thereof, or interest thereon, except upon the proper check, order, or receipt, as the case may be, of both or all of such persons, unless at the time of making the deposit a different arrangement shall have been specifically provided for, or unless at a subsequent time all the parties agree to a different arrangement.

B. Whenever a deposit shall be made in an institution in the names of two or more persons, and such deposit shall have been made under an arrangement with the institution whereby such deposit, and any interest thereon, may be paid upon the check, order, or receipt of either or any of such persons, the institution may pay such deposit, any part thereof, or any interest thereon, upon such check, order, or receipt of either or any of such persons, pursuant to the arrangement provided for in this section, notwithstanding the fact that one or more of the other persons may be dead and the institution has notice thereof.

C. This section shall not be construed to affect deposits made in the names of a husband and his wife.

Section 904. Death of One Making Deposit as Trustee.—Whenever a deposit shall be made in an institution by any person describing himself, in making such deposit, as trustee for another, and no other notice of the existence and terms of a valid trust than such description shall have been given in writing to the institution, such deposit, or any part thereof, together with interest thereon, may, upon satisfactory proof of the death of the

person so described as trustee, be paid to the person for whose benefit the deposit was thus stated to be made, upon his proper check, order, or receipt, as the case may be.

Section 905. Adverse Claims to Deposits.—A. Notice to an institution of an adverse claim to a deposit standing on its books to the credit of any corporation or person shall not be effectual to cause such institution to recognize such adverse claimant, unless such adverse claimant shall also procure either an attachment or a proper restraining order against the institution from a court of competent jurisdiction, in a cause of action therein instituted by him, wherein the corporation or person to whose credit the deposit stands, or his executor or administrator, is made a party in the manner provided by law, or unless he shall execute to the institution, in form and with sureties acceptable to it, a bond indemnifying the institution from any liability, loss, damage, costs, and expenses on account of the payment of such adverse claim or the dishonor of the check or other order of the corporation or person to whose credit the deposit stands on the books of the institution.

B. This section shall not apply in any instance where the person to whose credit the deposit stands is a fiduciary for such adverse claimant, and the facts constituting such relationship, as well as the facts showing reasonable cause of belief on the part of the claimant that such fiduciary is about to misappropriate the deposit, are made to appear by the affidavit of such claimant.

Section 906. Deposits with Other Corporations or Persons Authorized to Receive Deposits; Reserve Agents.—A. Except as otherwise specifically provided in this act, any institution may deposit any of its funds in any other institution, national banking association, or any corporation or person doing business in another state, authorized by the laws of such other state to receive deposits and subject to the supervision of the banking authorities of such other state, but an incorporated institution shall not deposit any of its funds in such other institution, national banking association, or corporation or person unless it has been designated as a depository by a majority of all the members of the board of directors or of the board of trustees, as the case may be, of the depositing incorporated institution.

B. An institution shall not have on deposit at any one time with any other institution, national banking association, or other corporation or person doing business in another state, authorized by the laws of such other state to receive deposits, and subject to the supervision of the banking authorities of such other state, an amount in excess of ten per centum of the unimpaired capital plus ten per centum of the unimpaired surplus of the depositing institution, if a bank and trust company, or an amount in excess of ten per centum of its unimpaired



surplus if a savings bank, or an amount in excess of ten per centum of its net worth if a private bank, unless such other institution, national banking association, or other corporation or person has been duly approved for this purpose by the department.

C. A director of a bank, a bank and trust company, or a trust company, or a trustee of a savings bank, shall not have a vote in designating as a depository any institution, national banking association, or other corporation or person of which he is an officer or director, or if the proposed depository is a private bank, of which he is one of the owners, or if it is an incorporated institution, a national banking association, or any other corporation, of which he owns five per centum or more of the shares of its capital.

D. A reserve agent of an institution, for the purposes of this act, shall be any institution, national banking association, or corporation or person designated as a depository of such institution in the manner provided by this act, and approved by the department as a depository for any moneys of such institution which are part of the reserve fund against deposits and demand liabilities, as defined herein, which is required by this act to be established and maintained by such institution.

Section 907. Money Delivered for Transmission; Receipt; Burden of Proof of Delivery.—A. Every institution shall give to every corporation or person delivering to it money for transmission a receipt, stating the date when such money is received, the amount thereof in terms of dollars and cents, and, if the money is to be transmitted to a foreign country, in currency of such foreign country, the amount thereof in terms of the money standard of the country to which such money is to be transmitted. All moneys received by an institution for transmission shall be forwarded to the corporation or person designated to receive it.

B. In an action by a corporation or person against an institution to recover money delivered by such corporation or person to such institution for transmission, the burden of proving the transmission to, and the receipt of the money by, the corporation or person to whom such money was directed to be paid, shall be upon the institution, but a statement, under oath or affirmation, of the duly authorized agent or correspondent of the institution that such agent or correspondent has paid the money to the corporation or person to whom payment was directed to be made, and a receipt for such money signed in the name of such corporation or person, shall be prima facie evidence of the delivery of such money to the corporation or person to whom payment was directed to be made.

Section 908. Reserve Fund against Deposits and Demand Liabilities.—A. Every bank, bank and trust company, or private bank shall establish and maintain a

reserve fund in an amount equal to at least fifteen per centum of the total of its net demand deposits and net demand liabilities, plus seven and one-half per centum of its total net time deposits, as herein defined.

B. Except in the case of a savings bank, the term "demand deposits" shall be construed to refer to all deposits, payment of which can legally be required on demand, or within any period less than thirty days after demand.

The term "demand liabilities" shall be construed to refer to all obligations of the institution, other than deposits, payment of which can legally be required on demand.

Except in the case of a savings bank, the term "time deposits" shall be construed to refer to all deposits, payment of which cannot legally be required within thirty days.

C. Except in the case of a savings bank, the total of such reserve fund may, and at least one-third thereof shall, consist of gold bullion, gold coin, United States gold or silver certificates, notes or bills issued by any national banking association or Federal reserve bank, or any other form of currency of the United States, and be kept on hand at the place of business of the institution, unpledged, unassigned, and unpledged.

One-third of such reserve fund may consist of bonds or other interest-bearing obligations of the United States, the Commonwealth of Pennsylvania, or any political subdivision thereof. Such bonds, while being carried in the reserve fund, shall be computed at their current market value. They shall be the absolute property of the institution and shall not be pledged, assigned, or hypothecated in any manner whatsoever.

The balance of such reserve fund, or any part thereof, but not exceeding two-thirds of the total reserve fund, may consist of an actual net balance of moneys on deposit, subject to call without notice, in any reserve agent, as hereinbefore defined.

D. Every savings bank shall establish and maintain a reserve fund in an amount equal to at least seven and one-half per centum of the total of its net deposits.

E. In the case of savings banks, the total of such reserve fund may, and at least two-thirds thereof shall, consist of gold bullion, gold coin, United States gold or silver certificates, notes or bills issued by any national banking association or Federal reserve bank, or any other form of currency of the United States, kept on hand at the place of business of the institution, unpledged, unassigned, and unpledged, or an actual net balance of moneys on deposit, subject to call without notice, in any reserve agent, as hereinbefore defined.

The balance of such reserve fund may consist of bonds or other interest-bearing obligations of the United States,

the Commonwealth of Pennsylvania, or any political subdivision thereof. Such bonds, while being carried in the reserve fund, shall be computed at their current market value. They shall be the absolute property of the institution and shall not be pledged, assigned, or hypothecated in any manner whatsoever.

Section 909. Deficiency in Reserve Fund; Notice to Department; Penalty.—A. Except as otherwise specifically provided in this act, if the reserve fund of an institution shall be less than the amount required by this article, such institution shall not grant any new loan, or declare or pay any dividends, until the reserve fund required by this act shall have been restored in full.

B. Every institution shall give immediate written notice to the department, in the manner prescribed by the department for such notice, whenever its total reserve fund has been deficient for five consecutive business days or for a total of ten business days during any thirty-day period.

C. Any institution which fails to give the notice required by this section shall pay to the department a penalty of fifty dollars for each day that it does not do so after the time fixed by this section for the giving of such notice, but the department may, in its discretion, relieve any institution from the payment of such penalty, in whole or in part, if good cause be shown to it for the failure of such institution to give such notice. If an institution fails to pay a penalty from which it has not been thus relieved, the department may, through the Department of Justice, maintain an action at law to recover it.

Section 910. Maintenance of Reserve Fund by Federal Reserve Members.—An institution which, upon the effective date of this act, is a member of a Federal Reserve Bank, or an institution which, after the effective date of this act, shall become a member of a Federal Reserve Bank, in the manner provided by this act, shall comply with the requirements of the Federal Reserve Act, its amendments and supplements, for the establishment and maintenance of a reserve fund. Compliance therewith and with the regulations of the Federal Reserve Board by such institution shall relieve such institution from compliance with the requirements established by this act for the creation and maintenance of a reserve fund, but it shall, in accordance with the provisions of this act concerning notice after a deficiency in reserves, give written notice to the department whenever its total reserve fund has, for a period of five consecutive business days or for a total of ten business days during any thirty-day period, been below the minimum required by the Federal Reserve Act, its amendments and supplements, and shall be subject to the penalty for failure to give such notice provided by this act.

## ARTICLE X

## POWERS AND LIMITATION UPON POWERS OF BANKS, BANK AND TRUST COMPANIES, OR TRUST COMPANIES

Section 1001. Powers of Banks, Bank and Trust Companies, or Trust Companies.—A. In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a bank or a bank and trust company elsewhere in this act, a bank or a bank and trust company shall have the following powers, subject to the limitations and restrictions imposed by this act:

- (1) To receive money on deposit and to pay interest thereon;
- (2) To receive money for transmission either to a foreign country, or otherwise;
- (3) To rediscount and borrow money, bonds, or other securities, and to pledge collateral therefor;
- (4) To lend money either upon the security of real or personal property, or otherwise; to charge or to receive in advance interest therefor;
- (5) To discount, buy, sell, negotiate, or assign promissory notes, drafts, bills of exchange, trade and bank acceptances, stocks, bonds, or other evidences of debt;
- (6) To buy and sell exchange, coin and bullion;
- (7) To purchase, hold, or convey real property;
- (8) To improve or to lease real property for its accommodation;
- (9) To accept for payment, at a future date, drafts or bills of exchange drawn upon it;
- (10) To issue letters of credit authorizing the holders thereof to draw drafts or bills of exchange upon it, or its correspondents;
- (11) To become a member of a Federal Reserve Bank;
- (12) To receive, for safe-keeping, jewelry, plate, coin and other similar personal property, or bonds, mortgages, shares of stock, securities, and other valuable papers; and to rent out receptacles or safe deposit boxes for the deposit of such papers or of such personal property;
- (13) To invest in the shares of an institution engaged in a foreign banking business;
- (14) To become a member of a clearing house association;
- (15) To establish branch banks, branch offices, agencies, sub-offices, sub-agencies, and branch places of business, as permitted in this act.

B. In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a trust company elsewhere in this act, a trust company shall have the following powers, subject to the limitations and restrictions imposed by this act:

- (1) To purchase, hold, or convey real property;
- (2) To improve or to lease real property for its accommodation;
- (3) To receive, for safe-keeping, jewelry, plate, coin, and other similar personal property, or bonds, mortgages, shares of stock, securities, and other valuable papers; and to rent out receptacles or safe deposit boxes for the deposit of such papers or of such personal property;
- (4) To establish branch trust companies, branch offices, agencies, sub-offices, sub-agencies, and branch places of business, as permitted in this act;
- (5) To make any investments, subject to the same limitations as in the case of savings banks incorporated hereunder, including such investments as are specifically authorized by its articles.

Section 1002. Power to Receive Deposits; Conditions and Notice of Withdrawal.—A bank or a bank and trust company shall have the power to receive money on deposit. It shall repay such deposits, upon due demand, in such manner and upon such notice as may be agreed upon, or in accordance with such regulations as it shall from time to time establish.

Section 1003. Interest on Deposits.—A. A bank or a bank and trust company shall have the power to credit and pay on all deposits such interest as may be established, from time to time, by agreement or regulation. Such interest shall be paid to the respective depositors, or credited to their accounts, at least annually, and in the case of certificates of deposit, interest shall be paid or accrued at least annually.

B. A bank or a bank and trust company shall not credit or pay any interest on any deposit for a longer period than it has been deposited with the bank, except that deposits made not later than the fifth business day of the month, or deposits withdrawn upon one of the last three business days of the month ending any annual, semi-annual, or quarterly interest period, may have interest declared upon them for the whole of the period or month in which they were so deposited or withdrawn. It shall also be lawful for deposit accounts closed between interest periods to be credited with interest, computed from the last interest period to the date when closed.

Section 1004. Pledge of Assets for Deposits.—A bank or a bank and trust company shall not have the power to pledge or hypothecate any of its assets as security for deposits made with it, except for the following:

- (1) Federal, State, municipal, school district, or other public funds.
- (2) Funds deposited by the Secretary of Banking as receiver of an institution of which he has, pursuant to the provisions of law, taken possession.

(3) Funds deposited by a bank and trust company, in its own commercial department, which funds are being held by such bank and trust company in a fiduciary capacity, and are being deposited by it pending investment or distribution.

Section 1005. Borrowing Money and Pledging Assets Therefor; Limitations on Total Indebtedness.—A. A bank or a bank and trust company may borrow money and may pledge or hypothecate any of its assets as security therefor, but whenever it shall appear to the department that a bank or a bank and trust company is borrowing habitually for the purpose of relending, it may require such bank or bank and trust company to cease such practice.

B. A bank or a bank and trust company shall not, at any time, be indebted, or in any way obligated, whether upon such borrowings, or otherwise, to a total amount exceeding the amount of its unimpaired capital, but the following debts or obligations shall not be included in this limitation:

(1) Moneys deposited with the bank or bank and trust company or collected by it for its customers.

(2) Bills of exchange or drafts drawn against money actually on deposit to its credit or due it.

(3) Liabilities created by the endorsement by the bank or bank and trust company of accepted bills of exchange actually owned and discounted by it.

(4) Liabilities to the shareholders of the bank or bank and trust company for dividends which have been declared.

(5) Liabilities to the holders of undivided interests in any pool of bonds secured by mortgages or any pool of other securities, created by the bank or bank and trust company, or to the holders of undivided interests created by the bank or bank and trust company in any particular bond secured by a mortgage, or in any other security or asset, regardless of whether certificates of participation in such mortgage or securities pool, or in such mortgage, security, or other asset have been actually issued.

(6) The amount of the surplus, the expense fund or other reserves, and the undivided profits of the bank or bank and trust company.

(7) If the bank or bank and trust company is a member of a Federal Reserve Bank, liabilities incurred by it to, or rediscounts of commercial paper made by it with, the Federal Reserve Bank, as a member thereof.

(8) Rediscounts of commercial paper or borrowing of money by such bank or bank and trust company during any continuous period, not exceeding three months, unless a longer period is approved by the department.

(9) Liabilities to any Federal or State agencies.

Section 1006. Limitations upon Loans to One Corporation or Person.—A. A bank or a bank and trust

company shall not, directly or indirectly, lend to any corporation or person an amount which, including any extension of credit to such corporation or person by means of letters of credit or by acceptance of drafts for, or the discount or purchase of the notes, bills of exchange, or other commercial paper of, such corporation or person, shall exceed twenty-five per centum of the unimpaired capital and twenty-five per centum of the unimpaired surplus of the bank or bank and trust company. However, this restriction shall have no application whatsoever to the following:

(1) Loans to the United States, or loans secured by not less than the face amount of bonds or other interest-bearing obligations of the United States, or bonds or other interest-bearing obligations for the payment of the principal and interest on which the faith and credit of the United States is pledged.

(2) Loans to the Commonwealth of Pennsylvania, or any county or city thereof, or loans secured by bonds or other interest-bearing obligations of the Commonwealth, or of any county or city thereof, or bonds or other interest-bearing obligations for the payment of the principal and interest on which the faith and credit of the Commonwealth, or any county or city thereof, is pledged.

B. However, a bank or a bank and trust company may, in addition to the twenty-five per centum authorized by this section, lend to any corporation or person an additional fifteen per centum of the unimpaired capital and fifteen per centum of the unimpaired surplus of the bank or the bank and trust company, if such additional fifteen per centum is secured by collateral having an ascertained market value of at least twenty per centum more than the amount of the liability so secured.

C. In computing the total liabilities of any individual to a bank or a bank and trust company, there shall be included all liabilities to the bank or bank and trust company of any partnership or any unincorporated association of which he is a member, and any loans made for his benefit or for the benefit of such partnership or unincorporated association.

In computing the total liabilities of any partnership or unincorporated association to a bank or a bank and trust company, there shall be included all liabilities of its individual members to such bank or bank and trust company, or loans made for the benefit of such partnership or unincorporated association, or any member thereof.

In computing the total liabilities of any corporation to a bank or a bank and trust company, there shall be included all loans made for the benefit of the corporation.

A loan shall be deemed to be made for the benefit of a corporation or a person to the extent that the proceeds

of such loan are transferred to such corporation or person.

Section 1007. Loans to Directors, Officers or Employes of a Bank or Bank and Trust Company; Penalty.—A. A bank or a bank and trust company shall not grant any loan to a director thereof, either directly or indirectly, in an amount which, including therein any extension of credit by means of letters of credit or by acceptance of drafts for, or the discount or purchase of notes, bills of exchange, or other obligations of, such director, will exceed ten per centum of the unimpaired capital, plus ten per centum of the unimpaired surplus, of such bank or bank and trust company, unless any such loan, in excess of such ten per centum of the unimpaired capital and the unimpaired surplus, shall be secured by not less than a like amount of bonds or other interest-bearing obligations of the United States or of the Commonwealth of Pennsylvania.

B. A bank or a bank and trust company shall not, unless such loan shall be secured by collateral having an ascertained market value of at least twenty per centum more than the amount of the loan so secured, grant to any director, officer, or employe thereof any loan or line of credit without (1) the prior affirmative vote, or the prior written assent filed in the place of business of the institution, of a majority of all the directors of the bank or bank and trust company granting the loan, except that, if it is a director who is directly or indirectly interested in obtaining the loan, he shall not have a vote, or (2) the prior vote of a majority of the executive committee of the board of directors subsequently ratified by an affirmative vote of a majority of the members of the board of directors present at the meeting at which such action of the executive committee shall be ratified.

C. A bank or a bank and trust company shall not grant a loan in excess of one thousand dollars to a salaried officer or employe thereof, or to a salaried officer or employe of an affiliated bank, bank and trust company, or trust company, or an affiliated national banking association, as defined in this act, unless the amount of the loan in excess of one thousand dollars be secured by readily marketable collateral, the market value of which shall at no time be less than one hundred and twenty per centum of the amount of the loan in excess of one thousand dollars. This section shall not apply to loans to any such salaried officer or employe upon the security of a mortgage upon the home of such salaried officer or employe.

D. Any director, officer, or employe of a bank or a bank and trust company who, on behalf of such bank or bank and trust company, knowingly grants a loan in violation of this section, and any director, officer, or employe of such bank, bank and trust company, trust



company, or national banking association, who wilfully accepts such a loan with knowledge that it was granted in violation of this section, shall be guilty of a misdemeanor, and shall upon conviction thereof, be subject to imprisonment for a period not exceeding one year, or a fine not exceeding one thousand dollars, or both; he shall also be subject to a further fine of a sum equal to the amount of the loan; he shall furthermore be forever disqualified from acting as a director, officer, or employe of any institution in this Commonwealth.

Section 1008. Limitation on Loans or Discounts Secured by Shares or Obligations of a Corporation.—A. A bank or a bank and trust company shall not take or hold, as collateral security for loans or discounts, the shares or other obligations of any national banking association, or of any bank, bank and trust company, trust company, or other corporation, whether such bank, bank and trust company, trust company, or other corporation, was incorporated under the laws of this Commonwealth or of any other state, which, together with the amount of loans to and investments in the obligations of such national banking association, bank, bank and trust company, trust company, or other corporation, will, in the aggregate at any one time, exceed twenty-five per centum of the unimpaired capital, plus twenty-five per centum of the unimpaired surplus, of the bank or bank and trust company granting the loan or discount, unless such securities are dealt in on any recognized stock exchange.

B. A bank or a bank and trust company shall not take or hold at any one time, as collateral security for loans or discounts, more than ten per centum of the authorized capital of a national banking association, or of another bank, bank and trust company, or trust company, whether incorporated under the laws of this Commonwealth or of any other state.

Section 1009. Limitation upon Investing in Shares.—A. Except as otherwise specifically authorized by this act, a bank or a bank and trust company shall not purchase or invest in the shares of capital of any corporation whatsoever.

B. Any bank or bank and trust company may purchase or invest in the shares of a Federal Reserve Bank, national banking association, or any bank, bank and trust company, or trust company, incorporated under the laws of this Commonwealth, or of any corporation organized for the purpose of conducting a safe deposit business, and may also purchase or invest in the shares of other corporations an amount which shall not exceed twenty-five per centum of the unimpaired capital and twenty-five per centum of the unimpaired surplus of such bank or bank and trust company in the shares of any corporation.

C. This section shall not be construed to affect the power of a bank or a bank and trust company to take

or hold shares of capital of a corporation, in accordance with the provisions of this act, as security for loans granted by such bank or bank and trust company.

Section 1010. Power to Invest in Shares of Banks Engaged in Foreign Business.—A bank or a bank and trust company, the unimpaired capital and the unimpaired surplus of which total at least one million dollars, may invest not more than ten per centum of its unimpaired capital, plus ten per centum of its unimpaired surplus, in the shares of capital of one or more corporations or associations, chartered or organized under the laws of the United States or of any state thereof, and principally engaged in international or foreign banking, or in banking in a dependency or insular possession of the United States, either directly or through the agency, ownership, or control of local institutions in foreign countries or in such dependencies or insular possessions, but a bank or a bank and trust company may make such investment only with the previous written approval of, and under such terms and conditions as shall be prescribed by, the department.

Section 1011. Limitation as to Dealings by Bank or Bank and Trust Company in Own Shares.—Except as otherwise specifically provided in this act, a bank or a bank and trust company shall not grant any loan or discount on the security of shares of its own capital, nor be the purchaser or holder of any such shares for its own account, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Shares so purchased or acquired shall be disposed of within two years from the time of their purchase or acquisition, but the department may, upon application of a bank or a bank and trust company, grant to it in writing the power to hold such shares for a longer period.

Section 1012. Loans on and Investments in Bonds and Mortgages and Judgments of Record.—A. A bank or a bank and trust company shall have the power to lend on the security of, or invest in, bonds secured by mortgages upon real property, but it shall lend upon, or invest in, only such bonds and mortgages as (1) are first liens on unencumbered improved real property, including improved farm land, situated within the Commonwealth, and (2) do not exceed two thirds of the actual value of such real property, and (3) become due within ten years after the making of such loan or investment, unless amortized in equal annual installments over a period not exceeding fifteen years after the making of such loan or investment. Any building which is upon, and is included in the valuation of, such real property shall be insured against loss by fire, to the benefit of such bank or bank and trust company, by the borrower or mortgagor during the term of the bond, in a company which is authorized to do business in Pennsylvania and

is approved by the bank or bank and trust company making the investment. It shall be lawful for a bank or bank and trust company to renew such policies, at the expense of the borrower or mortgagor, from year to year, or for a longer or a shorter period, not, however, exceeding the term of the obligation, in case he shall fail to do so. All necessary charges and expenses paid by such bank or bank and trust company for such renewals shall be paid by such borrower or mortgagor. In case such borrower or mortgagor shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage, and shall, together with interest from the date of the payment of such charges and expenses, constitute a lien upon the property so mortgaged. All expenses of searches, examinations, certificates of title, or appraisal of actual value, and all expenses of drawing and recording of papers, shall be paid by such mortgagor or borrower. The actual value of the real property shall be determined by two reputable persons, especially familiar with real property values in the vicinity of the particular property to be appraised, selected from or approved by the board of directors. They shall inspect the property, and shall state, in writing, that the actual value of the real property inspected, to the best of their judgment, is as stated. Such report shall be filed and preserved among the records of the bank or bank and trust company. The restrictions imposed by this section shall not apply to public utility, railroad, or industrial bonds, or other securities, commonly known as investment securities, although such bonds may be secured in whole or in part by a mortgage upon real property.

B. A bank or bank and trust company shall have the power to lend on the security of, or invest in, judgments of record which are first liens on unencumbered real property situated within the Commonwealth, to the amount of fifty per centum of the actual value of such property, under the same circumstances and subject to the same conditions as are established by this section in the case of loans on the security of, or investments in, bonds secured by mortgages upon real property.

C. The aggregate amount of all loans and investments made by virtue of this section shall not at any time exceed twenty-five per centum of the unimpaired capital and twenty-five per centum of its unimpaired surplus, or fifty per centum of the total time deposits of such bank or bank and trust company, at the option of the bank or bank and trust company.

Section 1013. Power to Create Mortgage Pools for Public Participations; Limitations.—A. Except as otherwise specifically provided in this act, a bank or a bank and trust company shall not have the power to establish a pool or fund of any bonds secured by mortgages, or of any securities, and to sell to any particular

corporations or persons, or to the general public, fractional undivided interests \*herein.

B. This section shall not be construed to affect a pool or fund of bonds secured by mortgages, or of securities, created by a bank or a bank and trust company prior to the effective date of this act.

Section 1014. Restriction on Ownership or Holding of Real Property by a Bank, a Bank and Trust Company, or a Trust Company.—A. Except as otherwise provided in this act, a bank, a bank and trust company, or a trust company shall not purchase, own, or hold any real property, except as follows:

(1) Such real property as it occupies, or intends to occupy, pursuant to the provisions of this act, for its accommodation in the transaction of its business, or such real property which it partly so occupies and partly leases, pursuant to the provisions of this act.

