

affect other provisions or applications of the act which can be given effect without the invalid provision or application, and, to this end, the provisions of this act are declared to be severable.

Section 23. Uniformity of Interpretation.—This act shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states which enact it.

Section 24. Short Title.—This act may be cited as the "Uniform Automobile Liability Security Act."

Section 25. Repeal.—All acts or parts of acts which are inconsistent with the provisions of this act are hereby repealed.

Section 26. Time of Taking Effect.—This act shall take effect on January first, one thousand nine hundred and thirty-four.

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

GIFFORD PINCHOT

No. 111

AN ACT

Relating to the powers and duties of the Department of Banking and the Secretary of Banking in exercising supervision over, and taking possession of and conducting or liquidating the business and property of, corporations, associations, and persons receiving deposits or otherwise transacting a banking business, corporations acting as fiduciaries, and building and loan associations; providing for the payment of the expenses of the Department of Banking by supervised corporations, associations, or persons, and appropriating the Banking Department Fund; authorizing the Department of Banking, under certain circumstances, to examine corporations, associations, or persons affiliated, or having business transactions with supervised corporations, associations or persons; authorizing appeals to the Supreme Court, and prescribing and limiting the powers and duties of certain other courts and their prothonotaries, registers of wills, recorders of deeds, and certain State departments, commissions, and officers; authorizing certain local public officers and State departments to collect fees for services rendered under this act; providing penalties; and repealing certain acts and parts of acts.

TABLE OF CONTENTS

ARTICLE I. SHORT TITLE AND PRELIMINARY PROVISIONS.

- | | | |
|---------|----|--|
| Section | 1. | Short Title. |
| Section | 2. | Definitions. |
| Section | 3. | Notices to Corporations and Persons. |
| Section | 4. | Advertisements, Publications, or Notices
in Newspapers. |
| Section | 5. | Waiver of Notice. |
| Section | 6. | Fees. |

- Section 7. Certification of Copies and Affixing of Department Seal.
- Section 8. Fees for Copies and Certifications by Department.
- Section 9. Admissibility of Copies into Evidence.
- Section 10. Evidential Value of Results of Examinations.
- Section 11. Appeals from Court Orders.
- Section 12. Construction of References.
- Section 13. Saving Clause.
- Section 14. Constitutional Construction.
- Section 15. Act Not Applicable to Small Loan Companies and Certain Private Banks.

ARTICLE II. JURISDICTION AND MAINTENANCE OF DEPARTMENT.

- Section 201. Corporations and Persons Subject to Supervision of Department.
- Section 202. General Scope of Supervision; Exercise of Discretion.
- Section 203. Appropriations for Expenses of Department; Receipts.
- Section 204. Assessment of Expenses of Department upon Institutions.

ARTICLE III. RESTRICTIONS UPON DEPARTMENT AND EMPLOYEES THEREOF.

- Section 301. Relationships of Employees of Department with Institutions; Penalty.
- Section 302. Disclosure of Information Forbidden; Penalty Exceptions.

ARTICLE IV. EXAMINATIONS BY AND REPORTS TO THE DEPARTMENT.

- Section 401. Examinations of Institutions.
- Section 402. Examination of Corporations or Persons Affiliated with Institutions.
- Section 403. Reports to Department; Publication; Penalties.
- Section 404. Disclosure of Information.

ARTICLE V. ACTION BY DEPARTMENT AFTER OFFENSES BY, OR CHANGES IN CONDITION OF, INSTITUTIONS.

- Section 501. Orders by Department.
- Section 502. Enforcement of Department's Order by Court.
- Section 503. Quo Warranto or Injunction Proceedings.
- Section 504. Taking of Possession by Department.
- Section 505. Suits by Department; Jurisdiction of Courts.

ARTICLE VI. TAKING OF POSSESSION BY SECRETARY AS RECEIVER AND SURRENDER THEREOF.

- Section 601. Taking Over Possession by Secretary as Receiver.
- Section 602. Posting of Notice of Possession.
- Section 603. Notice to Insurance Commissioner.
- Section 604. Certificates of Possession; Filing.
- Section 605. Injunction to Restrain Secretary.
- Section 606. Power of Courts to Appoint Receivers.
- Section 607. Taking of Possession upon Request of Institution.
- Section 608. Surrender of Possession; Special Liquidations and Reorganizations.