(2) Such as it shall purchase at sales under judgments, decrees, or mortgages held by it, or as it shall otherwise acquire in good faith in satisfaction of debts previously contracted to it, or in order to protect an interest it may otherwise have lawfully acquired in such property.

B. A bank, a bank and trust company, or a trust company shall not own or hold any real property, other than such real property as it occupies, or intends to occupy, for its accommodation in the transaction of its business, or such real property as it partly so occupies and partly leases to others, pursuant to the provisions of this act, for a period longer than five years after the acquisition of such real property, or five years after the effective date of this act, but the department may, upon application of a bank, a bank and trust company, or a trust company, grant to it in writing the power to hold such real property for a longer period. This section shall not be construed to prevent any bank, bank and trust company, or trust company from making improvements to properties owned, but not occupied by the bank, the bank and trust company, or the trust company, for the purposes of sale or lease.

Section 1015. Limitation on Bank Buildings Owned or Leased, and Furniture and Fixtures Therein.—A. The cost of the real property, including the building or buildings thereon, which a bank, a bank and trust company, or a trust company occupies, or intends to occupy, for the transaction of its business, or partly so occupies and partly leases to others, together with the cost of furniture and fixtures therein which are owned by such institution, shall not at any time exceed in the aggregate twenty-five per centum of its unimpaired capital, plus twenty-five per centum of its unimpaired surplus, except with the written approval of the department. Before the erection of a building or buildings is commenced, the

estimate of the costs thereof shall be submitted to the department for its approval.

B. A bank, a bank and trust company, or a trust company shall not expend for the alteration or improvement of premises occupied, but not owned by it, an amount which, together with the cost of any real property, building or buildings, and furniture and fixtures which it owns, exceeds twenty-five per centum of its unimpaired capital, plus twenty-five per centum of its unimpaired surplus, except with the written approval of the department. The cost of such alterations or improvements shall be amortized during the term of such lease or occupancy, and, before such alterations or improvements are made, an estimate of the cost thereof shall be submitted to the department for its approval.

C. The foregoing provisions of this section shall not affect any real property and building or buildings occupied, or the furniture and fixtures owned and used by a bank, a bank and trust company, or a trust company, upon the effective date of this act, for the transaction of its business, but such bank, bank and trust company, or trust company shall not, except with the approval of the department, add to such real property, building or buildings, furniture and fixtures, and shall not alter or improve such premises, if the cost of such additions, alterations, or improvements shall, together with any other real property and building or buildings occupied, or furniture and fixtures owned and used, by the incorporated institution, aggregate twenty-five per centum of its unimpaired capital, plus twenty-five per centum of its unimpaired surplus.

D. This section shall not be construed to prohibit a bank, a bank and trust company, or a trust company from making ordinary repairs to any such real property.

E. Except as otherwise provided in this act, a bank, a bank and trust company, or a trust company may lease to any other corporation or person, for offices or for any other legitimate purposes, any part of the premises which it owns or occupies for the transaction of its business but which is not necessary for the transaction of such business.

Section 1016. Power to Accept Drafts and Bills of Exchange; Limitations.—A. A bank or a bank and trust company shall have the power to accept for payment drafts or bills of exchange having not more than six months' sight to run, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, in which case the shipping documents conveying or securing title shall be attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title to readily marketable staples.

B. A bank or a bank and trust company shall not accept drafts or bills of exchange to an amount totalling at any one time more than fifty per centum of its unimpaired capital, plus fifty per centum of its unimpaired surplus, but the department may at any time, by general rule applicable to all banks or bank and trust companies, and under such limitations as it shall impose, authorize all banks and all bank and trust companies to accept drafts or bills of exchange to an amount totalling at one time one hundred per centum of their unimpaired capital, plus one hundred per centum of their unimpaired surplus.

Section 1017. Protection against Loss on Previous Loan or Investment.—The restrictions imposed by this act shall not be construed to prevent a bank or a bank and trust company, in order to protect itself from loss upon a loan or investment previously made lawfully and in good faith, from acquiring ownership of, or otherwise taking and holding, any kind of property or security, whether real or personal. Except as otherwise provided by this act, any property so acquired, unless of the character and nature by this act authorized to be purchased or held by such bank, shall be sold by it within five years, but the department may, upon application of a bank or bank and trust company, grant to it in writing the power to hold such property for a longer period.

Section 1018. Property Acquired Prior to Effective Date of Act.—This act shall not be construed to render unlawful the continued ownership or holding by a bank or a bank and trust company of any loans, investments, or other real or personal property lawfully acquired prior to the effective date of this act. However, such loans or such real property shall be computed in determining the power under this act of a bank or a bank and trust company to grant any additional loans or make any additional investments in real estate.

Section 1019. Power of Bank to Become Member of Federal Reserve Bank.—A bank or a bank and trust company may purchase and hold, for the purpose of becoming a member of a Federal Reserve Bank, so much of the capital of such Federal Reserve Bank as will qualify it for membership therein. It may acquire and exercise all powers, not in conflict with the laws of this Commonwealth, which are conferred upon any such member bank by the Federal Reserve Act, its amendments and supplements. Such bank or bank and trust company may be examined by Federal authorities in accordance with the provisions of the Federal Reserve Act, but, unless the department shall, in its discretion, accept the examinations or reports made under the Federal Reserve Act in lieu of those required by the laws of this Commonwealth, it shall be examined by, and make reports to, the department in the manner provided by law for all banks or bank and trust companies. Except

as otherwise specifically provided in this act, such bank or bank and trust company, and its officers, directors, employes, and shareholders, shall continue to be subject to all the liabilities and duties imposed upon them by this act or by any other law of this Commonwealth.

Section 1020. Power to Engage in Safe Deposit Business.—A. A bank, a bank and trust company, or a trust company may receive, for safe-keeping, jewelry, plate, coin, and other similar personal property, or bonds, mortgages, shares of stock, securities, and other valuable papers. It may also rent out receptacles or safe deposit boxes for the deposit of papers or of such personal property.

B. The bank, the bank and trust company, or the trust company shall receive such papers or other personal property, and rent out such receptacles or safe deposit boxes, upon the terms or conditions prescribed by it, but such terms and conditions shall not be binding upon the corporations or persons availing themselves of such services unless they receive notice thereof.

Section 1021. Prohibition upon Guaranteeing Mortgages.—A bank, a bank and trust company, or a trust company shall not, in any manner whatsoever, guarantee the payment of the principal or the interest of bonds or other obligations secured by mortgages upon real property.

This section shall not, however, be construed to affect contracts and policies guaranteeing the payment of the principal or the interest of bonds or other obligations secured by mortgages upon real property when such contracts and policies have been lawfully executed by a bank, a bank and trust company, or a trust company, and are valid and outstanding upon the effective date of this act, or any continuation, extension, or renewal thereof.

Section 1022. Limitation upon Power to Act as Surety.—A. A bank, a bank and trust company, or a trust company shall not act as surety for the faithful performance of any trust, office, duty, action, or engagement, or upon any writ of error or appeal, or upon any other type of bond in any manner whatsoever, but a bank, a bank and trust company, or a trust company shall have the power, in the manner and under the circumstances provided by law, to give its own bond upon any writ of error or appeal, or in any proceeding instituted in any court of this Commonwealth, if such bank, bank and trust company, or trust company is one of the parties to such proceeding or such writ of error or appeal; and a bank and trust company or a trust company shall have the power, whenever necessary, to give its own bond for the faithful performance by it of its duties as trustee, guardian, executor, administrator, or other fiduciary, and as surety for the faithful perform-

ance by any person who may be a co-fiduciary acting with such bank and trust company or such trust company.

B. This section shall not be construed to affect in any manner a bond given as surety, or an obligation to act as surety legally entered into, by a bank, a bank and trust company, or a trust company prior to the effective date of this act.

#### ARTICLE XI

##### POWER OF BANKS TO BECOME BANK AND TRUST COMPANIES; ADDITIONAL POWERS AND LIMITATIONS UPON POWERS OF BANK AND TRUST COMPANIES, AND TRUST COMPANIES

Section 1101. Power of Bank to Become Bank and Trust Company; Acquisition of Fiduciary Powers.—A bank, which has an unimpaired capital and an unimpaired surplus at least equal to the capital and surplus required by this act for the incorporation of a bank and trust company, may, by amending its articles of incorporation in the manner provided by this act, acquire the additional power of, and thereby become, a bank and trust company. Such bank, upon becoming a bank and trust company, shall include in or add to its corporate name the words "and trust company," in accordance with the provisions of this act, but the amendment to the articles of incorporation of a bank, by virtue of which such bank is to become a bank and trust company, shall be approved by two-thirds of all the shareholders of such bank.

Section 1102. Powers of Bank and Trust Companies or Trust Companies.—In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a bank and trust company or a trust company elsewhere in this act, a bank and trust company or a trust company shall have the following powers, subject to the limitations and restrictions imposed by this act:

- (1) To act as fiduciary and, pursuant thereto, to receive and dispose of real or personal property;
- (2) To act as agent or attorney in fact;
- (3) To act as transfer or fiscal agent, and registrar of shares, bonds, or other obligations;
- (4) To pool mortgages or securities for the investment of funds held by it as fiduciary;
- (5) In the case of certain existent bank and trust companies or trust companies, to insure owners, mortgagees, and others interested in real property from loss by reason of defective titles, liens, and encumbrances.

Section 1103. Power to Act as Fiduciary.—A bank and trust company or a trust company may act as trustee, guardian, receiver, assignee, committee, executor, administrator, or in any other fiduciary capacity not inconsistent with the laws of this Commonwealth or of the United States. It may, in pursuance of such fidu-



ciary relationship, receive any real or personal property, including securities of every kind, government or otherwise, belonging to, or otherwise a part of, the estate of which such bank and trust company or such trust company is fiduciary. It may, pursuant to any instrument producing such fiduciary relationship, or any agreement controlling such relationship, or any rule of law governing such relationship, hold or invest, sell, or otherwise dispose of such real or personal property. It may, pursuant to and in accordance with the same authority, recover any property which the estate owns or of which it has the right to possession, or in any other way protect the interests of such estate.

Any agreement of such bank and trust company or such trust company as fiduciary shall be in the manner provided by law for the agreement of such fiduciaries, and any acts performed by the bank and trust company or the trust company as such fiduciary shall be in accordance with any provisions of law which govern such relationships. Except as specifically otherwise provided in this act, or by the instrument creating the fiduciary relationship, or by any other agreement by the parties, such bank and trust company or such trust company shall have the same powers and shall be subject to the same duties as are granted to, or imposed upon, any such fiduciaries by the laws of this Commonwealth.

Section 1104. Power to Act as Agent or Attorney in Fact.—A bank and trust company or a trust company may act as agent or attorney in fact in the purchase and sale of real property, in the collection of rents, for the care, custody and management of any real or personal property, and in the making of investments in shares, bonds, or other securities, the collection and disbursement of the principal thereof and the income therefrom, and the sale, transfer or other disposal thereof.

Section 1105. Power to Act as Registrar of Shares and Bonds; Fiscal Agent.—A bank and trust company or a trust company may act as the fiscal agent or transfer agent of the United States, of any state of the United States, of any county, city, borough, township, school district, or other political subdivision of any state, or of any corporation or individual, and may act as treasurer of any political subdivision of this Commonwealth. In such capacity, it may receive and disburse money, manage any sinking fund, and transfer, register, and countersign share certificates, bonds, or other evidences of indebtedness, in accordance with the terms of the instrument creating the relationship, or of any other agreement, express or implied, between the parties.

Section 1106. Capital of Bank and Trust Company or Trust Company in Lieu of Bond.—A bank and trust company or a trust company, acting as a fiduciary, shall not be required to execute the bond or put up the security required by law of fiduciaries, but its capital shall

be considered as the security required by law for the faithful performance of its duties. The capital of such bank and trust company shall be absolutely liable in case of any default whatsoever.

Section 1107. Any Officer Authorized to Take Oath.—In any case in which the laws of this Commonwealth require that a fiduciary shall take an oath or affirmation, or execute an affidavit, any officer of a bank and trust company or a trust company, which is acting in such fiduciary capacity, shall be authorized to take such oath or affirmation, or execute such affidavit, on behalf of such bank and trust company or trust company.

Section 1108. Segregation and Designation of Trust Funds; Deposit of Uninvested Funds.—A bank and trust company or a trust company shall keep all funds, property, or investments, held by it in a fiduciary capacity, separate and apart from the assets of such bank and trust company or trust company. All investments made by a bank and trust company or a trust company, as fiduciary, shall be so designated that the estate to which such investments belong shall be apparent at all times, but such bank and trust company or such trust company may clear receipts and payments of such funds in the regular course of business in the same manner as other funds held by it. Funds held by a bank and trust company or a trust company as fiduciary, awaiting investment or distribution, may be deposited in any other institution, in any national banking association, or with any corporation or person in any other state, which is authorized to receive deposits and is subject to the full supervision of the banking authorities of such other state, or, in the case of a bank and trust company, may be used by it in the conduct of its business. If such funds held by a bank and trust company as fiduciary are used by such bank and trust company in the conduct of its business, there shall be pledged or hypothecated by such bank and trust company, with the trust department of the bank and trust company acting as fiduciary, interest-bearing bonds or other obligations of the United States or of the Commonwealth of Pennsylvania, or such other securities as may be approved by the department. The par value of the bonds, other obligations, or securities so pledged or hypothecated to secure such funds, or the market value if such market value is less than the par value, shall at all times be equal to an amount not less than the funds so used or deposited. If the bank and trust company which has put up such collateral should fail or be taken in possession by the department, the estate from which the funds were taken shall have a lien for the amount of such funds on the bonds, other obligations, or securities so pledged or hypothecated, in addition to their claim against the estate of such bank and trust company.

Section 1109. Mortgage or Securities Pools for Investment of Fiduciary Funds.—A. A trust company, or a bank and trust company in its trust department, may establish a pool or fund of bonds secured by mortgages, or of other securities, purchased solely with funds of estates held by it as fiduciary. All the bonds secured by mortgages, and all the securities, which comprise such pool or fund, shall be of the class authorized as legal investments for funds held by fiduciaries. The bank and trust company or the trust company shall apportion fractional undivided interest in such pool or fund to estates of which it is fiduciary in the proportions in which their funds were used to purchase the bonds secured by mortgages, or the securities, which comprise such pool or fund. Interests in such pool or fund shall not be sold to any corporation or person, but shall be held solely by the bank and trust company, or the trust company, as fiduciary, and the equitable interest owned solely by the estates of which such bank and trust company or such trust company is fiduciary. Interests in such pool or fund may be transferred in distribution to any beneficiary, and, in order to make distribution, may be sold by such bank and trust company or trust company to another trust estate or estates of which it is fiduciary, or, by a bank and trust company, to its commercial department, which may in turn resell the same to another trust estate or estates of which it is fiduciary, but not to any other corporation or person.

B. Such bank and trust company or such trust company shall designate clearly upon its records the names of the estates on behalf of which such bank and trust company or trust company as fiduciary owns a fractional undivided interest in such pool or fund, and the extent of the interest of the estate therein. No such estate shall be deemed to have individual ownership of any bond or other security in such pool or fund, but shall be deemed to have an undivided interest in the entire pool or fund.

The bank and trust company or the trust company may issue a certificate of participation for every estate on behalf of which such bank and trust company or trust company as fiduciary owns a fractional undivided interest in such pool or fund. Such certificate shall state on its face that it is issued without guarantee by the issuing bank and trust company or trust company of the payment of either principal or interest, that it will be paid only when funds become available out of the bonds secured by mortgages or out of the securities comprising the pool or fund. It shall also state any other important condition covering such situation.

C. The bank and trust company or the trust company shall have the right at any time to substitute for any bond or other obligation secured by mortgage, or for any securities, in a pool or fund, other bonds or obligations

secured by mortgages, or securities, which meet all the requirements of this section and which have a value at least equal to the bond and mortgage or other security for which they were substituted.

D. A bank and trust company or a trust company shall likewise have the power to create undivided interests in any single bond secured by a mortgage, or in any single security, to be apportioned among estates of which it is fiduciary, in the proportion to which their funds were used to purchase such asset. The bank and trust company or the trust company shall create and assign such interest, and shall designate upon its records the names of the estates to which any such undivided interest shall have been apportioned, and may issue participation certificates therefor in the same manner, under the same conditions, and subject to the same limitations as are authorized or imposed by this section in the case of a pool of more than one bond secured by mortgages, or of more than one security.

E. This section shall not be construed to affect a pool or fund of bonds secured by mortgages, or of securities, created by a bank and trust company or a trust company prior to the effective date of this act.

Section 1110. Prohibition upon Lending Fiduciary Funds to Officers, Directors, or Employees.—A bank and trust company or a trust company shall not lend, either directly or indirectly, to any director, officer, or employe of such bank and trust company or trust company, or to any director, officer, or employe of any affiliated institution or affiliated national banking association, as defined in this act, any funds which it holds as fiduciary, except such funds as it holds as fiduciary for such director, officer, or employe, and except for loans made upon the security of a mortgage upon the home of such director, officer, or employe.

For the purpose of this section, a loan shall be considered to be granted to a director, officer, or employe, when such loan is made for the benefit of such director, officer, or employe, or to or for the benefit of a partnership or other unincorporated association of which such director, officer, or employe is a partner or a member. A loan shall be deemed to be granted for the benefit of a person, partnership, or other unincorporated association, or corporation to the extent that the proceeds of such loan are credited to or transferred to such person, partnership, other unincorporated association, or corporation. Every director, officer, or employe granting such loan on behalf of the bank and trust company or the trust company, and every director, officer, or employe wilfully accepting such loan with knowledge that it was granted in violation of the provisions of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to imprisonment for a period not exceeding one year, or a fine not exceeding one thousand

dollars, or both; he shall also be subject to a further fine of a sum equal to the amount of loan so granted, or received, and shall forever thereafter be disqualified from acting as a director, officer, or employe of any institution in this Commonwealth.

Section 1111. Limitation upon Purchase or Exchange of Assets of Commercial Department.—A bank and trust company shall not, directly or indirectly, purchase with funds held by it as fiduciary, or exchange for any real or personal property held by it as fiduciary, any asset of its commercial department, but this prohibition shall not apply in the case of bonds or other interest-bearing obligations of the United States, of this Commonwealth, or of any county, city, borough, township, school district, or poor district of this Commonwealth, nor in the case of assets of its commercial department earmarked for future trust investment at the time of acquisition by the commercial department, and purchased or exchanged, within one year after acquisition, with funds or for property held by it as fiduciary. A report shall be made monthly to the board of directors and to the department of all transactions, including earmarked acquisitions, within the exception to the foregoing prohibition.

Section 1112. Power to Insure Titles; Prohibition.—A. Every bank and trust company or trust company which, upon the effective date of this act, lawfully possesses, and which has, within one year prior to such date, exercised the power to insure owners of real property, mortgagees, and others interested in real property from loss by reason of defective titles, liens, and encumbrances, shall continue to possess such power but no other bank and trust company or trust company shall hereafter have or exercise such power.

B. Any bank and trust company or trust company which, after the effective date of this act, has the power to insure owners of real property, mortgagees, and others interested in real property from loss by reason of defective titles, liens, and encumbrances, but which does not exercise such power for any consecutive period of one year, shall be forever barred from the exercise of such power.

## ARTICLE XII

### EXPENSE FUND, SURPLUS, POWERS, AND LIMITATIONS UPON POWERS OF SAVINGS BANKS

Section 1201. Expense Fund; Repayment of Fund.—A. The expense fund, required by this act to be established by the incorporators of a savings bank before such savings bank shall be authorized to commence business, shall be to the amount of ten thousand dollars, or such larger amount as the department shall require. It shall be used solely to pay any organization and operating expenses which the income of such savings bank is not sufficient to meet.

B. As soon as the income shall become sufficient to meet current expenses, reimbursement shall be made to the original expense fund out of earnings. When the expense fund has been reimbursed in full for any charges made against it, pursuant to the provisions of this section, and when, in addition, the surplus of the savings bank is equal to at least the amount of the expense fund which was required by this act to be created, the contributions to such expense fund shall be returned to the persons who contributed it, but the amounts originally contributed to the expense fund shall not constitute a liability of the savings bank until such time as the expense fund has been reimbursed in full and the unimpaired surplus of the savings bank equals the amount of such expense fund.

Section 1202. Powers of Savings Banks.—In addition to the general corporate powers granted by this act, and in addition to any powers specifically granted to a savings bank elsewhere in this act, a savings bank shall have the following powers, subject to the limitations and restrictions imposed by this act:

(1) To receive money on deposit and pay interest thereon;

(2) To receive money for transmission to a foreign country or otherwise, and to forward such money through any bank, bank and trust company, private bank, national banking association, or any other corporation or person authorized by the laws of any state to receive deposits, and subject to the supervision of the banking authorities of such state;

(3) To borrow money to repay the demands of depositors, and to pledge its assets therefor;

(4) To make investments;

(5) To lend money upon the security of real or personal property, and to charge or to receive in advance interest therefor;

(6) To purchase, hold, or convey real property;

(7) To improve or to lease real property for its accommodation;

(8) To receive, for safe-keeping, jewelry, plate, coin and other similar personal property, or bonds, mortgages, shares of stock, securities and other valuable papers; and to rent out receptacles or safe deposit boxes for the deposit of such papers or of such personal property;

(9) To establish branch savings banks, branch offices, agencies, sub-offices, sub-agencies, and branch places of business, as permitted in this act;

(10) To become a member of a Federal Reserve Bank, and, for such purpose, to purchase and hold so much of the capital of such Federal Reserve Bank as will, under any Federal law, qualify it for membership therein.

Section 1203. Power to Receive Deposits; Notice of Withdrawal; Power to Limit Amount.—A. A savings bank shall have the power to receive money on deposit. It shall repay such deposits in such manner, upon such notice, and under such other regulations as shall be prescribed in its articles or by-laws, but if no mention is made in its articles or by-laws of notice, or of any special conditions, or if the notice of such articles or by-laws required by this act to be given to the depositors is not given, such deposits shall be repaid upon demand after sixty days' notice. However, a savings bank shall not accept any deposits payment of which can legally be required by the depositor within a period of less than fourteen days.

B. A savings bank may, in its articles or by-laws, limit the aggregate amount which any one corporation or person may deposit with it. It may, by action of its board of trustees refuse any deposit, or return all or part of any deposit, when it deems such action to be to the best interests of such savings bank.

Section 1204. Interest on Deposits.—A. Anything in its articles to the contrary notwithstanding, a savings bank shall have the power to credit and pay on all deposits such interest, not, however, exceeding five per centum per annum, as may be established, from time to time, by agreement or regulation. Such interest shall be paid to the respective depositors, or credited to their accounts, at least annually, and in the case of certificates of deposit, interest shall be paid or accrued at least annually.

B. The trustees shall not declare or allow interest on any deposit for a longer period than it has been deposited with the savings bank, except that deposits made not later than the fifth business day of the month, or deposits withdrawn upon one of the last three business days of the month ending any annual, semi-annual, or quarterly interest period, may have interest declared upon them for the whole of the period or month in which they were so deposited or withdrawn. It shall also be lawful for deposit accounts closed between interest periods to be credited with interest, computed from the last interest period to the date when closed.

Section 1205. Requisite Surplus.—A. Every savings bank is hereby authorized to accumulate and retain a surplus not exceeding twenty-five per centum of its total deposits. Whenever at the end of any calendar year, the unimpaired surplus of a savings bank shall exceed twenty-five per centum of total deposits, it shall be the duty of the board of trustees of such savings bank to divide, pro rata among the depositors whose accounts shall have been open on the thirty-first day of December of such year, the amount of such excess so ascertained at the end of such year.

B. Nothing herein contained shall be construed to prohibit any savings bank, which has been created under any special act of the General Assembly, from paying to any corporation or person such dividends as are provided in its articles.

Section 1206. Liability for Unlawful Interest or other Distributions.—The trustees of a savings bank shall not declare or pay interest, or authorize or ratify the withdrawal or distribution of any part of its assets, to depositors, or any other corporation or person, except as authorized by this act. If any interest shall be paid, or if any withdrawal or distribution of the assets shall be made, except as provided in this act, the trustees voting for the same shall be jointly and severally liable to the savings bank in an amount equal to the amount of the unlawful interest or the unlawful withdrawal or distribution of assets. Any trustee against whom a claim shall be asserted under or pursuant to this section, and who shall be held liable thereon, shall be entitled to a contribution from the other trustees who are likewise liable thereon, pro rata, according to the number of trustees. Any two or more trustees may be sued in the same action.

Section 1207. Borrowing Money and Pledging Assets Therefor.—A savings bank may borrow money, and may pledge or hypothecate any of its assets as security therefor, solely for the purpose of repaying deposits. Such borrowings shall not be made except after the approval of a majority of the members present at a legally constituted meeting of the board of trustees.

Section 1208. Authorized Investments of Savings Banks Not under Special Charter.—A. Except as otherwise specifically provided in this act, a savings bank other than a savings bank organized under a special act of the General Assembly, shall not make any investments except as follows:

(1) Bonds or other interest-bearing obligations of the United States, or those for the payment of the principal and interest on which the faith and credit of the United States is pledged, including the bonds or other interest-bearing obligations of the District of Columbia.

(2) Farm loan bonds issued by Federal land banks operating under the provisions of the Federal Farm Loan Act, approved the seventeenth day of July, one thousand nine hundred sixteen, its amendments and supplements.