ARTICLE VII. RIGHTS, POWERS, AND DUTIES OF SECRETARY AS RECEIVER.

- Section 701. Status of Secretary as Receiver.
- Section 702. Appointment of Deputy Receivers, Counsel, and Other Assistants.
- Section 703. Exercise of Discretion by Secretary.
- Section 704. Suspension or Continuation of Business.
- Section 705. Determination to Liquidate; Filing of Supplemental Certificates.
- Section 706. Powers and Duties Before and After Determination to Liquidate.
- Section 707. Inventory and Appraisalment.
- Section 708. Issuance of Subpoenas; Questioning of Witnesses.
- Section 709. Power of Court to Make and Enforce Orders.
- Section 710. Notice to Holders of Assets; Power of Court to Order Transfer.
- Section 711. Sale of Assets Repledged by Institution; Repledge after Possession.
- Section 712. Liens, Judgments, and Executions; Assignments of Claims.
- Section 713. Actions and Suits by and Against Secretary.
- Section 714. Power of Secretary to Borrow from Government Agencies.
- Section 715. Surrender or Transfer of Burdensome Assets.
- Section 716. Compromise of Claims; Extension of Mortgages.
- Section 717. Payment of Mortgages and Liens; Protection of an Equity.
- Section 718. Sales of Real Property.
- Section 719. Effect of Sale upon Liens.
- Section 720. Leases for Property.
- Section 721. Sale or Exchange of Personal Property, Listed and Unlisted Securities.
- Section 722. Deposit of Moneys by Secretary.

Section 723. Enforcement of Shareholders' Liability.

Section 724. Property in Safe Deposit Vault or Held for Safe-Keeping.

ARTICLE VIII. SECRETARY IN POSSESSION OF TRUST DEPARTMENT.

Section 801. Institution as Fiduciary.

Section 802. Secretary in Possession of Trust Department.

Section 803. Disputes as to Identity of Trust Funds.

Section 804. Appointment of Substituted Fiduciaries.

Section 805. Transfer of Assets to Substituted Fiduciary without Filing Account.

Section 806. Filing of Account; Transfer of Assets to Substituted Fiduciary.

Section 807. Deficiencies in Assets Held by Institution as Fiduciary.

Section 808. Compensation Due Institution and Secretary from Estates.

ARTICLE IX. SECRETARY IN POSSESSION OF A MORTGAGE OR SECURITY POOL OR OF AN ASSET IN WHICH UNDIVIDED INTERESTS ARE HELD.

Section 901. Mortgage and Security Pools and Participations; Accounts.

Section 902. Transfer of Pools and Participations without Filing an Account.

Section 903. Notice of Filing Account.

Section 904. Appointment of Substituted Fiduciary; Transfer of Pools or Participations upon Order of Court.

Section 905. Advances by Secretary to Substituted Fiduciary.

Section 906. Compensation and Expenses.

ARTICLE X. PROOF OF CLAIMS, ACCOUNTING, AND DISTRIBUTION.

Section 1001. Notice to Depositors, Shareholders, and Other Creditors.

Section 1002. Proof of Claims of Depositors, or, in Building and Loan Associations, Shareholders.

Section 1003. Proof of Claims of Creditors.

Section 1004. Allowance of Claims.

Section 1005. Advance Payments of Dividends to Depositors.

Section 1006. Expenses of Administration.

Section 1007. Partial or Final Account; Objections.

Section 1008. Exceptions to Account.

- Section 1009. Adjudication of Rejected Claims and Exceptions to Account.
- Section 1010. Confirmation of Account; Distribution of Dividends.
- Section 1011. Order of Preference in Distribution.
- Section 1012. Liquidation of Balance by Trustees.
- Section 1013. Unclaimed Dividends.
- Section 1014. Destruction of Records.

ARTICLE XI. SPECIAL CRIMINAL PROVISIONS.

- Section 1101. Criminal Prosecutions.
- Section 1102. Perjury.
- Section 1103. Statute of Limitations for Violations of Act.