(3) Bonds or other interest-bearing obligations of the Commonwealth of Pennsylvania, or of any state of the United States, or those for the payment of the principal and interest on which the faith and credit of this Commonwealth, or of such state, is pledged, provided that it has not, at any time within the ten years immediately preceding the date of the purchase of such bonds or other obligations by the savings bank, defaulted in the



payment of any part of any principal or interest due by it.

(4) Bonds or other interest-bearing obligations of any county, city, borough, township, school district, or other political subdivision of the Commonwealth of Pennsylvania, or of any city, borough, township, school district, or other political subdivision of any state of the United States, or those for the payment of the principal and interest on which the faith and credit of such political subdivision is pledged, provided that it has not, within the ten years immediately preceding the date of the purchase of such bonds or other obligations by the savings bank, defaulted in the payment of any part of any principal or interest due by it.

(5) Obligations issued, assumed, or guaranteed as to principal and interest by, or equipment bonds of, any railroad corporation, whether incorporated under the laws of this Commonwealth, of any other state, or of the Dominion of Canada, provided that such railroad corporation has not, at any time within the five years immediately preceding the date of the investment in such obligations or bonds by the savings bank, failed punctually to pay the matured principal and interest on all of its indebtedness.

(6) The bonds of any corporation, whether incorporated under the laws of the United States, of any other state, or of the District of Columbia, which transacts the business of supplying electrical energy, artificial gas, or natural gas purchased from another corporation and supplied in substitution for, or in mixture with, artificial gas, for light, heat, power, and other purposes, or which transacts any two or all of such businesses; but at least seventy-five per centum of the gross operating revenues of such corporation shall be derived from such business, and not more than fifteen per centum of the gross operating revenues shall be derived from any one kind of business other than supplying electricity and gas, and such corporation shall be subject to regulation by a public service commission, a public utility commission, or any other similar regulatory body duly established by the laws of the United States, or of any state in which such corporation operates, subject to the following conditions:

(a) Such corporation shall have all the franchises necessary to operate in territory in which at least seventy-five per centum of its gross income is earned, which franchises shall either be indeterminate permits or agreements with, or subject to the jurisdiction of, a public service commission or other duly constituted regulatory body, or shall extend at least five years beyond the maturity of such bond; and such corporation shall file with the department and make public, in each year, a statement and a report giving the income account covering the previous fiscal year, and a balance sheet show-

ing in reasonable detail the assets and liabilities at the end of the year.

(b) The outstanding full-paid capital stock of such corporation shall, at the time of such investment, be equal to at least two-thirds of the total debt secured by mortgage liens on any part or all of its property, but in the case of a corporation having non-par value shares, the amount of capital which such shares represent shall be the capital as shown by the books of the corporation.

(c) Such corporation shall have been in existence for a period of not less than eight fiscal years, and at no time, within such period of eight fiscal years immediately preceding the date of such investment, shall such corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness, direct, assumed or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a major portion of its property was acquired by consolidation, merger, or purchase, shall be considered together in determining such required period.

(d) For a period of five fiscal years immediately preceding such investment, the net earnings of such corporation shall have averaged per year not less than twice the average annual interest charges on its total funded debt applicable to that period, and for the last fiscal year preceding such investment, such net earnings shall have been not less than twice the interest charges for a full year on its total funded debt outstanding at the time of such investment, and, for such period, the gross operating revenues of any such corporation shall have averaged per year not less than one million dollars, and such corporation shall have, for each such year, either earned an amount available for dividends, or paid an amount in dividends, equal to four per centum upon a sum equivalent to two-thirds of its funded debt.

(e) In determining the qualifications of any bond under this clause, where a corporation shall have acquired its property, or any substantial part thereof, within the five years immediately preceding the date of such investment by consolidation or by merger, or by the purchase of all or a substantial portion of the property of any other corporation or corporations, the gross operating revenues, net earnings, and interest charges of the several predecessor or constituent corporations shall be consolidated and adjusted, so as to ascertain whether the requirements of the paragraph immediately preceding this one, as to net and gross earnings and as to dividends, have been complied with.

(f) The gross operating revenues and expenses of a corporation, for the purpose of this clause, shall be, respectively, the total amount earned from the operation of and the total expense of maintaining and operating all property owned and operated by, or leased and

operated by, such corporation, as determined by the system of accounts prescribed by the public service commission, or public utility commission, or other similar regulatory body having jurisdiction in the matter. The gross operating revenues and expenses, as defined above, of subsidiary companies may be included, provided that all the mortgage bonds, and a controlling interest in shares of such subsidiary companies, are pledged as part of the security for the mortgage debt of the principal company.

The net earnings of any corporation, for the purpose of this clause, shall be the balance obtained by deducting from its gross operating revenues its operating and maintenance expenses, taxes, other than Federal and State income taxes, rentals, and provision for renewals and retirements of the physical assets of the corporation, and by adding to such balance its income from securities and miscellaneous sources, but not, however, exceeding fifteen per centum of such balance.

(g) Such bonds must be part of an issue of not less than one million dollars and must be mortgage bonds secured by a first or refunding mortgage secured by property owned and operated by the corporation issuing or assuming them, or must be underlying mortgage bonds secured by property owned and operated by the corporations issuing or assuming them, but such bonds shall be refunded by a junior mortgage providing for their retirement; the bonds under such junior mortgage shall comply with the requirements of this section, and such underlying mortgage shall be either a closed mortgage or shall remain open solely for the issue of additional bonds which are to be pledged under such junior mortgage. The aggregate principal amount of bonds secured by such first or refunding mortgage, plus the principal amount of all the underlying outstanding bonds, shall not exceed sixty per centum of the value of the physical property owned, as shown by the books of the corporation, and subject to the lien of such mortgage or mortgages securing the total mortgage debt. However, if such mortgage is a refunding mortgage, it must provide for the retirement on or before the date of their maturity of all bonds secured by prior liens on the property.

(h) The term funded debt shall be construed to mean all interest-bearing debts maturing more than one year from date of issue.

(7) The bonds of any corporation, whether incorporated under the laws of the United States, of any other state, or of the District of Columbia, which engages and is authorized to engage in the business of furnishing telephone service in the United States, provided that such corporation is subject to regulation by the interstate commerce commission, a public service commission, a public utility commission, or any other similar Federal or State regulatory body duly established by the laws of

the United States or by the laws of any state in which such corporation operates, subject to the following conditions:

(a) Such corporation shall have been in existence for a period of not less than eight fiscal years, and at no time, within such period of eight fiscal years immediately preceding the date of such investment, shall such corporation have failed to pay promptly and regularly the matured principal and interest of all its indebtedness, direct, assumed, or guaranteed, but the period of life of the corporation, together with the period of life of any predecessor corporation or corporations from which a major portion of its property was acquired by consolidation, merger, or purchase, shall be considered together in determining the required period; and such corporation shall file with the department, and make public, in each year a statement and a report giving the income account covering the previous fiscal year, and a balance sheet showing in reasonable detail the assets and liabilities at the end of the year.

(b) The outstanding full-paid capital stock of such corporation shall at the time of such investment be equal to at least two-thirds of the total debt secured by mortgage liens on any part or all of its property.

(c) For a period of five fiscal years immediately preceding such investment, the net earnings of such corporation shall have averaged per year not less than twice the average annual interest charges on its total funded debt applicable to that period, and for the last fiscal year preceding such investment, such net earnings shall have been not less than twice the interest charges for a full year on its total funded debt outstanding at the time of such investment, and, for such period, the gross operating revenues of any such corporation shall have averaged per year not less than five million dollars, and such corporation shall have, for each such year, either earned an amount available for dividends, or paid an amount in dividends, equal to four per centum upon all its outstanding capital stock.

(d) Such bonds must be part of an issue of not less than five million dollars and must be secured by a first or refunding mortgage, and the aggregate principal amount of bonds secured thereby, plus the principal amount of all underlying outstanding bonds, shall not exceed sixty per centum of the value of the property, real and personal, owned absolutely and subject to the lien of such mortgage. However, if such mortgage is a refunding mortgage, it must provide for the retirement of all bonds secured by prior liens on the property. Not more than thirty-three and one-third per centum of the property, constituting the specific security for such bonds, may consist of shares or unsecured obligations of affiliated or other telephone companies, or both.

(e) In determining the qualifications of any bond under this clause, where a corporation shall have acquired its property, or any substantial part thereof, within five years immediately preceding the date of such investment by consolidation, by merger, or by the purchase of all or a substantial portion of the property of any other corporation or corporations, the gross operating revenues, net earnings, and interest charges of the several predecessor or constituent corporations shall be consolidated and adjusted, so as to ascertain whether the requirements of this clause, as to earnings and dividends, have been complied with.

(f) The gross operating revenues and expenses of a corporation, for the purpose of this clause, shall be, respectively, the total amount earned from the operation of and the total expense of maintaining and operating all property owned and operated by, or leased and operated by, such corporation, as determined by the system of accounts prescribed by the interstate commerce commission, or the public service commission, or the public utility commission, or any other similar Federal or State regulatory body having jurisdiction in the matter.

(g) The net earnings of any corporation, for the purpose of this clause, shall be the balance obtained by deducting from its gross operating revenues its operating and maintenance expenses, provision for depreciation of the physical assets of the corporation, taxes, other than Federal and State income taxes, rentals and miscellaneous charges, and by adding to such balance its income from securities and miscellaneous sources, but not, however, to exceed fifteen per centum of such balance.

(h) The term funded debt shall be construed to mean all interest-bearing debts maturing more than one year from date of issue.

(8) Bonds secured by mortgages which are first liens upon unencumbered improved real property, including improved farm land, situated within the Commonwealth, to the extent of not more than two-thirds of the actual value of such real property, and for a term not exceeding ten years, unless amortized in equal annual installments over a period not exceeding fifteen years. Any building which is upon, and is included in the valuation of, such real property shall be insured against loss by fire, to the benefit of the savings bank, by the mortgagor during the term of the bond, in a company which is authorized to do business in Pennsylvania and is approved by the savings bank making the investment. It shall be lawful for a savings bank to renew such policies, at the expense of such mortgagor, from year to year, or for a longer or shorter period, not, however, exceeding the term of the bond, in case the mortgagor shall fail to do so. All necessary charges and expenses paid by such savings bank for such renewals shall be paid by such mortgagor. In the event that the mortgagor shall refuse, upon de-

mand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage, and shall, together with interest from the date of payment of such charges and expenses by such savings bank, constitute a lien upon the property so mortgaged. All expenses of searches, examinations, certificates of title, or appraisal of actual value, and all expenses of drawing and recording of papers, shall be paid by such mortgagor. The actual value of the real property shall be determined by two reputable persons, especially familiar with real property values in the vicinity of the particular property to be appraised, selected from or approved by the board of trustees. They shall inspect the property, and shall state, in writing, that the actual value of the real property inspected, to the best of their judgment, is as stated. Such report shall be filed and preserved among the records of the savings bank.

B. A savings bank, other than a savings bank organized under a special act of the General Assembly, may make such additional investments as are authorized by its articles, but it shall not purchase or invest in bonds, secured by mortgage upon real property, other than such as are expressly authorized by this act, nor shall it invest in the shares of capital of any corporation whatsoever, except a Federal Reserve Bank.

Section 1209. Authorized Investments of Special Charter Savings Banks.—A savings bank organized under a special act of the General Assembly may make such investments as may be authorized by its articles of incorporation, but no such savings bank shall purchase or invest in the shares of capital of any corporation whatsoever, except a Federal Reserve Bank, or purchase or invest in bonds secured by mortgages upon real property, unless such bonds and mortgages are first liens upon unencumbered improved real property, including improved farm land, situated within the Commonwealth, and do not exceed two-thirds of the actual value of such real property, and become due within ten years after the making of such purchase or investment, unless amortized in equal annual installments over a period not exceeding fifteen years after the making of such purchase or investment. Any building which is upon, and is included in the valuation of, such real property shall be insured against loss by fire, to the benefit of the savings bank, by the mortgagor during the term of the bond, in a company which is authorized to do business in Pennsylvania and is approved by the savings bank making the purchase or investment. It shall be lawful for a savings bank to renew such policies, at the expense of such mortgagor, from year to year, or for a longer or shorter period, not, however, exceeding the term of the bond, in case the mortgagor shall fail to do so. All necessary charges and expenses paid by such savings bank for such renewals shall be paid by such mortgagor. In the event

that the mortgagor shall refuse, upon demand, to pay such charges and expenses, they shall be added to the amount secured by the mortgage, and shall, together with interest from the date of payment of such charges and expenses by such savings bank, constitute a lien upon the property so mortgaged. All expenses of searches, examinations, certificates of title, or appraisal of actual value, and all expenses of drawing and recording of papers shall be paid by such mortgagor. The actual value of the real property shall be determined by two reputable persons, especially familiar with real property values in the vicinity of the particular property to be appraised, selected from or approved by the board of trustees. They shall inspect the property, and shall state, in writing, that the actual value of the real property inspected, to the best of their judgment, is as stated. Such report shall be filed and preserved among the records of the savings bank. The restrictions contained in this section, with reference to real estate bonds, shall not apply to public utility, railroad, or industrial bonds, or other securities, commonly known as investment securities, although such bonds may be secured, in whole or in part, by a mortgage upon real property.

Section 1210. Limitation upon Loans and Discounts.

—A. A savings bank shall not grant any loan, except for a period not exceeding ninety days, and except on the collateral of such securities as are by this act authorized as investments for savings banks. The amount of such loan shall not exceed ninety per centum of the cash market value of such collateral. If any of the securities so held as collateral depreciate in value before the repayment of such loan, the savings bank shall forthwith require the immediate repayment of such loan, or of part thereof, or the immediate furnishing of additional security, so that the amount of the loan shall at no time exceed ninety per centum of the cash market value of the securities held as collateral for it.

B. A savings bank shall not discount any note, bill of exchange, draft, or other commercial paper, except in the case of any note payable within ninety days and secured in accordance with the provisions of this section, provided that the maker of such note is the borrower and the payee is the savings bank.

Section 1211. Deposit of Excess Funds.—A. A savings bank may deposit in any depository, selected pursuant to the provisions of this act, the excess of current daily receipts over investments, loans, or other lawful expenditures, until such time as such moneys can be judiciously invested in the investments authorized for savings banks by this act.

B. Whenever it shall appear to the department that such savings banks is violating the spirit and intent of this section by keeping permanently uninvested all or an undue proportion of the money received by it, the depart-

ment may proceed in the manner authorized by law to compel such savings bank to cease such practice.

Section 1212. Restriction on Ownership or Holding of Real Property by a Savings Bank.—A. Except as otherwise provided in this act, a savings bank shall not purchase, own, or hold any real property, except as follows:

(1) Such real property as it occupies, or intends to occupy, pursuant to the provisions of this act, for its accommodation in the transaction of its business, or such real property which it partly so occupies and partly leases, pursuant to the provisions of this act.

(2) Such as it shall purchase at sales under judgments, decrees, or mortgages held by it, or as it shall otherwise acquire in good faith in satisfaction of debts previously contracted to it, or in order to protect an interest it may otherwise have lawfully acquired in such property.

B. A savings bank shall not own or hold any real property, other than such real property as it occupies, or intends to occupy, for its accommodation in the transaction of its business, or such real property as it partly so occupies and partly leases to others, pursuant to the provisions of this act, for a period longer than five years after the acquisition of such real property, or five years after the effective date of this act, but the department may, upon application of a savings bank, grant to it in writing the power to hold such real property for a longer period. This section shall not be construed to prevent any savings bank from making improvements to properties owned but not occupied by the savings bank for the purposes of sale or lease.

Section 1213. Limitation on Bank Buildings Owned or Leased, and Furniture and Fixtures Therein.—A. The cost of the real property, including the building or buildings thereon, which a savings bank occupies, or intends to occupy, for the transaction of its business, or partly so occupies and partly leases to others, together with the cost of furniture and fixtures therein which belong to the savings bank, shall not at any time exceed in the aggregate twenty-five per centum of its unimpaired surplus, except with the written approval of the department. Before the erection of a building or buildings is commenced, the estimate of the costs thereof shall be submitted to the department for its approval.

B. A savings bank shall not expend for the alteration or improvement of premises occupied, but not owned by it, an amount which, together with the cost of any real property, building or buildings, and furniture and fixtures which it owns, exceeds twenty-five per centum of its unimpaired surplus, except with the written approval of the department. The cost of such alterations or improvements shall be amortized during the term of such lease or occupancy, and before such alter-



ations, or improvements are made, an estimate of the cost thereof shall be submitted to the department for its approval.

C. The foregoing provisions of this section shall not affect any real property and building or buildings occupied, or the furniture and fixtures owned and used by a savings bank, upon the effective date of this act, for the transaction of its business, but such savings bank shall not, except with the approval of the department, add to such real property, building or buildings, furniture and fixtures, and shall not alter or improve such premises, if the cost of such additions, alterations, or improvements shall, together with any other real property and building or buildings occupied, or furniture and fixtures owned and used, by the savings bank, aggregate more than twenty-five per centum of its unimpaired surplus.

D. In the case of a savings bank to be incorporated under this act, the costs of the real property, building or buildings, furniture and fixtures to be owned, and the costs of additions, alterations, or improvements of premises to be leased, by such savings bank, to be occupied or used by it in the transaction of its business, shall be such as shall be approved by the department.

E. This section shall not be construed to prohibit a savings bank from making ordinary repairs to any such real property.

F. Except as otherwise provided in this act, a savings bank may lease to any other corporation or person, for offices or for any other legitimate purposes, any part of the premises which it owns or occupies for the transaction of its business but which is not necessary for the transaction of such business.

Section 1214. Protection against Loss on Previous Loan or Investment.—The restrictions imposed by this act shall not be construed to prevent a savings bank, in order to protect itself from loss upon a loan or investment previously made lawfully and in good faith, from acquiring ownership of, or otherwise taking and holding, any kind of property or security, whether real or personal. Except as otherwise provided by this act, any property so acquired, unless of the character and nature by this act authorized to be purchased or held by such savings bank, shall be sold by it within five years, but the department may, upon application of a savings bank, grant to it in writing the power to hold such property for a longer period.

Section 1215. Property Acquired Before Effective Date of Act.—This act shall not be construed to render unlawful the continued ownership or holding by a savings bank of any loans, investments, or other real or personal property lawfully acquired prior to the effective date of this act. However, such loans and investments, or such other real or personal property, shall be com-

puted in determining the power under this act of a savings bank to grant any additional loans or make any additional investments of the same or different kinds.

### ARTICLE XIII

#### LICENSING OF PRIVATE BANKS; POWERS AND LIMITATIONS UPON POWERS OF PRIVATE BANKS; VOLUNTARY DISSOLUTIONS

Section 1301. Existing Private Banks Continued; Future Private Banks Prohibited; Death of Private Banker; Change in Partnerships.—A. Any individual, partnership, or unincorporated association lawfully engaged, upon the effective date of this act, in conducting the business of a private bank may continue to do so at the place of business which it occupies upon such date, under the circumstances prescribed and subject to the conditions imposed by this act, but, except as otherwise specifically provided in this section, no new private bank shall be established after the effective date of this act.

B. An individual private banker may, in the manner provided by law and with the prior written approval of the department, form a partnership or other unincorporated association for conducting the private bank, with one or more other individuals, regardless of whether such individuals are, prior to the date of the formation of such association, authorized to engage in the business of private banking, but such partnership or other unincorporated association shall procure a new certificate of authorization from the department in the manner provided by this act.

C. In case of the death of a private banker, who individually, and not in partnership or association with another private banker or other private bankers, conducts a private bank, his executor or administrator shall forthwith proceed to liquidate the business of the private bank, following the order of distribution established by this act, unless the department shall take possession of the business and property of the private bank and the Secretary of Banking shall take over possession, as receiver, and liquidate such private bank, pursuant to the provisions of law. If the executor or administrator shall not begin or continue such liquidation with promptness and in a reasonable manner, the Secretary of Banking may, in the manner provided by law, take over possession from the executor or administrator and liquidate the business and property.

D. A partnership or any other unincorporated association which owns and operates a private bank may, in the manner provided by law and with the prior written approval of the department, admit a new partner or member into such business, but such changed partnership or other unincorporated association shall procure

a new certificate of authorization from the department in the manner provided by this act.

Neither the death nor withdrawal of a partner or a member of a partnership or other unincorporated association which owns and operates a private bank, nor the admission of a new partner or member, shall change the status of an existing private bank as a partnership or other unincorporated association, or work a dissolution thereof, if two or more of the remaining members elect to continue the same and assume all its obligations, nor shall the private bank be forced to dissolve if a single remaining partner or member elects to continue, but, in either event, the changed partnership or other unincorporated association, or the remaining private banker, shall procure a new certificate of authorization from the department, in the manner provided by this act.

Section 1302. Application to Be Filed with Department; Contents.—On or before the thirtieth day of December, one thousand nine hundred thirty-three, every private bank which plans to continue in business shall file with the department a written application for a certificate of authorization. Such application shall be signed in duplicate originals and verified, in the case of a private bank owned and operated by an individual, by the oath or affirmation of such individual, and, in the case of a private bank owned and operated by a partnership or any other unincorporated association, by the oath or affirmation of all the partners or members of the unincorporated association. The application shall be in such form as is prescribed by the department, and shall be filed upon blanks supplied by the department. It shall set forth:

(1) The full name, residence, post-office address, and citizenship of such individual or of each member of such partnership or other unincorporated association, as well as the names and post-office addresses of the officers, or agents in active charge of the business of the private bank;

(2) The statement that, in the case of a private bank owned by an individual, such individual is a resident of Pennsylvania, and in the case of a private bank owned by a partnership or other unincorporated association, at least two of the partners or members are residents of Pennsylvania;

(3) The name of the private bank;

(4) The exact location of the place or places of business of the private bank;

(5) In the case of a partnership or other unincorporated association, the partnership or other agreement under which the business of the bank is being conducted;

(6) A detailed statement of the resources, liabilities, and net worth of the private bank, as well as any other information bearing upon its financial condition, which the department shall prescribe.

Section 1303. Issuance or Rejection of Application by Department; Certificate of Authorization.—A. The department shall, immediately upon receipt of the application of a private bank, conduct such investigation as it may deem necessary to ascertain the financial condition and responsibility of the private bank. If it shall find that the provisions of this act have been complied with and that the financial condition and responsibility of the private bank is such as to warrant a continuance of the business, it shall retain and file one of the duplicate originals of the application, and shall issue a certificate of authorization, empowering such private bank to continue in business. The remaining duplicate original and the certificate of authorization shall be sent by the department to the private bank, which shall then have the certificate of authorization recorded in the office of the recorder of deeds of the county in which the place of business of the private bank is situated. The certificate of authorization, upon being recorded by the recorder of deeds, shall be returned to the private bank, which shall at all times be conspicuously posted in the place of business of the private bank in view of its customers. Upon proper cause shown, or upon any important change in the ownership of such private bank, or in any other fact which is contained in the certificate of authorization, the department shall issue a new one.

B. If the department shall reject the application, it shall forthwith return it to the private bank, stating in detail its reasons for doing so. The private bank may, within thirty days after the department gives it notice of the rejection of its application, appeal from such rejection to the court of common pleas of Dauphin County. Such private bank shall file in said court a petition against the department, officially as defendant, alleging therein in brief detail the facts set forth in the application and the rejection of the application by the department. A copy of such petition shall be served upon the department, which shall, within ten days from the date of such service, file an answer, in which it shall allege by way of defense its grounds for rejecting the application. Upon the filing of such answer, the case before the court of common pleas of Dauphin County shall be at issue, and the court shall proceed to take testimony and to hear and determine the case. From the decision of the court of common pleas of Dauphin County, an appeal may be taken by either party to the Supreme Court of Pennsylvania, as in other cases. The department shall act in accordance with the final determination of such appellate proceedings.

C. A private bank, lawfully in existence and operation upon the effective date of this act, shall, if it files the application for a certificate of authorization within the time and in the manner prescribed by this act, be permitted to remain in existence, even if such application

has been rejected, until it has had full opportunity to appeal to the court of common pleas of Dauphin County and to the Supreme Court of Pennsylvania, and, if it does so appeal, until the final determination of such appellate proceedings.

D. If a private bank does not file an application for a certificate of authorization, in accordance with the provisions of this act, or if it does so and its application is rejected by the department, and if upon appeal such rejection is affirmed, such private bank shall forthwith cease transacting any banking business and shall proceed at once to liquidate its assets, following the order of distribution established by this act. If such private bank does not begin or continue such liquidation with promptness and in a reasonable manner, the department shall take possession and the Secretary of Banking shall take over possession and liquidate as receiver, in the manner provided by law.

Section 1304. Bonds or Securities Furnished by Private Banks; Depreciations or Substitutions.—A. Except as otherwise specifically provided in this act, every private bank shall furnish to the department a bond to the Commonwealth, executed, in the case of a private bank owned by an individual, by such individual owner, and in the case of a private bank owned by a partnership or other unincorporated association, by all the partners or members thereof, and by a surety or sureties authorized to give surety bonds in this Commonwealth and approved by the department. Such bond shall be conditioned upon the faithful holding and repayment by the private bank, in accordance with the provisions of this act, of all moneys deposited with it, or the payment of all claims by this act given a priority over, or placed on a parity with, deposits in the order of distribution in the event of liquidation of the business and property of such private bank, and, in the event of the bankruptcy of the private bank, or of a formal determination by the Secretary of Banking, after taking possession of such private bank as receiver, to liquidate its business and property, upon the payment of the full amount of the bond to the assignee, receiver, or trustee in bankruptcy of the private bank, or the Secretary of Banking as receiver thereof, as the case may be, to be used to pay in full, in the manner provided by law, all depositors and all claimants by this act given priority over, or placed on a parity with, depositors in the order of distribution in the event of liquidation.