ARTICLE XII. EFFECTIVE DATE AND REPEALER.

- Section 1201. Effective Date.
- Section 1202. Acts and Parts of Acts Specifically Repealed.
- Section 1203. General Repeal 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:

ARTICLE I

SHORT TITLE AND PRELIMINARY PROVISIONS

Section 1. Short Title.—This act shall be known, and may be cited, as the “Department of Banking Code.”

Department of
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:

“Department.” The Department of Banking of this Commonwealth.

“Secretary.” The Secretary of Banking of this Commonwealth, or his duly authorized deputy or representative.

“Corporation.” 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.

“Person.” 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.

“Institution.” A corporation or a person, as defined in this section, which is subject to the supervision of the department.

“Court.” The court of common pleas of the county in which the corporation or person has its principal or only place of business in this Commonwealth; or, where

an institution of which the secretary or receiver is concerned, the particular court in which the certificate of possession, as defined later in this act, is filed.

“Prothonotary.” The prothonotary of such court.

“Written.” This includes printed, typewritten, engraved, lithographed, photographed, photostated, telephotographed.

B. 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.

C. 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. 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 formed under the laws of this Commonwealth, to its principal office, and (c) in the case of a corporation formed under the laws of some other state, to the office of its duly authorized agent in Pennsylvania, or, if there be no duly authorized agent 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 4. Advertisements, Publications, or Notices in Newspapers.—A. Unless expressly provided otherwise, any advertisement, publication, or notice in a newspaper, required by this act, shall be published once a week for three successive weeks (1) 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, published in the city, borough, or township in which the principal place of business of the institution is located; and (2) in first-class counties, also in the legal newspaper, if any, published within the county, as defined by the Newspaper Advertising Act.

If there is no newspaper of general circulation published in the city, borough, or township, then the advertisement, publication, 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, publication, 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 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. 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.

Section 5. Waiver of Notice.—Any notice required by 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, but any such waiver shall not dispense with any advertisement, publication, or notice in a newspaper required by any provision of this act. Such waiver shall be in writing and signed by such corporation or person.

Section 6. Fees.—Except as otherwise specifically provided in this act, any prothonotary or recorder of deeds, and any State department, board, commission, or officer, other than the Department of Banking or its employes, shall be entitled to receive for services performed, as required by this act, such fees as it lawfully charges for such similar services.

Section 7. Certification of Copies and Affixing of Department Seal.—All certifications by the department of copies of books, accounts, reports, or other papers filed with it, shall bear the official seal of the department.

Section 8. Fees for Copies and Certifications by Department.—The department may, by general rule or regulation, prescribe and charge reasonable fees for any copy of a book, account, report, or other paper filed in its offices, and for any certification thereof, authorized or required by law.

Section 9. Admissibility of Copies into Evidence.—When duly certified by the department, a copy of any book, paper, or document on file with it shall be evidence in any court of law or equity, or in any investigation or proceeding authorized by law, or for any other purpose, equally and with the same effect as the original, but in any proceeding, the court having jurisdiction may, on cause shown, require the production of the original.

Section 10. Evidential Value of Results of Examinations.—The record of any examination or investigation of an institution by the department, or the report by the examiner or employe of the department who conducted such examination or investigation, or a copy of either, when duly certified by the department, shall be prima facie evidence of the facts therein stated in any action, at law or in equity, in which one of the parties is the

department, or any officer or employe thereof, either in his official capacity or otherwise, where the basis of the action is an act performed by him in the name of the department.

Section 11. Appeals from Court Orders.—Whenever, pursuant to the provisions of this act, any judgment, decree, or other order is entered by any court in this Commonwealth, either for or against the department, or any relief requested, by or against the department, is refused by such court, either the department or any other party to such proceeding shall have a right of appeal to the Supreme Court in the manner provided by law for appeals to that court, regardless of the amount in controversy.

Section 12. Construction of References.—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.

Section 13. 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 any part thereof shall not be construed to revive any act or part of any act heretofore repealed or superseded.

B. The provisions of this act shall not affect any act done, liability incurred, or right accrued, or 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. 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.

D. 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 14. 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 15. Act Not Applicable to Small Loan Companies and Certain Private Banks.—A. This act does not apply to, and does not affect any act relating to, corporations and persons licensed by the department to

make small loans, as provided by the act, approved the seventeenth day of June, one thousand nine hundred fifteen (Pamphlet Laws, one thousand twelve), entitled "An act regulating the business of loaning money in sums of three hundred (\$300.00) dollars or less, either with or without security, to individuals pressed by lack of funds to meet immediate necessities; fixing the rates of interest and charges therefor; requiring the licensing of lenders; and prescribing penalties for the violation of this act," its amendments and supplements.

B. This act likewise does not 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 eleven.

ARTICLE II

JURISDICTION AND MAINTENANCE OF DEPARTMENT

Section 201. Corporations and Persons Subject to Supervision of Department.—The department shall have the power to supervise—

(1) All corporations and persons which are authorized to receive or which do receive in this Commonwealth money on deposit or for safe-keeping, or which are authorized to engage or which do engage in this Commonwealth in a banking business, and all corporations which are authorized to act or which do act in this Commonwealth as trustees, guardians, executors, administrators, or in other fiduciary capacities, including banks, bank and trust companies, trust companies, private banks, other than those exempted by this act, savings banks, mutual savings funds, and safe-deposit companies; but not including hotels or clubs which receive money from guests or members for temporary safe-keeping, express, steamship, or telegraph companies which receive money for transmission, and attorneys at law, real estate 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, 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:

(2) All building and loan associations authorized to transact or transacting business in this Commonwealth:

(3) All national banking associations, incorporated under the laws of the United States, which are author-

ized to act and which do act in this Commonwealth as trustees, guardians, executors, administrators, or in any other fiduciary capacities, to the extent to which supervision by state authorities is or may be permitted under the laws of the United States.

However, when any corporation subject to the supervision of the Department of Banking shall also engage in a title insurance business, a mortgage guarantee business, or any other business subject to the supervision of the Insurance Department, such branch of its business shall not be subject to the supervision of the Department of Banking.

Section 202. General Scope of Supervision; Exercise of Discretion.—A. In addition to the powers and duties provided for in this act, the department shall exercise any power and fulfill any duty imposed upon it by any other law of this Commonwealth. Except where otherwise specifically provided, the department shall enforce and administer all laws of this Commonwealth which relate to any institution, and shall exercise such general supervision over institutions as will afford the greatest possible safety to depositors, other creditors, and shareholders thereof.

B. Whenever under this act, discretion is vested in the department as to whether, or the manner in which, to exercise a power or fulfill a duty, the department shall, after such examination or investigation as it shall deem appropriate under the circumstances, take such action as it deems to be the best interests of the depositors, other creditors, and shareholders of such institution.

Section 203. Appropriations for Expenses of Department; Receipts.—A. All moneys collected or received by the department, arising from fees, assessments, charges, and penalties, from the sale by the Department of Property and Supplies of unserviceable property originally paid for out of the Banking Department Fund, and from similar sources, are hereby specifically appropriated to the Department of Banking to be used to pay its expenses, including the following:

(1) Salaries of the secretary, the deputies, the examiners, the other employes of the department, and such deputy attorneys general, special deputy attorneys general, assistant deputy attorneys general, and other counsel as may be assigned by the Department of Justice to the department, or to the handling of any legal business pertaining to its work;

(2) Rental and other expenses for offices, rooms, garage space, and other accommodations outside of the Capitol Buildings either in or outside of the capital city, occupied by the department;

(3) Premiums for workmen's compensation insurance covering the officers and employes of the department;

(4) Premiums for surety bonds for such officers or

employees of the department as may be required by law to furnish such bonds;

(5) Purchase and operating costs of motor vehicles required by the department for full-time use, including premiums for liability insurance covering such motor vehicles and the department officers and employes operating them; also the amount payable to the Department of Property and Supplies for the use of automobiles supplied by it for temporary use by the Department of Banking;

(6) Furniture, stationery, materials, supplies, and all other overhead expenses of the department.

All such purchases and leases shall be made, and all such contracts of insurance and surety bonds shall be placed, through the Department of Property and Supplies, as agent.