B. In lieu of the bond of a surety or sureties required by this section, the department may accept a collateral bond of the private bank, secured by an actual deposit with the department of money to the full amount of the bond, or of securities to such amount, which shall consist of interest-bearing obligations of the United States government, of this Commonwealth, or of any

political subdivision of this Commonwealth, or which shall consist of any other securities approved by the department. Such collateral bond shall be conditioned upon the same terms and in the same manner as is provided by this section in the case of a bond given by a surety or sureties, and the securities deposited therewith shall constitute a trust fund for the depositors, and for all claimants by law given a priority over, or placed on a parity with, depositors in the order of distribution in the event of liquidation of the business and property of such private bank.

Any moneys or securities deposited with the department by a private bank, in accordance with the provisions of this article, shall constitute a trust fund for the benefit of the depositors, and of the claimants by this act given a priority over, or placed on a parity with, depositors in the order of distribution upon liquidation. Other creditors shall not have any rights whatsoever against such moneys and securities. However, if the business and property of the private bank is being liquidated by the secretary as receiver, or by the private banker or private bankers owning such private bank, such other creditors may be paid out of such moneys and securities after the claimants on whose behalf such moneys and securities constitute a trust fund have been paid in full.

C. Whenever it shall appear to the department that the bond or the securities of a private bank, given to the department under the provisions of this section, have depreciated in value so that their present value is below the amount required by this section to be filed with it by such private bank, the department may, in the manner provided by law, require such private bank to make good the deficiency.

D. All surety bonds, and all collateral bonds together with the moneys or securities given as collateral therefor, received by the department from private banks, shall be transmitted by the department to the State Treasurer for safe-keeping subject to withdrawal, in whole or in part, at any time by the department.

E. The amount of the bond or of the securities required by this section shall be equal to seventy-five per centum of the total deposits of the private bank, plus seventy-five per centum of the total claims by law given priority over, or placed on a parity with, deposits in the order of distribution in the event of liquidation, but the amount of such bond or securities shall not in any case be less than ten thousand dollars nor more than fifty thousand dollars. A private bank which maintains more than one place of business, in accordance with the provisions of this act, shall furnish an additional bond or additional security to an amount of ten thousand dollars for each such additional place of business which it operates.

F. The department may accept, in lieu of the bonds or securities required by this act, any bond, or collateral bond secured by money or other securities, which a private bank has filed with the Department of Banking or with any other State department in accordance with the provisions of an act, approved the nineteenth day of June, one thousand nine hundred eleven (Pamphlet Laws, one thousand sixty), entitled "An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for violation thereof," its amendments and supplements, provided that such bond or securities are to an amount equal to that required by this act, or will, in addition to any other bond or securities filed by the private bank, equal such amount.

G. The department may likewise grant to any private bank the authority to substitute for any bond, or any collateral deposited with it, another bond or other collateral, provided that such other bond or collateral meets all the requirements of this act.

H. The department may grant a reduction of the bond or collateral of any private bank, deposited with it, if, after an examination, it shall appear to the department that as a result of withdrawals, or of partial or total liquidation, or otherwise, a decrease in the deposits of such private bank, or in the claims by law given priority over, or placed on a parity with, such deposits in the order of distribution in the event of liquidation, warrants such reduction, but a bond or collateral shall not be reduced to less than ten thousand dollars in any case until it shall appear to the department, after careful examination, that all depositors, and all claimants, who by law are given priority over, or are placed on a parity with, depositors in the order of distribution upon liquidation have been paid in full, and that such private bank has ceased to engage in a banking business.

Section 1305. Exemption from Publishing of Reports; Additional Bond or Securities.—A private bank may be exempted from the requirement of law that it publish, in a newspaper or newspapers in the manner provided by law, abstract summaries of two of its reports, designated for that purpose by the department, if it shall furnish to the department, in addition to any other bond required by this act, a surety bond, or a collateral bond secured by money or securities. Such surety bond, or collateral bond secured by money or securities, to the amount of twenty-five thousand dollars, shall meet all the requirements established by this act for the original bond to be furnished by private banks.

Section 1306. Interest upon Securities Deposited with Department.—The private bank shall be entitled to all moneys received by the State Treasurer as interest or dividends upon any securities deposited by such private bank with the department, and by it transmitted

to the State Treasurer for safe-keeping, in accordance with the provisions of this article.

Section 1307. Exemption from Filing of Bond or Securities.—A. A private bank which shall appear, upon careful examination by the department, to have an unimpaired net worth of at least one hundred thousand dollars, shall, so long as such net worth of one hundred thousand dollars shall remain unimpaired, be exempted from the duty of furnishing to the department the surety bond, or the collateral bond secured by money or securities, required by this article, but this shall not be construed to exempt such private bank from furnishing the surety bond, or the collateral bond secured by money or securities, to the amount of twenty-five thousand dollars, required by this article to be furnished by any private bank desiring to be exempted from the requirement of law that it publish during each year, in a newspaper or newspapers in the manner provided by law, abstract summaries of any two of its reports designated for this purpose by the department.

B. Whenever it shall appear to the department that such net worth of such private banker has become impaired below one hundred thousand dollars, and has remained so impaired for a period of fourteen days, or such longer period as the department shall allow, but not exceeding ninety days, it shall forthwith require such private bank to furnish the surety bond, or the collateral bond secured by moneys or securities, required by this article.

Section 1308. Accumulation of Reserve against Deposits.—The certificate of authorization provided for in this article shall not be granted to any private bank until it shall have a reserve fund for deposits and other demand liabilities to an amount equal to fifty per centum of that required by this act for all institutions. Within sixty days after the date of the issuance of the certificate of authorization, such private bank shall have added at least twenty-five per centum to such reserve fund, and by the first day of June, one thousand nine hundred thirty-four, it shall have the full reserve fund required by this act. Thereafter the entire amount of such reserve fund shall be at all times maintained and kept on hand in the manner provided by this act for all institutions.

Section 1309. Segregation of Assets; Title to Be Carried in Name of Private Bank; Loans to Owners or Members of Private Bank.—A. All real or personal property, and all evidence of title thereto, which constitute the assets of a private bank, shall be segregated and kept apart from the property and assets belonging to the owner or owners thereof in their individual capacities. All such real or personal property owned by a private bank shall be carried in the name of such private bank. If such name is the same as that of the



individual owner, or, in the case of a partnership or other unincorporated association, any of the owners thereof, all property of the private bank shall be carried in such name, with the addition of the descriptive words "private bank." In such case all deeds, mortgages, assignments, contracts, and agreements, received, taken, or entered into by any such private bank, shall be received, taken, or entered into in the name of such private bank with the addition of the descriptive words "private bank."

B. A private banker shall not appropriate to his own use any part of the deposits or moneys received for transmission by a private bank, or, in the case of a private bank which maintains a net worth of an established amount in lieu of furnishing a bond or securities to the department, any moneys or assets which would reduce such net worth below the minimum required by this act. Loans which have, prior to the effective date of this act, been granted by a private bank, directly or indirectly, to the owner or owners thereof shall not be included as assets upon the books or other records, or in any statement of the financial condition, of such private bank.

For the purposes of this section, a loan to a partnership or other unincorporated association of which the owner, or owners, of a private bank is a member, or to a corporation of which such owner or owners, individually or together, own twenty-five per centum of the capital, shall be construed to be a loan to such owner or owners.

C. A private bank shall not lend to any person with whom the owner or any of the owners of such private bank are associated as copartners or as co-members of any other unincorporated association, nor make any investment in any business conducted by a partnership or other unincorporated association of which the owner or any of the owners of such private bank are partners or members, nor grant any loan, directly or indirectly, to any corporation of which the owner, or all the owners combined, of such private bank, are the legal or equitable owners to the amount of twenty-five per centum or more of the capital of such corporation.

Section 1310. Powers of Private Banks; Loans and Investments; Restrictions.—A. Except as otherwise specifically provided in this article, and except for the general corporate powers which are given by this act to a bank, a private bank shall have all the powers which are by this act granted to a bank, subject to the same restrictions and limitations as are imposed upon a bank by this act, in so far as such restrictions and limitations are applicable. A private bank shall have the power to make the same types of loans, discounts, and investments as are permitted to banks by this act, subject to the same limitations, and it shall not have power to make any other loans, discounts, and investments. Where any restriction or limitation is imposed upon the ag-

gregate loans or investments which may be made by a bank, or upon the amount of such loans or investments which may be made to, or in the obligations of, a single corporation or person, or upon the cost of the real property and buildings occupied, and the furniture and fixtures used, for the transaction of business, or where any other restriction or limitation is made, based upon a percentage of the capital and surplus of a bank, such percentage shall be computed, in the case of a private bank, upon its net worth.

B. This section shall not be construed to render unlawful the continued ownership or holding by a private bank of any investments, loans, or other real or personal property lawfully acquired prior to the effective date of this act. However, such loans and investments, or such other real or personal property, shall be computed in determining the power, under this act, of a private bank to grant any additional loans or make any additional investments of the same or different kinds.

Section 1311. Conversion of Private Bank into Incorporated Bank or Bank and Trust Company; Rights of Depositors and Other Creditors; Release of Bond or Securities.—A. A private bank, lawfully doing business in this Commonwealth, may, with the consent of the department, be converted into a bank or bank and trust company by complying with all the provisions of this act, including advertisement in a newspaper, which govern the incorporation of banks and of bank and trust companies. However, such assets of the private bank as shall be approved for that purpose by the department may be accepted in payment of the capital, or of any portion thereof, of the bank or bank and trust company to be formed. Assets which the department shall thus approve for transfer shall be carried at their true value, such value to be determined by an appraisal made, under the supervision of the department, by any person or persons selected by the department.

B. Upon the incorporation of a private bank, pursuant to the provisions of this section, its assets of every kind, including its real and personal property, and its choses in action, shall be deemed to be transferred to and vested in such incorporated bank or bank and trust company without the execution of any deed, transfer, or assignment, and the bank or the bank and trust company shall hold them in the same manner and to the same extent as did the private bank.

C. The rights of the depositors and other creditors of such private bank shall not be impaired in any manner by such incorporation nor shall any liabilities or obligations of any kind, due or to become due, or any claim or demand existing against such private bank, be in any manner released or impaired thereby. The bank or the bank and trust company into which such private bank has been incorporated shall succeed to and be re-

sponsible to pay and discharge all obligations and liabilities in the same manner as though such bank or bank and trust company had itself incurred the obligation or liability. Law suits or other proceedings pending upon the date of such conversion before any court, in which such private bank is a party, shall not be deemed to have abated or to be discontinued by reason of such incorporation, but they may be prosecuted to final judgment in the same manner as if such private bank had not been so converted, and the bank or the bank and trust company may be substituted in place of the private bank by order of the court in which such proceedings may be pending. Such bank or bank and trust company shall likewise be subject to suit in any court having jurisdiction, upon any cause of action against such converted private bank, in the same manner as if such cause of action had originated against such bank or bank and trust company.

D. The surety bond, or the collateral bond and the money or securities securing it, if any shall have been filed by such private bank in accordance with the provisions of this act, may be released by the department upon receipt of a certified copy of a resolution of the board of directors of the bank or the bank and trust company assuming, on behalf of the bank or the bank and trust company, all liabilities of the private bank.

Section 1312. Voluntary Dissolution; Distribution of Assets.—A. In the case of a private bank owned by an individual, such individual, or, in the case of a private bank owned by a partnership or other unincorporated association all the partners or other members of such association, or as many of such partners or members as may, under the partnership or other agreement, make such decision, may elect voluntarily to liquidate its business and property in the following manner.

Such private banker or bankers, as the case may be, shall notify the department of their intention to dissolve and liquidate. If it shall appear to the department that the bond or securities, if any, of the private bank, which are deposited with the department, together with the other assets of such private bank, will probably be insufficient to pay in full its depositors and other creditors, the department may take possession of the business and property of the private bank, and the secretary may take over possession and liquidate as receiver, in the manner provided by law.

If the department shall authorize the private banker or private bankers to liquidate the business and property of the private bank, such private banker or bankers shall publish a notice of such liquidation, in one newspaper of general circulation and one legal newspaper, once a week for three successive weeks.

B. The following shall be the order followed by a private banker or private bankers in distributing the as-

sets of a private bank in pursuance of a voluntary plan of liquidation:

First. Any reasonable expenditure actually made by such private banker or bankers as a necessary incident to the liquidation of the business or property of the private bank; any fee or other debt owing to the department for examinations, or other services rendered, or penalties incurred prior to the taking of possession by the secretary as receiver; any deposit or other claim of the Commonwealth of Pennsylvania; and any other claim which is given a preference by law.

Second. Any deposit and any interest due thereon which has been, or should have been, credited to such deposit, prior to the date of the authorization to liquidate by the department, whether subject to withdrawal by check or by any other method not requiring notice, or to withdrawal only after notice or after the expiration of a fixed period, whether or not such notice has been given or such period has expired at the date of distribution; any holder of a certified check drawn on the private bank; any holder of a certificate of deposit of the private bank which evidences an actual deposit of moneys in such private bank, and any interest which may be due thereon, whether such certificate of deposit is payable upon demand, or is payable only after notice or after the expiration of a fixed period, whether or not such notice has been given or such period has expired at the date of distribution; any holder of a check or draft of the private bank, which has been given in exchange for, or in payment of, a check or draft drawn on the private bank by a depositor therein, or which has otherwise been charged to the account of a depositor therein, provided that the amount of such check or draft does not exceed the balance to the credit of such depositor; any amount of money delivered to the private bank for transmission, which has not yet been delivered to the payee.

Third. Any claim of a creditor of the private bank not listed in any other category under this section.

Fourth. Any money or other assets of the private bank still remaining in the hands of the private banker or private bankers which belong to him or to them, as the case may be.

Every claim enumerated in this subsection shall have the same rank and priority as every other claim in the same numbered paragraph regardless of the order in which such claims are enumerated.

C. After the assets have been completely liquidated, or the depositors and other creditors have been paid in full, the certificate of authorization shall be forever forfeited, and such private bank shall not be authorized under any circumstances ever to commence business again in this Commonwealth. Notice of such completion of liquidation, or of such payment in full of the de-

positors and other creditors of a private bank, shall be filed in duplicate originals by the private banker or private bankers, as the case may be, with the department. The department shall send one of the duplicate originals to the recorder of deeds in the county in which the place of business of the private bank had been located, who shall record such notice without fee therefor.

D. Besides any other criminal or civil penalty or liability which may be provided by law, any private banker or private bankers, as the case may be, who shall not comply with the provisions of this section, shall be deemed guilty of a misdemeanor, and shall, upon conviction thereof, each be subject to a fine not exceeding five thousand dollars; they shall also be subject to a further fine of a sum equal to any amount of money to the extent of which they have, directly or indirectly, benefited by such violation.

Section 1313. Exemptions of Certain Private Banks.—Anything contained in this act to the contrary notwithstanding, none of the provisions of this act shall apply to any individual, partnership, or unincorporated association engaged in business as a private banker, or private bankers, if such individual, partnership, or unincorporated association, and his or their predecessor or predecessors, or one or more of the members thereof, have continuously and in the same locality conducted the business since a date not less than seven years prior to the nineteenth day of June, one thousand nine hundred and eleven, provided, however, that any private bank hereby exempted may, on application to the department, and on acceptance of all the terms of this act, become subject to all of its provisions.

Section 1314. Statement of Exempted Private Banks.—On or before December thirty-one, one thousand nine hundred and thirty-three, every private bank exempted by this act, or claiming to be so exempt, shall file with the department a verified statement, in duplicate, setting forth in detail the facts upon which such exemption is based or claimed, specifying the name of the bank, the full name, residence and post-office address of each member of the partnership, and the exact location of the place of business or places of business of such private bank.

In case of a change in the constitution of the partnership of any such exempted private bank, or the location of the place of business thereof, such private bank shall file with the department a supplemental verified statement, specifying the name, residence and post-office address of each new member, the name of each retiring member, and the new location of the place of business, which shall be within the city, township or borough, where the original place of business was located.

Section 1315. Certificate of Exemption.—Upon receipt by the department of the statement required by

this act, if the private bank filing such statement is entitled to exemption under this act, it shall issue its certificate so stating.

Section 1316. Certificate to Be Posted.—Every such exempted private bank shall at all times keep posted in the room in which it transacts its business, and in plain view of its customers, the certificate of exemption issued by the department in pursuance of this act.

#### ARTICLE XIV

##### MERGER, CONSOLIDATION OR CONVERSION; INCORPORATED INSTITUTIONS; NATIONAL BANKING ASSOCIATIONS

Section 1401. Merger or Consolidation; Incorporated Institutions; National Banking Association.—A. Any two or more incorporated institutions, other than savings banks, may, in the manner hereinafter provided in this act, be merged into one of such incorporated institutions, hereinafter designated as the surviving incorporated institution, or consolidated into a new incorporated institution to be formed under this act.

B. Any two or more savings banks, the places of business of which are located in the same city, borough, or township, may, in the manner hereinafter provided in this act, be merged into one of such savings banks, hereinafter designated as the surviving savings bank, or consolidated into a new savings bank to be formed under this act.

C. One or more banks or bank and trust companies, and one or more national banking associations incorporated under the laws of the United States, may, in the manner hereinafter provided in this act, be merged into one of such banks or bank and trust companies, or consolidated into a new bank or bank and trust company to be formed under this act. Such merger or consolidation shall not become effective until the national banking association shall have complied with the laws of the United States relating to such merger or consolidation of national banking associations with banks or bank and trust companies.

D. Two or more trust companies may, in the manner hereinafter provided in this act, be merged into one of such trust companies, or consolidated into a new trust company to be formed under this act.

E. Any merger or consolidation authorized by this section shall not be effective if the effect thereof is to establish any branch bank, branch office, agency, sub-office, sub-agency, or branch place of business in violation of the provisions of this act.

Section 1402. Approval of Joint Plan of Merger or Consolidation.—A. In the case of a proposed merger or consolidation of two or more incorporated institutions, or of one or more banks or bank and trust companies and one or more national banking associations, or of two or

more trust companies, the board of directors or trustees, as the case may be, of each of the incorporated institutions and national banking associations shall, by resolution adopted by vote of at least a majority of all the members of each board of directors, or by a two-thirds vote of those present at a meeting of each board of trustees, approve a joint plan of merger or consolidation, as the case may be, setting forth the terms and conditions of the merger or consolidation and the mode of carrying the same into effect, and such other details and provisions as are deemed necessary. In the case of banks or bank and trust companies, or trust companies, or national banking associations, it shall also set forth the manner and basis of converting the shares of each institution into shares of the surviving or new institution, as the case may be.

B. The board of directors of each bank, bank and trust company, trust company, or national banking association, upon approving such plan of merger or plan of consolidation, in accordance with the provisions of this act, shall, by resolution, direct that the plan be submitted to a vote of the shareholders of such bank, bank and trust company, or trust company or national banking association entitled to vote thereon, at an annual or special meeting of the shareholders.

The board of trustees of each savings bank, upon approving such plan of merger or plan of consolidation in accordance with the provisions of this act, shall, by resolution, direct that the plan be submitted to a vote of the board at a designated regular or special meeting at least ten day thereafter.

Written notice shall, not less than ten days before such meeting, be given respectively to each shareholder of record or to each trustee who was not present at the meeting at which the resolution providing for the meeting was adopted, unless, in the case of a bank, a bank and trust company, a trust company, or a national banking association, the plan of merger or consolidation contemplates an increase in the authorized capital of the constituent corporations, in which event sixty days' notice of such meeting shall be given to each shareholder. The notice shall state the place, day, hour, and purpose of the meeting, and a copy or a summary of the plan of merger or plan of consolidation, as the case may be, shall be included in or enclosed with such notice.

C. In the case of banks, bank and trust companies, trust companies, or national banking associations, the plan of merger or consolidation shall be ratified upon receiving the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote thereon of each of the merging or consolidating corporations, and, in the case of savings banks, by the affirmative vote of two-thirds of all the trustees in each savings bank.

Section 1403. Articles of Merger or Consolidation.— Upon the approval, pursuant to the provisions of this act, of the plan of merger or the plan of consolidation by the shareholders of each of the banks, bank and trust companies, trust companies, or national banking associations, or by the trustees of each of the savings banks, desiring to merge or consolidate, articles of merger or articles of consolidation as the case may be, shall be executed under the seal of each corporation and verified by two duly authorized officers of each corporation, and shall set forth:

(1) The name of the surviving or new incorporated institution.

(2) The exact location of the place or places of business of the surviving or new incorporated institution.

(3) The time and place of the meeting of the directors or trustees at which the plan of merger or consolidation was proposed, and the time and place of the meeting of the shareholders, or of the trustees of each corporation, at which the plan of merger or consolidation, as the case may be, was ratified, the kind and period of notice given to the shareholders, or to the trustees who had not attended the meeting at which the merger or consolidation plan was by resolution proposed, and the total vote by which the plan was adopted.

(4) In the case of a merger, any changes desired to be made in the articles of the surviving incorporated institution, or, in the case of a consolidation, all of the statements required by this act to be set forth in the original articles in the case of the formation of such an incorporated institution.

(5) The number, names, and addresses of the persons to be the first directors or trustees of the surviving or new incorporated institution.

(6) The plan of merger or consolidation.

Section 1404. Advertisement.—The incorporated institution or the national banking association shall advertise its intention to file articles of merger or articles of consolidation, as the case may be, with the Department of State, in a manner similar to that heretofore prescribed in this act in the case of the formation of the particular type of surviving or new incorporated institution. Advertisements shall appear at least three days prior to the day on which the articles of merger or articles of consolidation are to be presented to the Department of State and shall set forth briefly:

(1) The name and the location of the principal place of business of each of the constituent corporations intending to merge or consolidate.

(2) The name and the location of the principal place of business of the surviving or new incorporated institution.

(3) A statement that the articles of merger or con-



solidation are to be filed under the provisions of this act.

(4) The purpose or purposes of the surviving or new incorporated institution.

(5) The time when the articles of merger or consolidation will be delivered to the Department of State. Section 1405. Filing of Articles of Merger or Consolidation; Payment of Fees; Approval by Department of State.—A. The articles of merger or articles of consolidation, as the case may be, and the proof of publication of the advertisement, required by this act, shall be delivered to the Department of State.

B. In addition to any bonus, fees, taxes, and charges provided by law in the case of any corporation, an incorporated institution shall pay to the Department of State such reasonable fees, as shall be established by rule and regulation by the Department of Banking for the investigation made by the Department of Banking, pursuant to the provisions of this act, to determine whether the articles of merger or articles of consolidation, as the case may be, should be approved. Such fee for the investigation by the Department of Banking shall be paid to the Department of State at the time of the filing with it of the articles of merger or articles of consolidation, and shall be paid by the Department of State, through the Department of Revenue, into the Banking Department Fund.

C. The Department of State shall examine such articles of merger or articles of consolidation and such proof of publication to determine whether they contain all the information and are in the form required by this act, and also whether the name of the surviving or new incorporated institution, as the case may be, conforms with the requirements of law for the name of such an incorporated institution, or, if the name is not the same as either or any of the merging or consolidating institutions, whether it is the same as one already adopted or reserved by another corporation or person or is so similar thereto that it is likely to mislead the public.

After all the bonus, fees, taxes, and other charges have been paid as required by law, if the articles of merger or articles of consolidation and the proof of publication contain the information and are in the form required by this act, the Department of State shall forthwith, but not prior to the day specified in the advertisement of the articles of merger or consolidation required by this act, endorse its approval upon the articles of merger or articles of consolidation, and shall forthwith transmit them to the Department of Banking.

D. If the Department of State shall disapprove the articles of merger or the articles of consolidation pursuant to this act, it shall forthwith give notice thereof to the incorporated institution, stating in detail its reasons for doing so, and stating how such institution can

remedy the nonconformance with the provisions of this act. Upon remedying the defect, such incorporated institution may in the same manner file the same or amended articles, whichever the particular case may require.

Section 1406. Approval of Articles of Merger or Consolidation by Department of Banking.—A. The Department of Banking shall, immediately upon the receipt from the Department of State of the articles of merger or articles of consolidation, conduct such examination as it may deem necessary to ascertain from the best sources of information at its command:

(1) Whether the name of the surviving or new incorporated institution is likely to mislead the public as to its character or purpose.

(2) Whether the consolidation or merger is made for legitimate purposes.

(3) Whether the interests of the depositors or other creditors, and, in the case of a bank, a bank and trust company, or trust company, the shareholders, are adequately protected.

(4) Whether the surviving or new incorporated institution meets all the requirements of this act and violates none of its prohibitions applicable to a bank, bank and trust company, trust company, or a savings banks, as the case may be, incorporated under this act.

(5) Whether, where a national banking association is one of the parties of the merger or consolidation, it has complied with the requirements of the laws of the United States.

B. Within thirty days after the receipt of the articles of merger or articles of consolidation from the Department of State, the Department of Banking shall, upon the basis of the facts disclosed by the investigation provided for by this section, either approve or disapprove such articles. It shall immediately notify the Department of State in writing of its action. If it shall approve the articles of merger or articles of consolidation, it shall sign its approval thereon and shall return them to the Department of State.

C. If the Department of Banking disapproves the articles of merger or the articles of consolidation, it shall return them to the Department of State, stating in detail its reasons for doing so. The Department of State shall immediately give notice to the corporations desiring to merge or consolidate of the action of the Department of Banking, and of the reasons therefor as stated to it by that department. The decision of the Department of Banking shall be conclusive and not subject to review.

Section 1407. Issuance of Certificate of Merger or Certificate of Consolidation.—Immediately upon receipt of the signed articles of merger or the articles of consolidation of an incorporated institution from the Department of Banking, the Department of State shall file

the articles, and shall issue to the incorporated institution, or its representative, a certificate of merger or a certificate of consolidation. A copy of the approved articles of merger or articles of consolidation shall be sent by the Department of State to the Department of Banking.

Section 1408. Effect of Merger or Consolidation.— Upon the merger or consolidation becoming effective, the several corporations, parties to the plan of merger or consolidation, shall be a single incorporated institution, which, in the case of a merger, shall be that incorporated institution designated in the plan of merger as the surviving incorporated institution, and, in the case of a consolidation, shall be the new incorporated institution provided for in the plan of consolidation. The separate existence of all corporations, parties to the plan of merger or consolidation, shall cease, except in the case of a merger, that of the surviving incorporated institution, and their articles and certificates of incorporation shall be considered forfeited. Such corporations shall be continued bodies corporate for a period of three years after the time of such forfeiture, for the purpose of actions at law or in equity authorized by this section to be continued against them, or for the purpose of winding up their affairs, but they shall not continue the business for which they were incorporated in any manner whatsoever. The surviving or new institution, as the case may be, shall not thereby acquire authority to engage in any business or exercise any right which is forbidden to a bank, a bank and trust company, a trust company, or a savings bank, as the case may be, when originally incorporated under this act. The surviving or new incorporated institution shall be subject to all the restrictions, limitations, or duties imposed upon such incorporated institutions when originally incorporated under this act. All the property, real, personal, and mixed, of each of the corporations, parties to the plan of merger or consolidation, and all debts or obligations due to any of them, including subscriptions to share and other choses in action belonging to either or any of them, shall be taken and deemed to be transferred to and vested in the surviving or new incorporated institution, as the case may be, without further act or deed. The surviving or new incorporated institution shall thenceforth be responsible for all the liabilities and obligations of each of the corporations so merged or consolidated; but the liabilities of the merging or consolidating corporations, or of their shareholders, directors, trustees, or officers, shall not be affected, nor shall the rights of the creditors thereof or of any persons dealing with such corporations, or any liens upon the property of such corporations, be impaired by such merger or consolidation, and any claim existing or action or proceeding pending by or against any of such corporations may be

prosecuted to judgment as if such merger or consolidation had not taken place, or the surviving or new incorporated institution may be proceeded against or substituted in its place. In the case of a merger, the articles of incorporation of the surviving incorporated institution shall be deemed to be amended to the extent, if any, that changes in its articles are stated in the articles of merger; and in the case of a consolidation, the statements set forth in the articles of consolidation, and which are required or permitted to be set forth in the articles of incorporated institutions formed under this act, shall be deemed to be the articles of incorporation of the new incorporated institution. The aggregate amount of the net assets of merging or consolidating banks, banks and trust companies, trust companies, or national banking associations, which was available for the payment of dividends immediately prior to such merger or consolidation, shall continue to be available for the payment of dividends by such surviving or new incorporated institution, except for any portion thereof which has been transferred to capital by the issuance of shares or otherwise, or to surplus or reserve.

The aggregate amount of the net assets of merging or consolidating savings banks, which was available for the payment of interest or dividends immediately prior to such merger or consolidation, shall continue to be available for the payment of interest or dividends by the surviving or new savings bank, except for any portion thereof which has been transferred to surplus, reserve, or the expense fund.

Section 1409. Rights of Dissenting Shareholders.—

A. If any shareholder of a bank, bank and trust company, trust company, or national banking association, which becomes a party to a plan of merger or consolidation, shall file with such corporation, prior to or at the meeting of shareholders at which the plan of merger or consolidation is submitted to a vote, a written objection to such plan of merger or consolidation, and shall not vote in favor thereof, and such shareholders, within twenty days after the merger or consolidation was effected, shall make written demand on the surviving or new incorporated institution for the payment of the fair value of his shares as of the day prior to the date on which the vote was taken approving the merger or consolidation, without regard to any depreciation or appreciation thereof in consequence of the merger or consolidation, the surviving or new incorporated institution shall pay to such shareholder the fair value of his shares upon surrender of the share certificate or certificates representing his shares. The demand of the shareholder shall state the number of the shares owned by him and the amount of the fair value thereof. Any shareholder failing to file such written objection or make demand within the twenty-day period shall be conclusive-

ly presumed to have consented to the merger or consolidation, and shall be bound by the terms thereof. If within thirty days after the date on which such merger or consolidation was effected the value of such shares shall be agreed upon by the dissenting shareholder and the surviving or new incorporated institution, payment thereof shall be made in cash, within ninety days after the date on which such merger or consolidation was effected, upon the surrender of the share certificate or certificates representing his shares. Upon payment of the agreed value, the dissenting shareholder shall cease to have any interest in such shares or in the incorporated institution. Such shares may be held and disposed of by the surviving or new incorporated institution as it may see fit.

B. If within such period of thirty days the shareholder and the surviving or new incorporated institution do not so agree, then the dissenting shareholder may, within sixty days after the expiration of the thirty-day period, apply, by petition to the court of common pleas, in equity, within the county in which the principal office of the surviving or new incorporated institution is situated, for the appointment by the court of three disinterested persons to appraise the fair market value of his shares without regard to any depreciation or appreciation thereof in consequence of the merger or consolidation. The award of the appraisers, or of a majority of them, shall be submitted to the court for determination, and the judgment of the court thereon shall be final and conclusive. The costs of such appraisal, including a reasonable fee to the appraisers, shall be fixed by the court, and shall be borne by the surviving or new incorporated institution, unless, in the opinion of the court, the action of any shareholder in refusing the offer of the incorporated institution has been arbitrary, vexatious, or in bad faith, in which case the costs shall be assessed in the discretion of the court. The award shall be payable only upon, and simultaneously with, the surrender to the surviving or new incorporated institution of the share certificate or certificates representing the shares of the dissenting shareholder. If the award shall not be paid by the surviving or new incorporated institution within thirty days after the order of the court thereon, the amount of the award shall be a judgment against the surviving or new incorporated institution, as the case may be, and may be collected as other judgments in such court are by law collectible. Upon the payment of the award or judgment, the dissenting shareholder shall cease to have any interest in such shares or in the surviving or new incorporated institution. Such shares may be held and disposed of by the surviving or new incorporated institution as it may see fit. Unless the dissenting shareholder shall file a petition within the time herein limited, such shareholder, and all

persons claiming under him, shall be conclusively presumed to have approved and ratified the merger or consolidation and shall be bound by the terms thereof.

Section 1410. Effect of Merger or Consolidation on Estates Held or to Be Held in Fiduciary Capacity.—A. Whenever one or more of the bank and trust companies, trust companies, or national banking associations, which have participated in a merger or a consolidation, were authorized, under the laws of this Commonwealth or of the United States, to act in a fiduciary capacity, all the funds, property, or investments, held by such corporation or corporations as trustee, guardian, executor, administrator, or other fiduciary, shall be taken and deemed to be transferred to and vested in the surviving or new incorporated institution without any further act or deed, or any order or decree of any court or other tribunal, whether or not the original fiduciary was appointed by parol, by deed, by order of court, or by the issuance of letters testamentary or letters of administration. The surviving or new incorporated institution shall become fiduciary to the same extent and with the same rights, powers, duties, and liabilities in its capacity as fiduciary as the corporation which was originally fiduciary, and from which, by operation of the provisions of this section the surviving or new incorporated institution has taken over the relationship of fiduciary.

However as soon as the articles of merger or articles of consolidation, as the case may be, are filed in the Department of State, the surviving or new incorporated institution shall forthwith give written notice, in so far as the giving of such notice is practicable, to all corporations or persons who appear upon the available books or other records as, or who are otherwise known to be, parties interested in any funds, property, or investments held by such incorporated institution in a fiduciary capacity, under the provisions of this act. Such corporations or persons may, within thirty days after the giving of such notice, apply for the appointment of a substituted fiduciary. Such application shall be made to the appropriate court, register of wills, or other tribunal, as the case may be, or if the instrument under which the fiduciary relation was established prescribes a different authority or method, then to such authority or by such method. If such application is made, notice thereof shall forthwith be given to the surviving or new incorporated institution. Except in cases where the instrument creating the fiduciary relationship designates a different method, the court, register of wills, or other tribunal to whom such application is made, pursuant to the provisions of this section, shall have the power to appoint a substituted fiduciary, and to order the surviving or new incorporated institution to file an account of such estate and to transfer and pay over to the sub-

stituted fiduciary the funds, property, or investments of the estate.

If the parties to whom the notice required by this section has been given, do not, within the thirty-day period, make such application, or pursue whatever method is prescribed by the instrument under which the fiduciary relationship was established, for the appointment of a substituted fiduciary, and give the surviving or new incorporated institution notice thereof, or if it is impracticable to give notice, as where there are unborn beneficiaries, the surviving or new incorporated institution shall continue to be fiduciary, subject to removal only at such time, under such circumstances, and by such authority as could have effected the removal of the original corporation as fiduciary if the merger or consolidation had never come into existence.

B. Whenever a bank and trust company, a trust company, or a national banking association, authorized to act as a fiduciary in this Commonwealth, has heretofore been, or shall hereafter be, named or appointed trustee, guardian, executor, administrator, or other fiduciary, such nomination or appointment shall not be deemed to have lapsed by reason of the merger or consolidation of such bank and trust company, trust company, or national banking association with one or more corporations, pursuant to the provisions of this act, but such surviving or new incorporated institution shall be entitled to act in the same fiduciary capacity under such nomination or appointment as the original bank and trust company, trust company, or national banking association could have acted if such merger or consolidation had not been effected.

Section 1411. Effective Date of Merger or Consolidation.—Upon the issuance of the certificate of merger or the certificate of consolidation by the Department of State, the merger or consolidation shall be effective. The certificate of merger or the certificate of consolidation shall be conclusive evidence of the performance of all conditions precedent to such consolidation or merger and the creation or existence of a new or surviving incorporated institution, except as against the Commonwealth.

Section 1412. Merger, Consolidation, or Conversion of Banks or Bank and Trust Companies into National Banks.—One or more banks or bank and trust companies and one or more national banking associations, operating under the laws of the United States, may, pursuant to the laws of the United States, be merged into one of such national banking associations, or consolidated into a new national banking association, operating under the laws of the United States, and a bank or bank and trust company may, pursuant to the laws of the United States, be converted into a national banking association, provided that the banks or bank and trust companies participating in such a merger or con-

solidation, and the bank or bank and trust company being converted into a national banking association, shall comply with the following requirements established by this section:

(1) The plan of merger, or consolidation, or of conversion has been approved, in the manner and after the advertising and notice required by this act in the case of mergers or consolidations of incorporated institutions, by at least a majority of all the directors of any bank or bank and trust company participating in such plan, and by the holders of two-thirds of its outstanding shares entitled to vote thereon.

(2) In the case of any bank and trust company participating in such plan of merger, or plan of consolidation, or plan of conversion, all corporations or persons who appear upon the available books or other records as, or who are otherwise known to be, parties interested in any funds, property, or investments held by such bank and trust company as trustee, guardian, executor, administrator, or other fiduciary under the provisions of this act, shall be entitled to the same notice and shall thereupon have the same rights and duties as are provided by this act for corporations or persons in a similar position in the case of a merger or consolidation of incorporated institutions.

(3) All taxes or fees due this Commonwealth, or any of the departments or officials of the State government of this Commonwealth, shall be paid in full. For the purposes of this clause, the taxes imposed by the laws of this Commonwealth on such bank or bank and trust company which have not yet become due, that is the amount properly apportionable to the part of the tax period which has already elapsed, shall be construed to become due upon the date of such merger, consolidation, or conversion.

(4) The articles of merger, or articles of consolidation, or articles of conversion, corresponding to the articles of merger or articles of consolidation required by this act in the case of the merger or consolidation of incorporated institutions, shall be prepared by any bank or bank and trust company participating in the plan of merger, consolidation, or, conversion, and filed with the Department of State, which shall transmit a copy to the Department of Banking. The bank or bank and trust company shall also file with the Department of State the certificate of approval of the merger, consolidation, or conversion, as the case may be, by such officer of the United States as may be empowered by law to approve the same. The Department of State shall send a copy of such certificate to the Department of Banking.

Section 1413. Authority for Conversion of National Bank into Bank or Bank and Trust Company.—Any national banking association, operating under the laws of the United States, may, when authorized by the laws of



the United States, and upon full compliance therewith, become converted in the manner provided by this act, into a bank or a bank and trust company.

Section 1414. Approval of Plan of Conversion of National Bank into Bank or Bank and Trust Company.—In the case of a proposed plan for the conversion of a national banking association into a bank or a bank and trust company, the board of directors shall, by resolution approved by at least a majority of all the members of the board of directors, adopt such plan. It shall then be ratified by the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote thereon, in the manner and after the advertising required by this act in the case of any merger or consolidation.

Section 1415. Articles of Conversion of National Bank into Bank or Bank and Trust Company.—Upon the approval, pursuant to the provisions of this act, and in accordance with the requirements of Federal law, of the plan of conversion, by the directors and the shareholders of the national banking association which proposes to become converted into a bank or a bank and trust company, articles of conversion shall be executed, under the seal of such corporation, by two of its duly authorized officers, and shall set forth:

(1) The proposed name of the bank or bank and trust company.

(2) The exact location of the place or places of business of the bank or bank and trust company into which the national banking association plans to become converted.

(3) The time and place of the meeting of the directors at which the plan of conversion was proposed, and the time and place of the meeting of the shareholders at which the plan was ratified, the kind and period of notice given to the shareholders, and the vote of the directors and the vote of the shareholders by which the plan was adopted.

(4) All of the statements required by this act to be set forth in original articles of incorporation in the case of the formation of a bank or a bank and trust company, as the case may be, in so far as such information is applicable to the case of a national banking association proposing to become converted into a bank or a bank and trust company, respectively.

(5) The number, names, and addresses of the persons to be the first directors of the bank or bank and trust company.

(6) A statement of the approval of such officer of the United States as may be empowered by law to approve the same.

(7) The plan of conversion.

Section 1416. Filing of Articles of Conversion of National Bank into Bank or Bank and Trust Company;

**Payment of Fees; Approval by Department of State.—**

A. The articles of conversion of the national banking association into a bank or a bank and trust company, and the proof of publication of the advertisement, required by this act, shall be delivered to the Department of State.

B. In addition to any bonus, fees, taxes, and charges provided by law in the case of any corporation, the national banking association shall pay to the Department of State such reasonable fees, as shall be established by rule or regulation by the Department of Banking for the investigation made by the Department of Banking, pursuant to the provisions of this act, to determine whether the articles of conversion should be approved. Such fee for the investigation by the Department of Banking shall be paid to the Department of State at the time of the filing with it of the articles of conversion, and shall be paid by the Department of State, through the Department of Revenue, to the Banking Department Fund.

C. The Department of State shall examine such articles of conversion and such proof of publication to determine whether they contain all the information and are in the form required by this act, and also whether the name of the proposed bank or bank and trust company, as the case may be, conforms with the requirements of law for the name of such an incorporated institution, or, whether it is the same as one already adopted or reserved by another corporation or person or is so similar thereto that it is likely to mislead the public.

After all the bonus, fees, taxes, and other charges have been paid as required by law, if the articles of conversion and the proof of publication contain the information and are in the form required by this act, the Department of State shall endorse its approval upon the articles of conversion, and shall forthwith transmit them to the Department of Banking.

D. If the Department of State shall disapprove the articles of conversion pursuant to this act, it shall forthwith give notice thereof to the national banking association, stating in detail its reasons for doing so, and stating how such national banking association can remedy the nonconformance with the provisions of this act. Upon remedying the defect, such national banking association may in the same manner file the same or amended articles, whichever the particular case may require.

Section 1417. Approval by Department of Banking of Articles of Conversion of National Bank into Bank or Bank and Trust Company.—A. The Department of Banking shall, immediately upon the receipt from the Department of State of the articles of conversion of a national banking association into a bank or a bank and trust company, conduct such examination as it may deem necessary to ascertain from the best sources of information at its command:

(1) Whether the name of the proposed bank or bank and trust company is likely to mislead the public as to its character or purpose.

(2) Whether the conversion is made for legitimate purposes.

(3) Whether the interests of the depositors, other creditors, and shareholders are adequately protected.

(4) Whether the proposed bank or bank and trust company meets all the requirements of this act and violates none of its prohibitions applicable to a bank or a bank and trust company, as the case may be, incorporated under this act.

(5) Whether the national banking association has complied with the requirements of the laws of the United States, and has been approved by such officer of the United States as may be empowered by law to approve the same.

B. Within thirty days after the receipt of the articles of conversion from the Department of State, the Department of Banking shall, upon the basis of the facts disclosed by the investigation provided for by this section, either approve or disapprove such articles. It shall immediately notify the Department of State in writing of its action. If it shall approve the articles of conversion, it shall sign its approval upon the triplicate originals. It shall then retain one and send the remaining two of them to the Department of State.

C. If the Department of Banking disapproves the articles of conversion, it shall return them to the Department of State, stating in detail its reasons for doing so. The Department of State shall immediately give notice to the national banking association desiring to become converted into a bank or a bank and trust company of the action of the Department of Banking, and of the reasons therefor as stated to it by that department. The decision of the Department of Banking shall be conclusive and not subject to review.

Section 1418. Issuance of Certificate of Conversion of National Bank into Bank or Bank and Trust Company.—Immediately upon receipt of the articles of conversion of a national banking association into a bank or bank and trust company from the Department of Banking, the Department of State shall file the articles, and shall issue to the incorporated institution, or its representative, a certificate of conversion. A copy of the approved articles of conversion shall be sent by the Department of State to the Department of Banking.

Section 1419. Effect of Conversion of National Bank into Bank or Bank and Trust Company.—Upon the conversion becoming effective, the bank or bank and trust company, as the case may be, shall have all the rights, privileges, immunities, and franchises of the national banking association, except that it shall not thereby acquire authority to engage in any business or exercise any

right which is forbidden to a bank or bank and trust company, as the case may be, when originally incorporated under this act. The bank or bank and trust company shall be subject to all the restrictions, limitations, or duties imposed upon such institutions when incorporated under this act. All the property, real, personal, and mixed, of the national banking association, and all debts or obligations due to it, including subscriptions to shares or other choses in action belonging to it, shall be taken and deemed to be transferred to and vested in the bank or bank and trust company, as the case may be, without further act or deed. The bank or bank and trust company shall thenceforth be responsible for all the liabilities and obligations of the national banking association in the same manner as if the bank or bank and trust company had itself incurred such liabilities or obligations; but the liabilities of the national banking association, or of its shareholders, directors, or officers, shall not be affected, nor shall the rights of the creditors thereof or of any persons dealing with such national banking association, or any liens upon the property of such association, be impaired by such conversion, and any claim existing, or action or proceeding pending by or against such national banking association may be prosecuted to judgment as if such conversion had not taken place, or the bank or bank and trust company into which it is converted may be proceeded against or substituted in its place.

The net assets of the national banking association, which were available for the payment of dividends immediately prior to such conversion, shall, in so far as they would have been available for such payment under the laws of this Commonwealth, continue to be available for the payment of dividends by the bank or bank and trust company into which the national banking association is converted, except for any portion thereof which has been transferred to capital by the issuance of shares or otherwise, or to surplus or reserve.

Section 1420. Rights of Dissenting Shareholders of National Bank Converted into Bank or Bank and Trust Company.—The bank or bank and trust company into which the national banking association has been converted shall be liable to any shareholder of the national banking association, who has objected to the plan of conversion according to the method provided by the laws of the United States, or if no method is there provided then according to the method provided by this act in the case of a merger or a consolidation, for any amount due him as a dissenting shareholder under the laws of the United States, or, if no provision is there made, under the provisions of this act which relate to the dissenting shareholders of a bank or a bank and trust company which merges or consolidates.

Section 1421. Effect of Conversion of National Bank into Bank and Trust Company upon Assets Held or to Be Held in Fiduciary Capacity.—A. If the national banking association has been converted into a bank and trust company, and if it was authorized under the laws of the United States to act in a fiduciary capacity, all the funds, property, or investments, held by such national banking association as trustee, guardian, executor, administrator, or other fiduciary, shall be taken and deemed to be transferred to and vested in the bank and trust company into which it has been converted without any further act or deed, or any order or decree of any court or other tribunal, whether or not the national banking association was appointed fiduciary by parol, by deed, by order of court, or by the issuance of letters testamentary or letters of administration. The bank and trust company shall become fiduciary to the same extent, and with the same rights, powers, duties, and liabilities in its capacity as fiduciary as the national banking association.

However, all corporations or persons who appear upon the available books or other records as, or who are otherwise known to be, parties interested in any funds, property, or investments held by such national banking association as trustee, guardian, executor, administrator, or other fiduciary, shall be entitled to the notice required by the laws of the United States and shall thereupon have the rights and duties provided by the laws of the United States, or, if the laws of the United States make no provisions on these subjects, then such corporations or persons shall be entitled to the same notice and shall thereupon have the same rights and duties as are provided by this act for corporations or persons in a similar position in the case of a merger or consolidation.

B. Whenever a national banking association, authorized to act as a fiduciary in this Commonwealth, has heretofore been, or shall hereafter be, named or appointed trustee, guardian, executor, administrator, or other fiduciary, such nomination or appointment shall not be deemed to have lapsed by reason of the conversion of such national banking association into a bank and trust company, pursuant to the provisions of the laws of the United States and of this act, but such bank and trust company shall be entitled to act in the same fiduciary capacity under such nomination or appointment as the national banking association could have acted if such conversion had not been effected.

Section 1422. Effective Date of Conversion of National Bank into Bank or Bank and Trust Company.—Upon the issuance of the certificate of conversion by the Department of State, pursuant to the provisions of this act, the conversion of the national bank into a bank or bank and trust company shall be effective. The certificate of conversion shall be conclusive evidence of the

performance of all conditions precedent to such conversion and the creation or existence of a bank or bank and trust company, except as against the United States or this Commonwealth.

#### ARTICLE XV

#### FORFEITURE OF CHARTER OR CERTIFICATE OF AUTHORIZATION; GENERAL CRIMINAL PROVISIONS

Section 1501. Books, Records, and Accounts of Institutions; Reports; Prohibitions; Penalties.—A. The total liabilities of each institution to depositors shall be set out in full upon the books or other records of the institution, and in all reports required by law. It shall be unlawful for any institution to reduce such liabilities for the purpose of concealing unadjusted losses, overdrafts, expense charges, or loans. All such losses, overdrafts, expense charges, or loans shall be set up in separate accounts on the books or other records of the institution until adjusted or charged off. They shall not be charged in any manner whatsoever against deposits or other credits for which the institution may be liable.

B. Whenever an institution shall rediscount or borrow money, bonds, or other securities, the amount of such borrowings, or such rediscounts, together with any assets pledged or assigned therefor, shall be set out in full on the books or other records of the institution and in all reports to the department.

C. An institution shall enter upon its books or other records an accurate and complete account of all its assets, whether the assets be in the name of the institution or in the name of any other corporation or person.

D. An institution shall not, except with the written approval of the department enter or at any time carry on its books any real or personal property owned by it at a valuation exceeding its actual cost to such institution.

E. Any officer or employe of an institution, and, in the case of an incorporated institution, any director or trustee, who knowingly violates the provisions of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to imprisonment not exceeding one year, or a fine not exceeding one thousand dollars, or both.

Section 1502. Repledging of Collateral.—A. An institution shall not repledge any property held by it in pledge or as collateral, which belongs to any other corporation or person, unless such property is accompanied by the obligation of the original borrower from the institution, and unless the obligation for which such property is repledged is not for an amount exceeding the amount of the original obligation due at the time of such repledging.

B. Any officer or employe of an institution, and, in the case of an incorporated institution, any director or trustee, who knowingly violates any provision of this

section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to imprisonment for a period not exceeding one year, or a fine not exceeding one thousand dollars, or both.

Section 1503. Relationship of Institution with Employes of Department.—A. An institution shall not grant or give any sum of money or other property, whether as a gift, credit, loan, or otherwise, either directly or indirectly, to the Secretary of Banking, or to any deputy, examiner, clerk, or other employe of the department. However, any institution may grant a loan to the Secretary of Banking, or any deputy, examiner, clerk, or other employe of the department, if such loan is secured by a mortgage upon his own home which meets all the terms and conditions provided by this act for loans secured by mortgages, and which, in addition, meets any additional conditions imposed and followed by such institution in making such loan.

This section shall not be construed to prohibit the Secretary of Banking, or any deputy, examiner, clerk, or other employe of the department, from becoming a depositor in any institution.

B. Any officer or employe of an institution, and, in the case of an incorporated institution, any director or trustee, who knowingly violates the provisions of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to imprisonment for a period not exceeding one year, or a fine not exceeding one thousand dollars, or both; he shall also be subject to a further fine of a sum equal to the amount of the gift, credit, loan, or other sum of money, or the value of any other property given in violation of this section.

Section 1504. Forfeiture of Articles of Incorporation or Certificate of Authorization.—A. The articles of incorporation in the case of an incorporated institution, and the certificate of authorization in the case of a private bank, shall be automatically forfeited by operation of law when—

(1) In the case of a bank, a bank and trust company, or a trust company, the capital, surplus, and expense fund required by law, and in the case of a savings bank, the expense fund required by law, have not been paid in within two years after the issuance of its certificate of incorporation;

(2) In the case of an incorporated institution, it has not in any manner exercised at least one of the powers conferred upon it by its articles of incorporation, and in the case of a private bank, by its certificate of authorization, within two years after the issuance thereof;

(3) In the case of an incorporated institution, it has formerly exercised any of the powers conferred upon it by its articles of incorporation, or in the case of a private bank, by its certificate of authorization, but for a

period of two years it has not exercised at least one of such powers;

(4) The secretary, after having taken possession of the business and property of an institution, as receiver, has completely liquidated its assets;

(5) In case of a bank, a bank and trust company, or a trust company, the secretary, after having taken possession of the business and property of the bank or bank and trust company, as receiver, has paid the depositors and other creditors in full, and has surrendered the assets remaining to liquidating trustees for the benefit of the shareholders;

(6) The secretary, after having taken possession of the business and property of an institution, as receiver, has surrendered possession to the institution itself because he was without funds to liquidate the business and property;

(7) The secretary, after having taken possession of the business and property of an institution, as receiver, has surrendered to the institution itself, or to any other corporation or person, the assets of the institution in order to permit the carrying out of a special plan of liquidation.