B. Estimates of the amounts to be expended under this act by the Department of Banking, either itself or through the Department of Property and Supplies as purchasing agent, shall be submitted to the Governor from time to time for his approval or disapproval, as in the case of other appropriations made to administrative departments, boards, and commissions; and it shall be unlawful for the Auditor General to honor any requisition for the expenditure of any moneys out of this appropriation by the Department of Banking or by the Department of Property and Supplies as its agent, in excess of the estimates approved by the Governor. Subject to this provision, the Auditor General shall, from time to time, draw warrants upon the State Treasury for the amounts specified in such requisitions, not exceeding, however, the amount in the Banking Department Fund at the time of the making of any such requisition.

Section 204. Assessment of Expenses of Department upon Institutions.—A. All the expenses of the department, including those enumerated in this act or otherwise authorized by law, shall be charged to and paid by all institutions, in such equitable amounts, at such times, and in such manner as the department shall, by general rule or regulation, prescribe. The expenses incurred by the department in connection with any examination or investigation, whether regular or special, including a proportionate part of the salary of any examiner or other employe of the department engaged in such examination or investigation, and all counsel assigned by the Department of Justice at the request of the Department of Banking to an examination or investigation, may be assessed by the Department of Banking upon the particular institution examined or investigated.

B. The department shall give written notice to each institution of the amount lawfully charged against it under the provisions of this act. The institution shall pay the amount of such assessment to the department

within thirty days after such notice. If payment is not made by any institution within such thirty-day period, the department, through the Department of Justice, may institute an appropriate action at law for the amount lawfully assessed against such institution, together with any additional costs incurred by the Department of Banking or the Department of Justice by virtue of such failure to pay.

ARTICLE III

RESTRICTIONS UPON DEPARTMENT AND EMPLOYEES THEREOF

Section 301. Relationships of Employes of Department with Institutions; Penalty.—A. Neither the secretary, nor any deputy, examiner, clerk, or other employe of the department, shall be an officer, director, trustee, manager, employe, or shareholder of, or directly or indirectly have any pecuniary interest in, any institution; nor shall he, after becoming secretary, or a deputy, examiner, clerk, or other employe of the department, directly or indirectly receive from any institution, or from any officer, director, or employe thereof, any sum of money or other property, whether as a gift, credit, loan, or otherwise. However, the secretary, or any deputy, examiner, clerk, or other employe of the department, may secure from any institution a mortgage loan upon his own home, upon the same terms and in the same manner as are provided by law for mortgage loans by such institutions upon real property and as are customarily imposed and followed by the institution making such loan.

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

B. A violation by the secretary, deputy, examiner, clerk, or other employe of the prohibitions of this section shall constitute sufficient ground for his removal from office. In addition, the secretary, deputy, examiner, clerk, or other employe committing such violation shall be deemed 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 which he has directly or indirectly received in violation of this section.

Section 302. Disclosure of Information Forbidden; Penalty; Exceptions.—A. Neither the secretary, nor any deputy, examiner, clerk, or other employe of the department, shall publish or divulge to anyone any information contained in or ascertained from any examination or investigation made by the department, or any

letter, report, or statement sent to the department, or any other paper or document in the custody of the department, except when the publication or divulgement of such information is made by the department pursuant to the provisions of this act or of any other law of this Commonwealth, or when the production of such information is required by subpoena or other legal process of a court of competent jurisdiction, or when it is used in prosecutions or other court actions instituted by or on behalf of the department.

B. A violation of the provisions of this section by the secretary, or by any deputy, examiner, clerk, or other employe of the department, shall be sufficient ground for his removal from office. In addition the secretary, deputy, examiner, clerk, or other employe committing such violation shall be deemed 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.

ARTICLE IV

EXAMINATIONS BY AND REPORTS TO THE DEPARTMENT

Section 401. Examinations of Institutions.—A. The department shall examine all institutions thoroughly at least once each year, and more frequently if it deems such action necessary or advisable to safeguard the interests of depositors, other creditors, or shareholders of such institutions. This examination shall include a complete review of the property, assets, and resources of the institution; the loans and discounts made by it and the collateral deposited with it as security for such loans; the mode of conducting its affairs; the investment of its funds; the interest taken in its affairs by its officers, directors, and employes if a corporation, or by its employes and the partners or individuals owning it if a person; its compliance with the law, and with the terms of its charter or license if it has either; and any other matters, bearing any relation to its condition, which the department shall prescribe.