B. Whenever it shall appear to the department that any of the conditions which, under the provisions of this section, shall effect the forfeiture of the articles of an incorporated institution, or the certificate of authorization of a private bank, it shall issue a certificate of forfeiture of the articles of incorporation or of the certificate of authorization, which shall be filed with the Department of State. The Department of State shall send a copy of such certificate to the last known address of the institution and a copy to the Department of Banking.

C. If the articles of incorporation of an incorporated institution have been forfeited in the manner provided by this section, the corporate powers may, whenever necessary to effect the liquidation and winding up of the business and property of such institution, continue for a period of three years, but they shall not be considered in existence for any other purposes whatsoever.

Section 1505. Prohibition upon Unauthorized Banking Business.—A. The only corporations or persons who shall be authorized to engage in the business of receiving moneys in this Commonwealth for deposit or for transmission, or to establish in this Commonwealth a place of business for the purpose of receiving moneys for deposit or for transmission, shall be banks, bank and trust companies, savings banks, and private banks.

B. Any individual, who, either on his own behalf or as representative of any corporation or association, shall engage in the business of receiving in this Commonwealth moneys for deposit or for transmission, or shall establish a place of business for such purpose within this Commonwealth, when such individual or such corpora-



tion or association is not authorized under the laws of this Commonwealth to engage in the business of receiving such moneys, or to establish such place of business, shall be guilty of a misdemeanor, and shall, upon conviction thereof, be subject to imprisonment for a period not exceeding one year, or a fine not exceeding one thousand dollars, or both. The corporation, which such individual represents, or the members of the association, which he represents, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be subject to a fine not exceeding five thousand dollars.

C. The provisions of this section shall not apply to a national banking association, to a Federal Reserve Bank, or to private banks exempted by this act, or to their representatives, or to clubs and hotels which receive money from members and guests for temporary safe-keeping, express, steamship or telegraph companies which receive money for transmission, attorneys at law, real estate agents, fiscal agents, and attorneys in fact, who are not engaged in the business of receiving money in this Commonwealth for deposit or for transmission but receive and transmit such moneys only as an incident to their general business or profession, and brokers licensed under the laws of this Commonwealth, holding membership in a lawfully constituted brokerage exchange, who do and have authority to do only such banking as is incidental to their brokerage business.

Section 1506. Prohibition upon Corporations Acting as Fiduciary; Penalty.—A. The only corporations organized under the laws of this Commonwealth which shall have authority to act in this Commonwealth as trustees, guardians, executors, administrators, or in any similar fiduciary capacity, shall be bank and trust companies and trust companies.

B. A corporation, organized under the laws of any state of the United States other than Pennsylvania, shall not have authority to act in this Commonwealth as trustee, guardian, executor, administrator, or in any other similar fiduciary capacity, unless it shall be appointed such fiduciary by any last will and testament, or codicil thereto, or other testamentary writing, or by deed of trust inter vivos, or by any court or register of wills of this Commonwealth, and unless the laws of such other state confer like powers upon corporations organized under the laws of this Commonwealth, but such corporations organized under the laws of another state shall be required to give such bond or other security as shall be deemed adequate by the court or register of wills in the Commonwealth having jurisdiction over the estate of which the corporation is acting as trustee, guardian, executor, administrator, or similar fiduciary.

C. The provisions of this section shall not be construed to permit a corporation, organized under the laws of any state other than this Commonwealth, to establish

in this Commonwealth a place of business for the conducting of the business of acting as fiduciary.

D. The provisions of this section shall not apply to any nonprofit corporation, nor shall they be construed to prevent any court or testator from appointing any corporation as trustee to execute a trust for its own use within the purposes of such corporation.

E. Any national banking association having authority under the laws of the United States to act as trustee, guardian, executor, administrator, or similar fiduciary, shall, upon the adoption by its board of directors of a resolution agreeing to place its trust department under the supervision of the Department of Banking, and upon the transmission of a certified copy of such resolution to the Department of Banking, be authorized to act as such fiduciary in this Commonwealth.

F. Any corporation, whether organized under the laws of this Commonwealth or of any other state, which violates the provisions of this section, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be subject to a fine not exceeding five thousand dollars.

Section 1507. Perjury.—Anyone who shall wilfully and corruptly make a false statement under any oath or affirmation provided for in this act, or anyone who shall, by any means, procure or suborn any other person to do so, shall be guilty of the crime of perjury, and, upon conviction thereof, shall be subject to the same punishment as is or may be provided by law for perjury.

Section 1508. Statute of Limitations for Violation of Act.—Any prosecution for the commission of any criminal offense under the provisions of this act may be commenced at any time within six years after the date upon which the alleged offense shall have been committed. However, if the person against whom such prosecution is brought shall not have been an inhabitant of this Commonwealth, or a usual resident therein, for six years, then such indictment may be commenced and prosecuted at any time within six years after he shall have become an inhabitant of, or usual resident within, this Commonwealth.

## ARTICLE XVI

### EFFECTIVE DATE AND REPEALER

Section 1601. Effective Date.—This act shall become effective on the third day of July, one thousand nine hundred thirty-three.

Section 1602. Acts and Parts of Acts Specifically Repealed.—The following acts and parts of acts are hereby specifically repealed:

Section two of the act approved the twenty-eighth day of March, one thousand eight hundred eight (four Smith's Laws, five hundred thirty-seven), (Chapter three thousand two), entitled "An act relating to the

association of individuals for the purpose of banking," absolutely.

The act approved the twenty-eighth day of March, one thousand eight hundred twenty (Pamphlet Laws, one hundred sixty-nine), entitled "An act to regulate proxies," in so far as it relates to incorporated institutions.

The act approved the first day of April, one thousand eight hundred twenty-two (Pamphlet Laws, one hundred fourteen, seven Smith's Laws, five hundred forty-one), (Chapter five thousand one hundred seventy-one), entitled "An act providing for the closing of the concerns of banking institutions," absolutely.

The act approved the twenty-third day of April, one thousand eight hundred twenty-nine (Pamphlet Laws, three hundred sixty), (Number two hundred ten), entitled "A supplement to an act to re-charter certain banks," absolutely.

The act approved the sixth day of February, one thousand eight hundred thirty (Pamphlet Laws, forty-two), entitled "A supplement to an act entitled 'An act to incorporate the owners and occupiers of the Wicacoa and Moyamensing meadows, in the county of Philadelphia, for the sole purpose of keeping the banks, dams, sluices and flood-gates in repair, and to raise a fund to defray the expenses thereof,' passed twelfth April, eighteen hundred and twenty-eight, and for other purposes," in so far as it relates to incorporated institutions.

The act approved the fourteenth day of April, one thousand eight hundred thirty-five (Pamphlet Laws, four hundred thirty-nine), (Number eighteen), entitled "Resolution relating to the removal of the transfer or stock books of loans in the Auditor General's office to the Bank of Pennsylvania," in so far as it relates to incorporated institutions.

Section eight of the act approved the eighteenth day of April, one thousand eight hundred forty-three (Pamphlet Laws, three hundred nine), entitled "An act to re-charter the Farmers' and Mechanics' Bank of Philadelphia," absolutely.

The act approved the twenty-second day of April, one thousand eight hundred fifty-four (Pamphlet Laws, four hundred sixty-seven), entitled "A further supplement to an act regulating Banks, approved April sixteen, Anno Domini, one thousand eight hundred and fifty," absolutely.

The act approved the third day of May, one thousand eight hundred fifty-five (Pamphlet Laws, four hundred twenty-three), (Number four hundred forty-eight), entitled "An act relating to Corporations," in so far as it relates to incorporated institutions.

The act approved the thirteenth day of October, one thousand eight hundred fifty-seven (Pamphlet Laws of one thousand eight hundred fifty-eight, six hundred eleven), entitled "An act providing for the Resumption

of Specie Payments by the Banks, and for the Relief of Debtors," absolutely.

The act approved the twenty-first day of April, one thousand eight hundred fifty-eight (Pamphlet Laws, four hundred twelve), (Number four hundred forty-three), entitled "An act authorizing Savings Institutions, Insurance and Trust Companies and Loan Associations to make investments in Ground Rents," in so far as it relates to incorporated institutions.

The act approved the thirty-first day of March, one thousand eight hundred sixty (Pamphlet Laws, four hundred fifty-nine), entitled "An act to establish a system of Free Banking in Pennsylvania and to secure the Public against loss from Insolvent Banks," absolutely.

The act approved the seventeenth day of April, one thousand eight hundred sixty-one (Pamphlet Laws, three hundred forty-one), entitled "An act requiring the Resumption of Specie Payments by the Banks, and for Equalization of the Currency of the State," absolutely.

The act approved the first day of May, one thousand eight hundred sixty-one (Pamphlet Laws, five hundred three), (Number four hundred seventy-three), entitled "Supplement to an act to establish a system of Free Banking in Pennsylvania, and to secure the public against loss from Insolvent Banks, approved March thirty-first, one thousand eight hundred and sixty," absolutely.

The act approved the thirteenth day of January, one thousand eight hundred sixty-four (Pamphlet Laws, eleven hundred forty-two), entitled "A further supplement to an act, entitled 'An Act to establish a system of free banking in Pennsylvania,' " absolutely.

The act approved the twenty-seventh day of November, one thousand eight hundred sixty-five (Pamphlet Laws, of one thousand eight hundred sixty-six, page one thousand two hundred twenty-eight), (Number one thousand one hundred nineteen), entitled "An act relating to the organization and meetings of certain corporations, incorporated under the laws of this Commonwealth," in so far as it relates to incorporated institutions.

The act approved the twelfth day of April, one thousand eight hundred sixty-seven (Pamphlet Laws, seventy-one), entitled "A supplement to the act, entitled 'An Act regulating banks,' approved April sixteenth, one thousand eight hundred and fifty," absolutely.

The act approved the thirty-first day of March, one thousand eight hundred sixty-eight (Pamphlet Laws, fifty), entitled "An act to authorize incorporated companies to invest and reinvest surplus funds in mortgages, stocks and other securities, and fixing the time for holding elections for directors," in so far as it relates to incorporated institutions.

The act approved the fifteenth day of April, one thousand eight hundred sixty-nine (Pamphlet Laws, twenty-nine), entitled "An act requiring a majority of the directors or managers of corporations to constitute a quorum," in so far as it relates to incorporated institutions.

The act approved the seventeenth day of February, one thousand eight hundred seventy-one (Pamphlet Laws, fifty-six), (Number sixty-two), entitled "An act to authorize corporations to subscribe for or purchase the capital stock and to purchase the bonds of the American Steamship Company of Philadelphia," in so far as it relates to incorporated institutions.

The act approved the fourth day of April, one thousand eight hundred seventy-two (Pamphlet Laws, forty), entitled "An act supplemental to an act, entitled 'A supplement to acts relating to incorporations by the courts of common pleas,' approved on the ninth day of April, Anno Domini one thousand eight hundred and fifty-six," in so far as it relates to incorporated institutions.

The act approved the fourth day of April, one thousand eight hundred seventy-two (Pamphlet Laws, forty-six), (Number thirty-nine), entitled "An act for the appointment of a receiver in cases where corporations have been dissolved by judgment of ouster, upon proceedings of quo warranto," in so far as it relates to incorporated institutions.

Section one of the act approved the seventeenth day of April, one thousand eight hundred seventy-two (Pamphlet Laws, sixty-two), entitled "An act relating to unclaimed deposits in savings banks, and transfer of stock," absolutely.

The act approved the seventeenth day of February, one thousand eight hundred seventy-three (Pamphlet Laws, thirty-five), (Number eight), entitled "An act authorizing mining and manufacturing companies or other organized companies, or individuals, to give, and banks or other organized companies or individuals, to take and hold mortgages on real estate, to secure payment of notes, bills and renewals thereof," in so far as it relates to incorporated institutions.

The act approved the twentieth day of April, one thousand eight hundred seventy-four (Pamphlet Laws, one hundred ten), entitled "An act to enable the officers of dissolved corporations to convey real estate held by such corporations," in so far as it relates to incorporated institutions.

The act approved the twenty-ninth day of April, one thousand eight hundred seventy-four (Pamphlet Laws, seventy-three), entitled "An act to provide for the incorporation and regulation of certain corporations," and its amendments, in so far as it relates to incorporated institutions.

The act approved the eleventh day of May, one thousand eight hundred seventy-four (Pamphlet Laws, one hundred thirty-five), (Number sixty-eight), entitled "An act fixing the liability of stockholders of banks and banking companies and other banking institutions in this commonwealth," absolutely.

The act approved the fourteenth day of May, one thousand eight hundred seventy-four (Pamphlet Laws, one hundred forty-six), entitled "An act relative to service of process upon the stockholders of corporations in actions brought to charge the stockholders for debts of the corporation, or for unpaid instalments upon their stock," in so far as it relates to incorporated institutions.

The act approved the fifteenth day of May, one thousand eight hundred seventy-four (Pamphlet Laws, one hundred eighty-six), (Number one hundred nineteen), entitled "An act to authorize corporations to increase the security of their bonded indebtedness," in so far as it relates to incorporated institutions.

The act approved the fifteenth day of May, one thousand eight hundred seventy-four (Pamphlet Laws, one hundred ninety-three), (Number one hundred twenty-five), entitled "An act to secure to married women and minors the control of money deposited by them in banks," absolutely.

The act approved the seventeenth day of April, one thousand eight hundred seventy-six (Pamphlet Laws, thirty), entitled "A supplement to an act approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled 'An act to provide for the incorporation and regulation of certain corporations,' providing for the further regulation of such corporations and for the incorporation and regulation of certain additional corporations," and its amendments, in so far as it relates to incorporated institutions.

The act approved the twenty-fifth day of April, one thousand eight hundred seventy-six (Pamphlet Laws, forty-seven), (Number thirty-six), entitled "An act supplementary to the act, entitled 'An Act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini eighteen hundred and seventy-four, extending its provisions to all who may have the right to vote at elections for directors, managers or trustees," in so far as it relates to incorporated institutions.

The act approved the thirteenth day of May, one thousand eight hundred seventy-six (Pamphlet Laws, one hundred sixty-one), entitled "An act for the incorporation and regulation of banks of discount and deposit," absolutely.

The act approved the twenty-second day of May, one thousand eight hundred seventy-eight (Pamphlet Laws, ninety-six), (Number one hundred twenty-nine), en-

titled "An act to extend the time during which corporations may hold and convey the title to real estate, heretofore bought under execution or conveyed to them in satisfaction of debts, and now remaining in their hands unsold," in so far as it relates to incorporated institutions.

The act approved the twenty-third day of May, one thousand eight hundred seventy-eight (Pamphlet Laws, one hundred nine), (Number one hundred forty), entitled "An act extending the provisions of an act, entitled 'An act regulating the rate of interest,' approved May twenty-eight, one thousand eight hundred and fifty-eight, to all corporations authorized to loan money within the commonwealth and repealing all laws inconsistent within the provisions of the said act," absolutely.

The act approved the thirteenth day of May, one thousand eight hundred seventy-nine (Pamphlet Laws, fifty-seven), entitled "An act to authorize corporations to borrow money to redeem previous loans authorized by special laws, and limiting the rate of interest and terms thereof, and providing for the payment of mechanics' liens," in so far as it relates to incorporated institutions.

The act approved the fourth day of June, one thousand eight hundred seventy-nine (Pamphlet Laws, ninety-four), (Number one hundred eleven), entitled "An act to authorize banks and savings institutions to divide their capital stock into shares of the par value of not less than fifty dollars," absolutely.

The act approved the eleventh day of June, one thousand eight hundred seventy-nine (Pamphlet Laws, one hundred thirty-three), (Number one hundred thirty-seven), entitled "An act to provide for the manner of decreasing the capital stock of banking corporations," absolutely.

The act approved the twenty-fourth day of May, one thousand eight hundred eighty-one (Pamphlet Laws, twenty-two), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four," absolutely.

The act approved the twenty-second day of May, one thousand eight hundred eighty-three (Pamphlet Laws, forty-one), entitled "An act to revive and continue in force the provisions of an act, entitled 'An act to extend the time during which corporations may hold and convey the title to real estate heretofore bought under execution, or conveyed to them in satisfaction of debts, and now remaining in their hands unsold,' approved the twenty-second day of May, Anno Domini eighteen hundred and seventy-eight," in so far as it relates to incorporated institutions.

The act approved the thirteenth day of June, one thousand eight hundred eighty-three (Pamphlet Laws,

one hundred twenty-two), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, providing for the improvement, amendment and alteration of the charters of corporations of the second class, and authorizing the incorporation of traction motor companies," in so far as it relates to incorporated institutions.

The act approved the twenty-second day of June, one thousand eight hundred eighty-three (Pamphlet Laws, one hundred fifty-five), entitled "An act to provide for the manner of decreasing the capital stock of banking corporations," absolutely.

The act approved the eleventh day of June, one thousand eight hundred eighty-five (Pamphlet Laws, one hundred eleven), (Number seventy-three), entitled "An act authorizing trust companies to transact safe deposit business, and also to increase capital and change the par value of shares representing the same," absolutely.

The act approved the twenty-fifth day of June, one thousand eight hundred eighty-five (Pamphlet Laws, one hundred seventy-eight), entitled "An act to amend an act, entitled 'An act to enable the officers of dissolved corporations to convey real estate held by such corporations,' authorizing the court to direct the sale of such real estate, on the petition of any one, or more of the shareholders," in so far as it relates to incorporated institutions.

The act approved the thirtieth day of June, one thousand eight hundred eighty-five (Pamphlet Laws, two hundred one), entitled "An act to provide for renewing and extending charters of provident institutions, savings institutions and savings banks," absolutely.

The act approved the twenty-fifth day of May, one thousand eight hundred eighty-seven (Pamphlet Laws, two hundred seventy-three), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, amending the twelfth section of said act, and thereby relieving full paid capital stock from liability to further assessment," in so far as it relates to incorporated institutions.

The act approved the twenty-sixth day of May, one thousand eight hundred eighty-seven (Pamphlet Laws, two hundred seventy-four), (Number one hundred sixty), entitled "A supplement to an act to revive and continue in force the provisions of an act, entitled 'An act to extend the time during which corporations may hold and convey the title to real estate heretofore bought under execution, or conveyed to them in satisfaction of debts, and now remaining in their hands unsold,' approved the twenty-second day of May, Anno Domini one



thousand eight hundred and eighty-three," in so far as it relates to incorporated institutions.

The act approved the thirty-first day of May, one thousand eight hundred eighty-seven (Pamphlet Laws, two hundred eighty-one), (Number one hundred sixty-six), entitled "An act permitting the stockholders of corporations to determine the number of directors, and the time for holding annual elections of officers," in so far as it relates to incorporated institutions.

The act approved the seventeenth day of June, one thousand eight hundred eighty-seven (Pamphlet Laws, four hundred eleven), entitled "A further supplement to an act entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, providing for the further regulation of such corporations," in so far as it relates to incorporated institutions.

The act approved the twenty-sixth day of April, one thousand eight hundred eighty-nine (Pamphlet Laws, fifty-six), entitled "An act enabling the banks of this Commonwealth to become associations for the purpose of banking, under the laws of the United States," with the exception of section eight.

The act approved the twenty-sixth day of April, one thousand eight hundred eighty-nine (Pamphlet Laws, sixty-one), entitled "An act to provide for and regulate the renewal and extension of the charters of State banks," absolutely.

The act approved the seventh day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, one hundred two), (Number one hundred eight), entitled "An act defining evidence of stock ownership in corporations and for determining the right to vote thereon," in so far as it relates to incorporated institutions.

The act approved the ninth day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, one hundred eighty), (Number two hundred four), entitled "An act supplementary to an act approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled 'An act to provide for the incorporation and regulation of certain corporations,' amending the eleventh section thereof, as far as the same applies to companies incorporated to supply the public with water, giving and granting authority to the said companies, incorporated for the supply of water to the public, to issue capital stock to an amount not exceeding two million dollars," in so far as it relates to incorporated institutions.

The act approved the ninth day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, one hundred fifty-nine), entitled "An act supplementary to an act entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-

ninth day of April, Anno Domini one thousand eight hundred and seventy-four, amending the twenty-ninth section of said act, so as to provide for the further regulation of and granting additional powers to all corporations now or hereafter incorporated under the provisions of said act for the insurance of owners of real estate, mortgagees and others interested in real estate, from loss by reason of defective titles, liens and incumbrances," absolutely.

The act approved the tenth day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, one hundred eighty-five), entitled "A supplement to an act, entitled 'An act to provide for renewal and extending charters of provident institutions, savings institutions and savings banks,' approved June thirtieth, Anno Domini one thousand eight hundred and eighty-five, amending the first section thereof providing for the renewals and extending charters of banks, banks of discount and savings banks and trust companies," absolutely.

The act approved the twentieth day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, two hundred forty-six), entitled "An act to provide for the incorporation and regulation of savings banks and institutions without capital stock, established for the encouragement of saving money," absolutely.

The act approved the twenty-first day of May, one thousand eight hundred eighty-nine (Pamphlet Laws, two hundred fifty-seven), entitled "A supplement to an act approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled 'An act to provide for the incorporation and regulation of certain corporations,' amending the thirteenth section thereof," in so far as it relates to incorporated institutions.

The act approved the fifteenth day of April, one thousand eight hundred ninety-one (Pamphlet Laws, fifteen), entitled "An act to amend an act, entitled 'An act to amend an act, entitled 'An act to enable the officers of dissolved corporations to convey real estate held by such corporations,' authorizing the court to direct the sale of such real estate, on the petition of any one or more of the shareholders,'" approved the twenty-fifth day of June, one thousand eight hundred and eighty-five,' authorizing the court to direct the sale of such real estate on the petition of any one or more of the shareholders or their legal representatives whenever requested so to do," in so far as it relates to incorporated institutions.

The act approved the fourteenth day of May, one thousand eight hundred ninety-one (Pamphlet Laws, sixty-one), entitled "An act to amend the fifth section of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, defining the officers of corporations and allowing certain officers receiving salaries to be directors

and receive compensations," in so far as it relates to incorporated institutions.

The act approved the twentieth day of May, one thousand eight hundred ninety-one (Pamphlet Laws, one hundred one), (Number seventy-seven), entitled "An act authorizing salaried officers of private or business corporations to concurrently serve as directors therein," in so far as it relates to incorporated institutions.

The act approved the twenty-sixth day of April, one thousand eight hundred ninety-three (Pamphlet Laws, twenty-six), (Number twenty-two), entitled "An act providing for the appointment of a receiver in cases where corporations have been dissolved by judgment of ouster upon proceedings of quo warranto," in so far as it relates to incorporated institutions.

The act approved the eighteenth day of May, one thousand eight hundred ninety-three (Pamphlet Laws, eighty-eight), entitled "An act to revive and continue in force provisions of an act, entitled 'An act to extend the time during which corporations may hold and convey the title to real estate heretofore bought under execution, or conveyed to them in satisfaction of debts and now remaining in their hands unsold,' approved the twenty-sixth day of May, Anno Domini one thousand eight hundred and eighty-seven," in so far as it relates to incorporated institutions.

The act approved the eighteenth day of May, one thousand eight hundred ninety-three (Pamphlet Laws, eighty-nine), entitled "An act to encourage and authorize the formation of coöperating banking associations where the profits derived from the business, after paying all legitimate expenses, shall accrue to the depositors and borrowers of the association in proportion to their deposits or loans," absolutely.

The act approved the twenty-sixth day of May, one thousand eight hundred ninety-three (Pamphlet Laws, one hundred forty-one), entitled "An act amending an act, entitled 'An act defining evidence of stock ownership in corporations, and for determining the right to vote thereon,' approved May seventh, one thousand eight hundred and eighty-nine, further defining evidence of stock ownership and the right to vote thereon," in so far as it relates to incorporated institutions.

The act approved the eighth day of June, one thousand eight hundred ninety-three (Pamphlet Laws, three hundred fifty-one), entitled "An act to provide for the manner of reducing the capital stock of corporations," in so far as it relates to incorporated institutions.

The act approved the eighth day of June, one thousand eight hundred ninety-three (Pamphlet Laws, three hundred fifty-five), entitled "An act to regulate the change of location of the principal office, the place of annual and other meetings of stockholders, and the time of such

annual meetings of corporations of this Commonwealth," in so far as it relates to incorporated institutions.

The act approved the tenth day of June, one thousand eight hundred ninety-three (Pamphlet Laws, four hundred seventeen), (Number three hundred sixteen), entitled "An act to authorize corporations to increase their capital stock for corporate purposes," in so far as it relates to incorporated institutions.

The act approved the tenth day of June, one thousand eight hundred ninety-three (Pamphlet Laws, four hundred thirty-five), entitled "An act amending an act, entitled 'A supplement to an act approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled 'An act to provide for the incorporation and regulation of certain corporations,' providing for the further regulation of such corporations and for the incorporation and regulation of certain additional corporations,' approved April seventeenth, one thousand eight hundred and seventy-six, authorizing the incorporation of drainage companies," in so far as it relates to incorporated institutions.

Section one of the act approved the twenty-ninth day of May, one thousand eight hundred ninety-five (Pamphlet Laws, one hundred twenty-seven), (Number ninety-six), entitled "An act to amend the fourth section of an act, entitled 'An act supplementary to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, amending the twenty-ninth section of said act, so as to provide for the further regulation of and granting additional powers to all corporations now or hereafter incorporated under the provisions of said act for the insurance of owners of real estate, mortgagees and others interested in real estate, from loss by reason of defective titles, liens and encumbrances,' enlarging the powers of such corporations and providing that courts into which moneys may be paid or brought may, by order, direct the same to be deposited with any such corporation," absolutely.

The act approved the twenty-fourth day of June, one thousand eight hundred ninety-five (Pamphlet Laws, two hundred fifty-eight), (Number one hundred seventy-two), entitled "An act relating to and regulating the issue and transfer of certificates of stock by companies incorporated under the laws of this Commonwealth," in so far as it relates to incorporated institutions.

The act approved the twenty-sixth day of June, one thousand eight hundred ninety-five (Pamphlet Laws, three hundred sixty-nine), (Number two hundred sixty-one), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and

seventy-four, further amending the twelfth section thereof, so as to permit corporations organized thereunder, either for the purpose of carrying on any manufacturing business or for the supply of water, or for the manufacture or supplying of light, to purchase bonds or stock of other corporations of the same character, or to guarantee the payment of interest and principal of such bonds, or either principal or interest, or to lease and operate corporate property," in so far as it relates to incorporated institutions.

The act approved the twenty-seventh day of June, one thousand eight hundred ninety-five (Pamphlet Laws, three hundred ninety-nine), entitled "An act conferring upon certain fidelity, insurance, safety deposit, trust and savings companies the powers and privileges of companies incorporated under the provisions of section twenty-nine of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, Anno Domini one thousand eight hundred and seventy-four, and of the supplements thereto," in so far as it relates to incorporated institutions.

The act approved the twentieth day of April, one thousand eight hundred ninety-seven (Pamphlet Laws, twenty-eight), (Number twenty-three), entitled "An act to revive and continue in force provisions of an act, entitled 'An act to extend the time which corporations may hold and convey the title to real estate heretofore bought under execution, or conveyed to them in satisfaction of debts and now remaining in their hands unsold,' approved the eighteenth day of May, Anno Domini one thousand eight hundred and ninety-three," in so far as it relates to incorporated institutions.

The act approved the twenty-fifth day of May, one thousand eight hundred ninety-seven (Pamphlet Laws, ninety-three), (Number seventy-seven), entitled "An act specifying additional securities upon which provident institutions, savings institutions and savings banks, chartered under special acts, may loan deposits received by them," absolutely.

The act approved the tenth day of June, one thousand eight hundred ninety-seven (Pamphlet Laws, one hundred thirty-eight), (Number one hundred twelve), entitled "An act authorizing banks chartered under the laws of Pennsylvania to pay interest upon demand deposits," absolutely.

The act approved the ninth day of February, one thousand nine hundred one (Pamphlet Laws, three), entitled "An act to provide for increasing the capital stock and indebtedness of corporations," in so far as it relates to incorporated institutions.

The act approved the nineteenth day of April, one thousand nine hundred one (Pamphlet Laws, seventy-nine), entitled "An act to amend the eighth section of

an act, entitled 'An act for the incorporation and regulation of banks of discount and deposit,' approved the thirteenth day of May, Anno Domino one thousand eight hundred and seventy-six," absolutely.

The act approved the nineteenth day of April, one thousand nine hundred one (Pamphlet Laws, eighty), (Number fifty-one), entitled "An act to regulate the number of directors in corporations chartered under the laws of this Commonwealth," in so far as it relates to incorporated institutions.

The act approved the twenty-first day of May, one thousand nine hundred one (Pamphlet Laws, two hundred eighty-eight), (Number one hundred eighty-eight), entitled "An act to authorize banks and banking companies to improve any real estate they may hold for the accommodation and transaction of their business, by the erection, renewal or replacing of buildings thereon, and to derive rent therefrom," absolutely.

The act approved the twenty-ninth day of May, one thousand nine hundred one (Pamphlet Laws, three hundred twenty-six), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, authorizing formation of corporations for profit by voluntary association of three or more persons, one of whom, at least must be a citizen of this Commonwealth," in so far as it relates to incorporated institutions.

The act approved the twenty-ninth day of May, one thousand nine hundred one (Pamphlet Laws, three hundred forty-nine), entitled "An act supplementary to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, one thousand eight hundred and seventy-four; providing for the merger and consolidation of certain corporations," in so far as it relates to incorporated institutions.

The act approved the seventh day of June, one thousand nine hundred one (Pamphlet Laws, five hundred thirty), entitled "An act to amend the forty-fifth section of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four; providing for the publication in separate pamphlet form of a certified list of all charters of incorporation," in so far as it relates to incorporated institutions.

The act approved the fourteenth day of June, one thousand nine hundred one (Pamphlet Laws, five hundred sixty-one), (Number two hundred sixty-eight), entitled "An act to limit the amount of loans to officers and directors of banks, trust companies, and savings institutions, with capital stock, heretofore or hereafter

incorporated in this Commonwealth, and prohibiting loans upon the security of the capital stock of such corporations," absolutely.

The act approved the second day of July, one thousand nine hundred one (Pamphlet Laws, six hundred three), (Number two hundred ninety-eight), entitled "An act authorizing corporations, organized for profit, to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of the shares of capital stock of, or any bonds, securities or evidences of indebtedness created by, any other corporation," in so far as it relates to incorporated institutions.

The act approved the second day of July, one thousand nine hundred one (Pamphlet Laws, six hundred six), (Number three hundred two), entitled "An act authorizing corporations organized under the laws of Pennsylvania to increase or diminish the par value of the shares of their capital stock," in so far as it relates to incorporated institutions.

The act approved the tenth day of July, one thousand nine hundred one (Pamphlet Laws, six hundred thirty-nine), (Number three hundred twenty-four), entitled "An act authorizing banks chartered under the laws of the Commonwealth of Pennsylvania to loan money on the security of bonds and mortgages on real estate, and to invest their funds in bonds, mortgages, notes and other interest bearing securities and obligations," absolutely.

The act approved the fifth day of March, one thousand nine hundred three (Pamphlet Laws, fourteen), (Number seventeen), entitled "An act concerning proxies, authorizing representation and voting of shares of capital stock of corporations at meetings and elections thereof," in so far as it relates to incorporated institutions.

The act approved the fifteenth day of April, one thousand nine hundred three (Pamphlet Laws, two hundred), (Number one hundred forty-five), entitled "An act to revive and continue in force the provisions of an act, entitled 'An act to extend the time during which corporations may hold and convey the title to real estate, heretofore bought under execution or conveyed to them in satisfaction of debts, and now remaining in their hands unsold,' approved the twentieth day of April, Anno Domini one thousand eight hundred and ninety-seven," in so far as it relates to incorporated institutions.

The act approved the twenty-first day of April, one thousand nine hundred three (Pamphlet Laws, two hundred twenty-three), entitled "An act supplementary to an act, entitled 'An act conferring upon certain fidelity, insurance, safety deposit, trust and savings companies the powers and privileges of corporations incorporated under the provisions of section twenty-nine

of an act, entitled "An act to provide for the incorporation and regulation of certain corporations," approved April twenty-ninth, Anno Domini one thousand eight hundred and seventy-four, and of the supplements thereto,' approved the twenty-seventh day of June, one thousand eight hundred and ninety-five," absolutely.

The act approved the twenty-second day of April, one thousand nine hundred three (Pamphlet Laws, two hundred fifty-one), entitled "An act regulating the change of corporate titles," in so far as it relates to incorporated institutions.

The act approved the twenty-third day of April, one thousand nine hundred three (Pamphlet Laws, two hundred seventy-two), entitled "An act to amend the first section of an act, entitled 'A supplement to an act, entitled "An act to provide for the incorporation and regulation of certain corporations, approved April twenty-nine, one thousand eight hundred and seventy-four," authorizing the formation of corporations for profit by voluntary association of three or more persons, one of whom, at least must be a citizen of this Commonwealth,' said supplement approved the twenty-ninth day of May, one thousand nine hundred and one, and to extend the provisions of said act to all corporations for profit embraced within corporations of the second class, defined in section two (2) and the various supplements to section two (2), of the act of April twenty-ninth, one thousand eight hundred and seventy-four, and confirming all charters granted under the said supplements, to corporations which have been formed under the various supplements to the said section two (2) of the act of April twenty-ninth, one thousand eight hundred and seventy-four, by the association of three or more persons, one of whom at least was a citizen of this Commonwealth," in so far as it relates to incorporated institutions.

The act approved the sixteenth day of March, one thousand nine hundred five (Pamphlet Laws, forty-two), (Number twenty-six), entitled "An act providing for the voting of shares of stock in corporations in this Commonwealth, held by executors, administrators, guardians, and trustees, and the manner of voting the same," in so far as it relates to incorporated institutions.

The act approved the twenty-fourth day of March, one thousand nine hundred five (Pamphlet Laws, fifty-six), entitled "A supplement to an act, entitled 'A supplement to an act, entitled "An act to provide for the incorporation and regulation of certain corporations," approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, further amending the twelfth section thereof so as to permit corporations organized thereunder, either for the purpose of carrying on any manufacturing business, or for the supply of water, or for the manufacture or supply-



ing of light, to purchase bonds or stock of other corporations of the same character, or to guarantee the payment of interest, and principal of such bonds or either principal or interest or to lease and operate corporate property,' approved the twenty-sixth day of June, Anno Domini one thousand eight hundred and ninety-five, correcting errors therein and validating all acts done in pursuance thereof," in so far as it relates to incorporated institutions.

The act approved the thirty-first day of March, one thousand nine hundred five (Pamphlet Laws, ninety-three), entitled "An act amending the third section of a supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-nine, one thousand eight hundred and seventy-four, 'providing for the improvement, amendment and alteration of the charters of corporations of the second class and authorizing the incorporation of traction motor companies,' approved the thirteenth day of June, Anno Domini one thousand eight hundred and eighty-three, requiring corporations to file a certificate with the Governor of the Commonwealth, setting forth that all reports required by the Auditor General of the Commonwealth have been duly filed, and that all taxes due the Commonwealth have been paid, before the improvement, amendment or alteration of the charter of any corporation," in so far as it relates to incorporated institutions.

The act approved the thirty-first day of March, one thousand nine hundred five (Pamphlet Laws, ninety-five), entitled "An act to amend section three of a supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, one thousand eight hundred and seventy-four, providing for the merger and consolidation of certain corporations, approved the twenty-ninth day of May, one thousand nine hundred and one, requiring the filing of all reports required by the Auditor General, and the payment of all taxes due the Commonwealth of Pennsylvania, by corporations, before merger or consolidation," in so far as it relates to incorporated institutions.

The act approved the twenty-second day of April, one thousand nine hundred five (Pamphlet Laws, two hundred sixty-four), (Number one hundred eighty-three), entitled "An act to amend the first section of an act, entitled 'An act to provide for the manner of reducing the capital stock of corporations,' approved the eighth day of June, Anno Domini one thousand eight hundred and ninety-three (1893); extending the provisions of the said act to all corporations created by general or special law, and repealing all acts or parts of acts inconsistent therewith," in so far as it relates to incorporated institutions.

The act approved the twenty-second day of April, one thousand nine hundred five (Pamphlet Laws, two hundred eighty), entitled "An act to amend section one of the act, entitled 'An act to provide for increasing the capital stock and indebtedness of corporations,' approved the ninth day of February, Anno Domini one thousand nine hundred and one; authorizing corporations to increase their capital stock and indebtedness and secure the payment of principal and interest of their indebtedness," in so far as it relates to incorporated institutions.

The act approved the eighth day of May, one thousand nine hundred seven (Pamphlet Laws, one hundred eighty-nine), entitled "An act to provide for the creation and maintenance of a reserve fund in all banks, banking companies, savings banks, savings institutions, companies authorized to execute trusts of any description and to receive deposits of money, which are now or which may hereafter be incorporated under the laws of this Commonwealth, and in all trust companies or other companies receiving deposits of money, which may have been heretofore or which may hereafter be incorporated under section twenty-nine of the act approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled 'An act for the creation and regulation of corporations,' and the supplements thereto," absolutely.

The act approved the eighth day of May, one thousand nine hundred seven (Pamphlet Laws, one hundred ninety-two), entitled "A supplement to an act of Assembly of the Commonwealth of Pennsylvania, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, as the same has been supplemented by acts of Assembly of said Commonwealth, approved on the following dates; namely, sixteenth day of February, Anno Domini one thousand eight hundred and seventy-four; twenty-fourth day of May, Anno Domini one thousand eight hundred and eighty-one; twenty-ninth day of May, Anno Domini one thousand eight hundred and eighty-five; eleventh day of June, Anno Domini one thousand eight hundred and eighty-five; twenty-fifth day of June, Anno Domini one thousand eight hundred and eighty-five; ninth day of May, Anno Domini one thousand eight hundred and eighty-nine; twenty-ninth day of May, Anno Domini one thousand eight hundred and ninety-five; twenty-sixth day of June, Anno Domini one thousand eight hundred and ninety-five; twenty-seventh day of June, Anno Domini one thousand eight hundred and ninety-five; second day of May, Anno Domini one thousand nine hundred and one; fourth day of June, Anno Domini one thousand nine hundred and one; twenty-first day of April, Anno Domini one thousand nine hundred and three, and seventeenth day of

April, Anno Domini one thousand nine hundred and five, inter alia providing for the establishment and regulation of trust companies," absolutely.

The act approved the first day of June, one thousand nine hundred seven (Pamphlet Laws, three hundred eighty-two), (Number two hundred seventy-five), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, empowering companies incorporated, under the provisions of said act, for the insurance of owners of real estate, mortgagees, and others interested in real estate from loss, by reason of defective titles, liens, et cetera, to guarantee the payment of the principal and interest of bonds secured by mortgage upon real estate," absolutely.

The act approved the seventh day of June, one thousand nine hundred seven (Pamphlet Laws, four hundred sixty-one), (Number three hundred nine), entitled "An act requiring every person, firm, or unincorporated association of this Commonwealth, who shall hereafter engage in the banking business within this Commonwealth, to report to, and be under the supervision of, the Commissioner of Banking," absolutely.

The act approved the twelfth day of June, one thousand nine hundred seven (Pamphlet Laws, five hundred twenty-five), entitled "An act requiring banks, trust companies, savings fund societies, building and loan associations, bond and investment companies, provident associations, and all other corporations under supervision of the Commissioner of Banking, to furnish receipt in full to each depositor or investor for moneys received, which shall also be entered in full on books of the company; statement of liabilities to be set out in full in all reports to Commissioner of Banking or other supervisory authorities; statement of all moneys borrowed, to be placed in full as liabilities on books of the company, violation of provisions of this act a misdemeanor, and penalty therefor," absolutely.

The act approved the twenty-second day of April, one thousand nine hundred nine (Pamphlet Laws, one hundred twenty-one), entitled "An act restricting the use of the word 'trust' as part of a corporate name; forbidding advertising or doing business at a trust company, except by corporations under the supervision of the banking department; and providing a penalty for violations thereof," absolutely.

The act approved the third day of May, one thousand nine hundred nine (Pamphlet Laws, three hundred eighty-six), (Number two hundred fifteen), entitled "An act to provide that notice, wherever required by law, in connection with the formation, amendment, increase or reduction of capital stock, conduct of business,

merger, transfer of franchises, or dissolution of corporations, joint-stock companies, limited partnerships, or partnership association, shall be published in the legal journal, of the proper county, in which court notices usually appear," in so far as it relates to institutions.

The act approved the third day of May, one thousand nine hundred nine (Pamphlet Laws, four hundred eight), entitled "An act authorizing the merger and consolidation of certain corporations," in so far as it relates to incorporated institutions.

The act approved the third day of May, one thousand nine hundred nine (Pamphlet Laws, four hundred twelve), entitled "An act to amend section five of an act, entitled 'An act for the incorporation and regulation of banks of discount and deposit,' approved the thirteenth day of May, Anno Domini one thousand eight hundred and seventy-six (Pamphlet Laws, one hundred and sixty-one); changing the minimum capitalization required in certain cases," absolutely.

The act approved the eleventh day of May, one thousand nine hundred nine (Pamphlet Laws, five hundred fifteen), entitled "An act amending and supplementing section two of the act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-nine, one thousand eight hundred and seventy-four, by striking out clause twenty of corporations of the second class, and providing that corporations of the second class shall include corporations for any lawful purpose not specifically designated by law as the purpose for which a corporation may be formed, and providing that certain companies heretofore incorporated may become incorporated hereunder," in so far as it relates to incorporated institutions.

The act approved the third day of June, one thousand nine hundred eleven (Pamphlet Laws, six hundred fifty-two), entitled "An act requiring each and every director of a bank of discount, banking company, coöperative banking association, trust company, safe deposit company, real estate company, mortgage company, title insurance company, guarantee company, surety and indemnity company, and savings bank, which has been or may hereafter be incorporated under the laws of this Commonwealth, with the right to receive moneys on deposit, to take an oath of office, and prescribing the form thereof; said oath to be filed with the Commissioner of Banking," in so far as it relates to incorporated institutions.

The act approved the nineteenth day of June, one thousand nine hundred eleven (Pamphlet Laws, one thousand sixty), entitled "An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for the violation thereof," absolutely.

The act approved the twenty-third day of May, one thousand nine hundred thirteen (Pamphlet Laws, three hundred thirty-four), (Number two hundred twenty), entitled "An act enabling the Board consisting of the State Treasurer, Secretary of the Commonwealth, and Commissioner of Banking, to authorize, on behalf of the Commonwealth, the satisfaction of record of any mortgage, judgment, or lien which has been or may hereafter be accepted by the said Board, under the provisions of the act of June nineteenth, one thousand nine hundred and eleven, entitled 'An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania, and providing penalties for the violation thereof,' " absolutely.

The act approved the twenty-third day of May, one thousand nine hundred thirteen (Pamphlet Laws, three hundred thirty-six), (Number two hundred twenty-two), entitled "An act authorizing corporations of this Commonwealth to declare, at any time or times, dividends out of net profits; and prescribing the time within which the same shall be paid," in so far as it relates to incorporated institutions.

The act approved the twenty-third day of May, one thousand nine hundred thirteen (Pamphlet Laws, three hundred thirty-eight), entitled "An act to amend an act, approved the tenth day of June, one thousand eight hundred and ninety-seven, entitled 'An act authorizing banks chartered under the laws of Pennsylvania to pay interest upon demand deposits,' by authorizing interest on time deposits," absolutely.

The act approved the twenty-third day of May, one thousand nine hundred thirteen (Pamphlet Laws, three hundred fifty-four), entitled "An act to amend section one of an act, entitled 'A supplement to an act of Assembly of the Commonwealth of Pennsylvania, entitled "An act to provide for the incorporation and regulation of certain corporations," approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, as the same has been supplemented by acts of Assembly of said Commonwealth, approved on the following dates; namely, sixteenth day of February, Anno Domini one thousand eight hundred and seventy-four; twenty-fourth day of May, Anno Domini one thousand eight hundred and eighty-one; twenty-ninth day of May, Anno Domini one thousand eight hundred and eighty-five; eleventh day of June, Anno Domini one thousand eight hundred and eighty-five; twenty-fifth day of June, Anno Domini one thousand eight hundred and eighty-five; ninth day of May, Anno Domini one thousand eight hundred and eighty-nine; twenty-ninth day of May, Anno Domini one thousand eight hundred and ninety-five; twenty-sixth day of June, Anno Domini one thousand eight hundred and ninety-five; twenty-seventh day of June, Anno Domini

one thousand eight hundred and ninety-five; second day of May, Anno Domini one thousand nine hundred and one; fourth day of June, Anno Domini one thousand nine hundred and one; twenty-first day of April Anno Domini one thousand nine hundred and three, and seventeenth day of April, Anno Domini one thousand nine hundred and five; inter alia providing for the establishment and regulation of trust companies,' approved the eighth day of May, Anno Domini one thousand nine hundred and seven; by enlarging and extending the preference given to depositors, so as to include deposits payable only after specified notice, or at the expiration of a fixed period; and defining and including as depositors bona fide holders for value of certified checks on, or of certificates of deposit issued by, trust company, or of checks or drafts given in exchange for, or in payment of, checks or drafts of depositors of a trust company drawn thereon," absolutely.

The act approved the twenty-fourth day of July, one thousand nine hundred thirteen (Pamphlet Laws, nine hundred seventy-two), entitled "An act to amend the first section of an act, entitled 'An act authorizing banks chartered under the laws of the Commonwealth of Pennsylvania to loan money on the security of bonds and mortgages on real estate, and to invest their funds in bonds, mortgages, notes and other interest bearing securities and obligations,' approved the tenth day of July, Anno Domini one thousand nine hundred and one (Pamphlet Laws, six hundred and thirty-nine), by defining more definitely the amount of money banks may loan on the security of, and the amount said banks may invest in, bonds and mortgages on real estate," absolutely.

The act approved the twenty-second day of April, one thousand nine hundred fifteen (Pamphlet Laws, one hundred seventy), entitled "An act to amend section four of an act, entitled 'An act to regulate the doing of business in this Commonwealth by foreign corporations; the registration thereof and service of process thereon; and providing punishment and penalties for the violation of its provisions; and repealing previous legislation on the subject,' approved the eighth day of June, one thousand nine hundred and eleven," in so far as it relates to the business of banking and to the business of acting as fiduciary.

The act approved the twenty-ninth day of April, one thousand nine hundred fifteen (Pamphlet Laws, two hundred five), entitled "An act to amend the third section of an act, entitled 'An act authorizing the merger and consolidation of certain corporations,' approved the third day of May, Anno Domini one thousand nine hundred and nine," in so far as it relates to incorporated institutions.

The act approved the sixth day of May, one thousand nine hundred fifteen (Pamphlet Laws, two hundred seventy-one), (Number one hundred sixty-six), entitled "An act to revive and continue in force the provisions of an act, entitled 'An act to extend the time during which corporations may hold and convey the title to real estate, heretofore bought under execution or conveyed to them in satisfaction of debts, and now remaining in their hands unsold,' approved the twenty-second day of May, Anno Domini one thousand eight hundred and seventy-eight, in so far as it relates to banking companies; amending and extending the same, and giving said banking companies the right to bring suit and maintain an action, either at law or in equity, and to maintain any action already brought, for the recovery of possession of property so bought, the same as an individual could do," in so far as it relates to incorporated institutions.

The act approved the fourteenth day of May, one thousand nine hundred fifteen (Pamphlet Laws, four hundred seventy-six), entitled "A supplement to an act, entitled 'An act to encourage and authorize the formation of coöperative banking associations, where the profits derived from the business, after paying all legitimate expenses, shall accrue to the depositors and borrowers of the association in proportion to their deposits or loans,' approved the eighteenth day of May, one thousand eight hundred ninety-three, and providing for the conversion of coöperative banking associations into banks of discount and deposit under certain regulations," absolutely.

The act approved the second day of June, one thousand nine hundred fifteen (Pamphlet Laws, seven hundred twenty-four), (Number three hundred thirty-three), entitled "An act to amend section twenty-three of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, as amended by the fifth section of an act, entitled 'A supplement to an act, approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled "An act to provide for the incorporation and regulation of certain corporations," providing for the further regulation of such corporations and for the incorporation and regulation of certain additional corporations,' approved April seventeenth, one thousand eight hundred and seventy-six; requiring the filing of all the reports required by the Auditor General of the Commonwealth, and the payment of all taxes due the Commonwealth of Pennsylvania, by certain corporations, up to and including the date of the proposed sale, assignment, disposition, and conveyance of the franchises and property of such corporation before the returns authorizing such sale, assignment, disposition, and conveyance shall be filed in the office of the Secretary of the Com-

monwealth," in so far as it relates to incorporated institutions.

The act approved the seventeenth day of May, one thousand nine hundred seventeen (Pamphlet Laws, two hundred twenty-eight), entitled "An act to authorize the payment by corporations to their directors of compensation for services rendered by them," in so far as it relates to incorporated institutions.

The act approved the seventh day of June, one thousand nine hundred seventeen (Pamphlet Laws, six hundred nine), (Number two hundred five), entitled "An act empowering banks and trust companies to accept drafts and issue letters of credit," absolutely.

The act approved the fifth day of July, one thousand nine hundred seventeen (Pamphlet Laws, six hundred ninety-eight), (Number two hundred fifty-eight), entitled "An act to authorize corporations organized for profit, under the laws of Pennsylvania, to continue the salaries of employes enlisting or enrolling in any branch of the military or naval service of the United States or other protective organization," in so far as it relates to incorporated institutions.

The act approved the eleventh day of July, one thousand nine hundred seventeen (Pamphlet Laws, seven hundred ninety-one), entitled "An act to amend sections two and three of the act, entitled 'An act to provide for the creation and maintenance of a reserve fund in all banks, banking companies, savings banks, savings institutions, companies authorized to execute trusts of any description and to receive deposits of money, which are now or which may hereafter be incorporated under the laws of this Commonwealth, and in all trust companies or other companies receiving deposits of money, which may have been heretofore or which may hereafter be incorporated under section twenty-nine of the act, approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled "An act for the creation and regulation of corporations," and the supplements thereto,' approved the eighth day of May, Anno Domini one thousand nine hundred and seven, by providing that such reserve fund may consist in part of gold or silver certificates, notes or bills issued by a Federal Reserve Bank; and authorizing a portion of such reserve fund to be deposited in any bank or trust company, located in any State other than Pennsylvania, which shall have been approved by the Commissioner of Banking of this Commonwealth," absolutely.

The act approved the seventeenth day of July, one thousand nine hundred seventeen (Pamphlet Laws, one thousand twenty-one), entitled "An act authorizing any bank or trust company incorporated under the laws of this Commonwealth to become a member of a Federal reserve bank, and in such event to be subject to all the provisions of the act of Congress known as the Federal



Reserve Act; allowing any such bank or trust company to comply with the reserve requirements of such act, in lieu of those established by the laws of this Commonwealth, and permitting the Commissioner of Banking to accept the examinations and audits made pursuant to such act, in lieu of those required by the laws of this Commonwealth," absolutely.

The act approved the nineteenth day of July, one thousand nine hundred seventeen (Pamphlet Laws, one thousand one hundred one) entitled "An act to amend section twelve of an act, approved the thirteenth day of May, one thousand eight hundred seventy-six, entitled 'An act for the incorporation and regulation of banks of discount and deposit,'" absolutely.

The act approved the eighteenth day of April, one thousand nine hundred nineteen (Pamphlet Laws, sixty-seven), entitled "An act to give to women, married and single, the same right as men to be incorporators, and, in furtherance of their interests as stockholders, to serve as directors and officers of corporations for profit," in so far as it relates to incorporated institutions.

The act approved the twelfth day of July, one thousand nine hundred nineteen (Pamphlet Laws, nine hundred fourteen), entitled "An act authorizing stock corporations, other than building and loan associations and corporations authorized by law to transact a banking or insurance business, to make provision, upon formation, reorganization, merger, or consolidation, for the issue of either or both preferred or common shares without nominal or par value; regulating the same and such corporations; and prescribing the method of determining the number of shares and capital of corporations issuing shares in such manner," in so far as it pertains to incorporated institutions.

The act approved the seventeenth day of July, one thousand nine hundred nineteen (Pamphlet Laws, one thousand thirty-two), entitled "An act authorizing banking companies, incorporated and organized under the laws of the Commonwealth and having capital stock at least equal to the capital stock which trust companies are required by law to have, to act in any fiduciary capacity in which trust companies organized under the laws of the Commonwealth are empowered to act, and prescribing the method of acquiring such rights," absolutely.

The act approved the thirtieth day of March, one thousand nine hundred twenty-one (Pamphlet Laws, fifty-four), (Number twenty-eight), entitled "An act permitting corporations to change the date of their annual meeting as fixed by its charter," in so far as it relates to incorporated institutions.

The act approved the twentieth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, nine hundred ninety-one), entitled "An act restricting the

appointment of corporate fiduciaries by testators or by any court or register of wills to corporations fully subject to supervision and examination by the Banking Department," absolutely.

The act approved the twenty-fourth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, one thousand seventy-one), entitled "An act requiring banks, banking corporations, copartnerships, or associations, co-operative banking associations, trust, safe deposit, real estate, mortgage, title insurance, guaranty, surety, and indemnity companies, savings institutions, savings banks, provident institutions, building and loan associations, lodges and societies, to file of record names of persons authorized to make entries on records of mortgages; imposing certain duties on recorders of deeds; and declaring certain entries void," in so far as it relates to incorporated institutions.

The act approved the twenty-fifth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, one thousand one hundred fifty-nine), entitled "An act authorizing certain corporations to issue preferred or common stock of one or more classes; providing for the manner of issuance, restrictions, and regulations in the manner of voting thereof, and the rights and privileges of the holders thereof; validating certain acts of corporations not participated in by the holders of non-voting stock; and repealing all acts and parts of acts inconsistent therewith," in so far as it relates to incorporated institutions.

The act approved the ninth day of March, one thousand nine hundred twenty-three (Pamphlet Laws, nine), entitled "An act relating to the incorporation of banks and trust companies," absolutely.

The act approved the fifteenth day of March, one thousand nine hundred twenty-three (Pamphlet Laws, ten), entitled "An act relating to the recording of certificates of incorporation of domestic corporations; providing for the recording of certified copies thereof in certain cases; validating the recording of such certified copies heretofore recorded; and making the record of such certified copies competent evidence for all purposes," in so far as it relates to incorporated institutions.

The act approved the ninth day of May, one thousand nine hundred twenty-three (Pamphlet Laws, one hundred seventy-three), entitled "An act extending and enlarging the powers and rights of trust companies and banks organized and incorporated under the laws of the Commonwealth of Pennsylvania," absolutely.

The act approved the ninth day of May, one thousand nine hundred twenty-three (Pamphlet Laws, one hundred seventy-four), entitled "An act prescribing the effect of the merger of a trust company or a banking company, possessed of trust company powers, with another trust company or banking company possessed of

trust company powers on the estate and property, real and personal, held by either of such merging corporations in any trust or fiduciary capacity," absolutely.

The act approved the sixteenth day of May, one thousand nine hundred twenty-three (Pamphlet Laws, two hundred forty-eight), entitled "An act limiting the power of State banks, banking companies, trust companies, savings banks, and unincorporated banks, to become surety on bonds," absolutely.

The act approved the nineteenth day of May, one thousand nine hundred twenty-three (Pamphlet Laws, two hundred seventy-four), entitled "An act to amend section two of an act, approved the twenty-second day of April, one thousand nine hundred and nine (Pamphlet Laws, one hundred twenty-one), entitled 'An act restricting the use of the word "trust" as part of a corporate name; forbidding advertising or doing business as a trust company, except by corporations under the supervision of the Banking Department; and providing a penalty for violations thereof,' " absolutely.

The act approved the twenty-first day of May, one thousand nine hundred twenty-three (Pamphlet Laws, two hundred eighty-eight), (Number one hundred eighty-four), entitled "An act to better secure all bonds, stocks, mortgages, or other securities deposited with the State Treasurer, by providing for their inspection, examination, and verification, and the verification of the books, containing a record of such bonds, stocks, mortgages, or other securities, by the Auditor General or his agents," in so far as it relates to institutions.

The act approved the twenty-first day of May, one thousand nine hundred twenty-three (Pamphlet Laws, two hundred eighty-eight), (Number one hundred eighty-five), entitled "An act authorizing certain corporations to authorize, create, and issue capital stock of any class or kind without nominal or par value, and to change or convert their authorized or outstanding capital stock of any class or kind, into shares of any class or kind either with or without nominal or par value; and validating the creations and issues of stock heretofore made by corporations in accordance with the provisions hereof," in so far as it relates to incorporated institutions.

The act approved the twenty-fourth day of May, one thousand nine hundred twenty-three (Pamphlet Laws, three hundred fifty-six), entitled "An act to amend an act, approved the twentieth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, nine hundred and ninety-one), entitled 'An act restricting the appointment of corporate fiduciaries by testators or by any court or register of wills to corporations fully subject to supervision and examination by the Banking Department,' by exempting certain corporations from the provisions thereof," absolutely.

The act approved the twelfth day of July, one thousand nine hundred twenty-three (Pamphlet Laws, one thousand and eighty-three), entitled "An act authorizing corporations to issue stock at a price in excess of the par value thereof," in so far as it relates to incorporated institutions.

The act approved the first day of April, one thousand nine hundred twenty-five (Pamphlet Laws, one hundred two), entitled "An act to amend section one of the act, approved the twenty-fourth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, one thousand and seventy-one), entitled 'An act requiring banks, banking corporations, copartnerships, or associations, coöperative banking associations, trust, safe deposit, real estate, mortgage, title insurance, guaranty, surety, and indemnity companies, savings institutions, savings banks, provident institutions, building and loan associations, lodges and societies, to file of record names of persons authorized to make entries on records of mortgages; imposing certain duties on recorders of deeds; and declaring certain entries void,' by extending its provisions to all corporations, copartnerships, and associations," in so far as it relates to incorporated institutions.

The act approved the sixth day of April, one thousand nine hundred and twenty-five (Pamphlet Laws, one hundred fifty-two), entitled "An act to further amend clause five of section twenty-nine of the act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' " absolutely.

The act approved the seventh day of April, one thousand nine hundred and twenty-five (Pamphlet Laws, one hundred eighty-three), entitled "An act providing that certificates of association and articles of incorporation or of any improvements, amendments, or alterations thereto may be acknowledged and sworn or affirmed to before a notary public or justice of the peace; validating such acknowledgments made prior to the approval of this act," in so far as it relates to incorporated institutions.

The act approved the thirtieth day of April, one thousand nine hundred and twenty-five (Pamphlet Laws, four hundred three), entitled "An act relating to the dissolution of corporations; and imposing certain duties on the Secretary of the Commonwealth and the prothonotaries," in so far as it relates to incorporated institutions.

The act approved the second day of May, one thousand nine hundred twenty-five (Pamphlet Laws, five hundred two), entitled "An act to amend section eight of an act, approved the nineteenth day of June, one thousand nine hundred and eleven (Pamphlet Laws, ten hundred and

sixty), entitled 'An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for the violation thereof'; and providing certain exceptions to which the provisions of the act shall not apply," absolutely.

The act approved the twelfth day of May, one thousand nine hundred and twenty-five (Pamphlet Laws, six hundred fifteen), entitled "An act pertaining to corporations organized or doing business within the Commonwealth; limiting the operation of their by-laws; and providing for the execution of contracts, notes, mortgages, et cetera, by such corporations," in so far as it relates to incorporated institutions.

The act approved the thirteenth day of May, one thousand nine hundred and twenty-five (Pamphlet Laws, six hundred seventy-nine), (Number three hundred sixty-eight), entitled "An act authorizing corporations to issue stock to their employes and to employes of their subsidiaries, at par value, or at a price in excess of par value," in so far as it relates to incorporated institutions.

The act approved the nineteenth day of February, one thousand nine hundred twenty-six (Pamphlet Laws, thirty), entitled "An act to regulate the number of directors of banks, banking corporations and trust companies chartered under general or special laws of this Commonwealth," absolutely.

The act approved the seventeenth day of March, one thousand nine hundred twenty-seven (Pamphlet Laws, thirty-nine), entitled "An act to amend section eight of the act approved the nineteenth day of June, one thousand nine hundred and eleven (Pamphlet Laws, one thousand sixty), entitled 'An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for the violation thereof,' as amended by the act approved the second day of May, one thousand nine hundred and twenty-five (Pamphlet Laws, five hundred two), entitled 'An act to amend section eight of an act approved the nineteenth day of June, one thousand nine hundred and eleven (Pamphlet Laws, ten hundred sixty), entitled "An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for the violation thereof"; and providing certain exceptions to which the provisions of the act shall not apply'; exempting express, steamship, and telegraph companies from the provisions of said act," absolutely.

The act approved the twenty-ninth day of March, one thousand nine hundred twenty-seven (Pamphlet Laws, seventy), entitled "An act to amend section one of the act, approved the twenty-fifth day of April, one thousand eight hundred and seventy-six (Pamphlet Laws, forty-seven), entitled 'An act supplementary to the act

entitled "An act to provide for the incorporation and regulation of certain corporations," approved the twenty-ninth day of April, Anno Domini eighteen hundred and seventy-four, extending its provisions to all who may have the right to vote at elections for directors, managers or trustees,' regulating the manner of voting in first-class corporations," in so far as it relates to incorporated institutions.

The act approved the fifth day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, one hundred six), (Number seventy-three), entitled "An act to amend section one of an act, approved the nineteenth day of June, one thousand nine hundred and eleven (Pamphlet Laws, one thousand sixty), entitled 'An act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for the violation thereof,' providing for the distribution of the assets of private bankers in case of insolvency," absolutely.

The act approved the fifth day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, one hundred nine), entitled "An act to amend section four of the act, approved the thirteenth day of May, one thousand eight hundred and seventy-six (Pamphlet Laws, one hundred sixty-one), entitled 'An act for the incorporation and regulation of banks of discount and deposit,' shortening the period of the advertisement of the notice of applications and renewals for charters and for the increase of capital," absolutely.

The act approved the twentieth day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, three hundred seventeen), (Number one hundred eighty-nine), entitled "An act to regulate the aggregate amount of deposits which may be received by savings banks from persons or corporations and the repayment of the same," absolutely.

The act approved the twenty-second day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, three hundred fifty-three), (Number two hundred eighteen), entitled "An act to amend subdivision three of section three of an act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' by regulating the weekly advertisements for corporate charters," in so far as it relates to incorporated institutions.

The act approved the twenty-seventh day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, four hundred), entitled "An act providing that no bank, banking company, banking institution, savings bank, trust company, title insurance company, or other corporation, authorized to receive deposits, or carry on a banking or trust business, and no individual, partner-

ship, or unincorporated association carrying on a banking business shall establish, maintain, or operate a branch bank, branch office, agency, sub-office, sub-agency, or branch place of business, within the Commonwealth, for the transaction of any part of its, his, or their business; authorizing the continuance of certain branches, sub-offices, and sub-agencies, with the right to relocate the same, subject to the approval of the Secretary of Banking; authorizing certain of said corporations, individuals, partnerships, and unincorporated associations to hereafter establish, with the consent of the Secretary of Banking, and thereafter maintain and operate branch banks, branch offices, agencies, sub-offices, sub-agencies and branch places of business in certain cities, boroughs, and townships; and repealing inconsistent laws," except in so far as it relates to private banks not subject to the provisions of this act.

The act approved the twenty-seventh day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, four hundred four), (Number two hundred sixty), entitled "An act prohibiting corporations from pleading usury as a defense," in so far as it relates to incorporated institutions.

The act approved the fifth day of May, one thousand nine hundred twenty-seven (Pamphlet Laws, seven hundred seventy-seven), entitled "An act to amend clause five of section twenty-nine of an act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' as amended," absolutely.

The act approved the sixth day of May, one thousand nine hundred twenty-seven (Pamphlet Laws, eight hundred twenty-eight), (Number four hundred seventeen), entitled "An act to further amend the second paragraph of the fifth section of an act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' in so far as it relates to incorporated institutions.

The act approved the fourth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, one hundred forty-two), (Number one hundred forty-six), entitled "An act providing for the approval of the names and changes of names of title insurance companies, trust companies and title insurance and trust companies, by the Secretary of Banking," in so far as it relates to incorporated institutions.

The act approved the fourth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, one hundred forty-three), entitled "An act to amend section one of the act, approved the third day of June, one thousand nine hundred and eleven (Pamphlet Laws, six hun-

dred fifty-two), entitled 'An act requiring each and every director of a bank of discount, banking company, coöperative banking association, trust company, safe deposit company, real estate company, mortgage company, title insurance company, guarantee company, surety and indemnity company, and savings bank, which has been or may hereafter be incorporated under the laws of this Commonwealth with the right to receive moneys on deposit, to take an oath of office, and prescribing the form thereof; said oath to be filed with the Commissioner of Banking,' and providing for the disqualification of the directors who do not own sufficient capital stock, or dispose, hypothecate, or pledge the same during their term," absolutely.

The act approved the twenty-seventh day of March, one thousand nine hundred twenty-nine (Pamphlet Laws, seventy-four), entitled "An act amending section one of an act, entitled 'An act authorizing corporations, organized for profit, to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, the shares of capital stock of, or any bonds, securities or evidences of indebtedness created by, any other corporation,' approved the second day of July, Anno Domini one thousand nine hundred and one (Pamphlet Laws, six hundred and three), so as to include corporations, either public or private, of this or any other State or of the United States of America, or of any territory or dependency thereof, or of any foreign country or any subdivision or agency thereof; and to validate all purchases, sales, assignments, transfers, mortgages, pledges, or other disposition thereof at any time heretofore made," in so far as it relates to incorporated institutions.

The act approved the fourth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, one hundred forty-one), entitled "An act for the preservation of records by State banks, trust companies, savings banks, banks and trust companies, and private bankers," absolutely.

The act approved the tenth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, four hundred eighty), entitled "An act to amend section one of the act, approved the twenty-fourth day of June, one thousand eight hundred and ninety-five (Pamphlet Laws, two hundred fifty-eight), entitled 'An act relating to and regulating the issue and transfer of certificates of stock by companies incorporated under the laws of this Commonwealth,' by authorizing the counter-signatures of assistant treasurers thereon; by permitting the signatures, counter-signatures, and seals thereon in facsimile printed or engraved; and validating certificates of stock heretofore so executed and issued," in so far as it relates to incorporated institutions.

The act approved the eleventh day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, five



hundred twelve), entitled "An act to further amend clause five of section twenty-nine of the act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' by providing the manner in which trust companies may use trust fund awaiting investment or distribution," absolutely.

The act approved the sixteenth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, five hundred twenty-two), entitled "An act providing for and regulating the merger and consolidation of National banking associations with State banks, trust companies, or banks and trust companies," absolutely.

The act approved the eighteenth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, five hundred forty-four), entitled "An act to amend the act, approved the second day of July, one thousand nine hundred and one (Pamphlet Laws, six hundred three), entitled 'An act authorizing corporations, organized for profit, to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, the shares of capital stock of, or any bonds, securities, or evidences of indebtedness created by, any other corporation' by extending the provisions thereof so as to apply to all corporations, and validating past transactions of such character," in so far as it relates to incorporated institutions.

The act approved the twenty-fifth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, seven hundred sixty-three), entitled "An act providing for and regulating the conversion of National banking associations into State banks or trust companies," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, eight hundred twelve), entitled "An act to amend section one of the act, approved the fourteenth day of June, one thousand nine hundred and one (Pamphlet Laws, five hundred sixty-one), entitled 'An act to limit the amount of loans to officers and directors of banks, trust companies, and savings institutions, with capital stock, heretofore or hereafter incorporated in this Commonwealth, and prohibiting loans upon the security of the capital stock of such corporations,' limiting the amount of loans to officers and directors of banks, trust companies, and savings institutions and to firms and houses in which such officers and directors are interested," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, eight hundred thirteen), entitled "An act to further amend section one of an act, approved the nineteenth day of June, one thousand nine hundred and eleven (Pamphlet Laws, one thousand and sixty), entitled 'An

act to provide for licensing and regulating private banking in the Commonwealth of Pennsylvania; and providing penalties for the violation thereof,' as amended, by providing that all moneys or securities deposited with the Secretary of Banking shall, pending their approval, be turned into the State Treasury," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, eight hundred twenty), (Number three hundred fifty-one), entitled "An act authorizing State banks to guarantee the payment of principal and interest of bonds secured by mortgage on real estate," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, eight hundred twenty-seven), entitled "An act permitting savings banks, savings institutions, and provident institutions to invest moneys deposited with them in the bonds of certain railroad companies," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, eight hundred thirty-nine), (Number three hundred sixty-five), entitled "An act authorizing merged or consolidated corporations, possessing fiduciary powers, and composed of trust companies or banking companies or both, to act in any fiduciary capacity, under instruments naming or appointing one of their constituent companies to such fiduciary capacity," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, eight hundred thirty-nine), (Number three hundred sixty-six), entitled "An act to validate grants of letters testamentary to, and acts in fiduciary capacities performed by, merged or consolidated corporations, possessing fiduciary powers, composed of trust companies or banking companies, or both, under instruments naming or appointing one of their constituent companies to such fiduciary capacity," absolutely.

The act approved the thirtieth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws, nine hundred three), entitled "An act relating to corporations; providing methods of determining what stockholders shall be entitled to vote at meetings, or to receive dividends, or allotments of rights, or to exercise rights; and the effect thereon of transfers of stock within sixty days of any election or meeting," in so far as it relates to incorporated institutions.

The act approved the eighth day of May, one thousand nine hundred twenty-nine (Pamphlet Laws, one thousand six hundred forty-seven), (Number five hundred twelve), entitled "An act to amend the act approved the twenty-seventh day of April, one thousand nine hundred and twenty-seven (Pamphlet Laws, four hundred four), entitled 'An act prohibiting corporations

from pleading usury as a defense,''' in so far as it relates to incorporated institutions.

The act approved the seventeenth day of May, one thousand nine hundred twenty-nine (Pamphlet Laws, one thousand eight hundred two), entitled "An act providing that when all or a majority of the outstanding shares of the capital stock of any corporation, now or hereafter created under the laws of this Commonwealth, are owned by a corporation, created under the laws of any other state, the owner or owners of not less than one-fifth of the total number of the outstanding shares of the capital stock of such foreign corporation shall have the right to investigate and inquire into the affairs, management, and operations of such domestic corporation, and to institute, maintain and prosecute actions or proceedings against, or in behalf, of such domestic corporation, for any purpose, to the same extent, in the same manner, with the same force and effect, and with the same rights and remedies, as if he or they were the owner or owners of shares of the capital stock of such domestic corporation; and prescribing the conditions upon which a bond may be required in any such action or proceeding," in so far as it relates to incorporated institutions.

The act approved the twentieth day of March, one thousand nine hundred thirty-one (Pamphlet Laws, four), entitled "An act to amend section one of the act, approved the twenty-fourth day of June, one thousand eight hundred and ninety-five (Pamphlet Laws, two hundred fifty-eight), entitled 'An act relating to and regulating the issue and transfer of certificates of stock by companies incorporated under the laws of this Commonwealth,' as amended, by permitting the signatures, counter-signatures, and seals thereon in facsimile printed or engraved, when the certificate is signed by a transfer agent or assistant transfer agent and registrar; and permitting the use of certificates bearing the signature or counter-signature, or facsimile signature or counter-signature, of any officer who has ceased to be such when the certificate is issued," in so far as it relates to incorporated institutions.

The act approved the twenty-sixth day of March, one thousand nine hundred thirty-one (Pamphlet Laws, ten), (Number eight), entitled "An act to amend subdivision three of section three of the act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' as amended, by regulating the advertising of application of charters for corporations of the first class," in so far as it relates to incorporated institutions.

The act approved the twenty-fifth day of May, one thousand nine hundred thirty-one (Pamphlet Laws, one

hundred eighty-nine), entitled "An act to further amend section twelve of the act, approved the twenty-ninth day of April, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), entitled 'An act to provide for the incorporation and regulation of certain corporations,' by providing that corporations organized either for the supply, storage, or transportation of water and water power, or for the supply of light, heat, and power by means of electricity, and corporations formed by the merger or consolidation of such corporations, may subscribe for, take, purchase, hold, and dispose of the bonds and stock of any company of the same character, or may guarantee the payment of principal and interest of such bonds, or either principal or interest, or may lease and operate corporate property," in so far as it relates to incorporated institutions.

The act approved the twelfth day of June, one thousand nine hundred thirty-one (Pamphlet Laws, five hundred sixty-one), entitled "An act to amend section twenty-three of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four (Pamphlet Laws, seventy-three), as amended by an act, entitled 'An act to amend section twenty-three of an act, entitled "An act to provide for the incorporation and regulation of certain corporations," approved April twenty-ninth, one thousand eight hundred and seventy-four, as amended, by the fifth section of an act, entitled "A supplement to an act, approved April twenty-ninth, one thousand eight hundred and seventy-four, entitled 'An act to provide for the incorporation and regulation of certain corporations,' providing for the further regulation of such corporations and for the incorporation and regulation of certain additional corporations," approved April seventeenth, one thousand eight hundred and seventy-six; requiring the filing of all the reports required by the Auditor General of the Commonwealth, and the payment of all taxes due the Commonwealth of Pennsylvania, by certain corporations, up to and including the date of the proposed sale, assignment, disposition, and conveyance of the franchises and property of such corporation before the returns authorizing such sale, assignment, disposition, and conveyance shall be filed in the office of the Secretary of the Commonwealth,' approved June second, one thousand nine hundred and fifteen (Pamphlet Laws, seven hundred twenty-four); providing that in the case of the sale, assignment, disposition, or conveyance by certain building and loan associations of their franchises and property to certain other building and loan associations, in lieu of the advertisement required by section nineteen of the act first mentioned, notice of the time, place and object of the meeting of

stockholders, therein mentioned, shall be published, once a week for two weeks prior to such meeting, in at least one newspaper published in the county, city or borough wherein the place of business of the building and loan association, so selling, assigning, disposing or conveying, is situate," in so far as it relates to incorporated institutions.

The act approved the twenty-second day of June, one thousand nine hundred thirty-one (Pamphlet Laws, six hundred), entitled "An act permitting savings banks, savings institutions, and provident institutions to invest monies deposited with them in obligations of certain public utility companies," absolutely.

Section 1603. General Repeal of Acts.—All other acts or parts of acts inconsistent herewith are hereby repealed.

APPROVED—The 15th day of May, A. D. 1933.

GIFFORD PINCHOT

No. 113

AN ACT

To amend the act, approved the fifth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, three hundred seventy-four), entitled "An act providing for the licensing and regulation of corporations, copartnerships, associations, and individuals, engaged in the business of receiving payments or contributions to be held or used in any plan of accumulation or investment, or of issuing, negotiating, offering for sale, or selling any certificates, securities, contracts, or other choses in actions evidenced by writing on the partial payment or instalment plan, or of assuming fixed obligations, or issuing, in connection therewith, a contract based upon payments being made upon instalments or single payments, under which all or part of the total amount received is to be repaid at some future time, with or without profit; and imposing penalties," as amended, by providing for the transfer from the Department of Banking to the Pennsylvania Securities Commission of the rights and duties with respect to the licensing and regulation of such corporations, copartnerships, associations, and individuals.

Securities  
Commission.

Investment  
business.

Section 1, act  
of May 5, 1921  
(P. L. 374),  
amended.

Section 1. Be it enacted, &c., That section one of the act, approved the fifth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, three hundred seventy-four), entitled "An act providing for the licensing and regulation of corporations, copartnerships, associations, and individuals, engaged in the business of receiving payments or contributions to be held or used in any plan of accumulation or investment, or of issuing, negotiating, offering for sale, or selling any certificates, securities, contracts, or other choses in actions evidenced by writing on the partial payment or instalment plan, or of assuming fixed obligations, or issuing, in connection therewith, a contract based upon pay-