The department may also make special examinations or investigations of any institution at any time the department deems such action necessary or advisable to protect depositors, other creditors, or shareholders thereof.

B. The department, when requested in writing by a person subject to its supervision, or by the board of directors or the holders of a majority of the shares of capital stock of a corporation subject to its supervision, shall examine or investigate the affairs and condition of such institution. However, this provision shall not be construed to mean that such person, directors, or shareholders shall have any greater right to require the department to disclose to them the results of any such

examination or investigation than they have in the case of any regular examination or investigation.

C. The department, upon the receipt of notice from the Insurance Commissioner that he has become receiver of a corporation or person, any branch of the business of which is subject to the supervision of the Department of Banking, shall examine or investigate the affairs and condition of such institution in order to determine whether any action should be taken by the Department of Banking, pursuant to the provisions of this act.

D. Examinations or investigations shall be made by the secretary, or by qualified examiners or other qualified employes designated for that purpose by the secretary or by his duly authorized deputy, and empowered, in writing, by the department to make examinations or investigations of institutions.

E. In the case of an institution which is a member of a Federal Reserve Bank, the department may, in its discretion, accept the examinations or reports made under the Federal Reserve Act in lieu of those required by this act.

F. In connection with any examination or investigation the department shall have power to issue subpoenas requiring the attendance of, or the production of pertinent books and papers by, the officers, directors, agents, employes, or members, respectively, of any corporation or person which the department is authorized, under the provisions of this act, to examine. The department shall also have the power to question such witnesses under oath or affirmation, and to examine such books and papers.

Any witness who refuses to obey a subpoena issued under this section, or who refuses to be sworn or affirmed, or to testify, or who is guilty of any contempt after summons to appear, may be punished as for contempt of court, and, for this purpose, an application may be made to any court of common pleas within whose territorial jurisdiction the offense was committed, for which purpose such court is hereby given jurisdiction.

Section 402. Examination of Corporations or Persons Affiliated with Institutions.—The Department of Banking shall have the power to supervise, regulate, limit, or prohibit the activities of corporations or persons affiliated with institutions to the same extent as such activities of corporations or persons affiliated with national banking associations, or with members of a Federal Reserve Bank, are, or shall be, supervised, regulated, limited, or prohibited by general law, or by regulations issued by any Federal authority pursuant to law.

Section 403. Reports to Department; Publication; Penalties.—A. Every institution, except building and loan associations, shall send to the department at least twice each year, and more frequently if the department shall so order, a complete report of its condition, exhib-

iting in detail, under appropriate headings, the resources and liabilities of the institution. Every building and loan association shall send such a report to the department once each year, unless the department orders more frequent reports.

The department may also require special reports on the condition of, or any particular facts concerning, any institution at any time the department deems it necessary or advisable for the protection of the depositors, other creditors, or shareholders thereof.

B. The form of all reports, the information to be contained in them, and the date on which they shall be due shall be prescribed by the department. The reports shall be verified by the oath or affirmation of the president, cashier, secretary, treasurer, or other managing officer of a corporation, or by one of the firm in the case of a partnership or other unincorporated association, or by the banker if an individual. In the case of a corporation, the report shall also be attested as correct by the signatures of at least three of its directors or trustees.

C. Every institution, except building and loan associations, shall publish during each year, in a newspaper or newspapers in the manner provided by this act, abstract summaries of any two of its reports designated for this purpose by the department, and shall send proof of such publication to the department. Such publication shall be required only once in a newspaper of general circulation, and, in first class counties, once in a legal newspaper. Building and loan associations shall not be required to publish any abstract summaries of reports.

D. The department shall furnish to anyone requesting it, upon payment of a reasonable fee to be fixed by the department, an abstract summary of any report then in its possession of any building and loan association subject to its supervision, showing the assets, liabilities, receipts, and disbursements of such building and loan association.

E. Any institution which fails to make or publish any report, or to furnish any proof of publication, in accordance with the provisions of this section, shall pay to the department a penalty of one hundred dollars for each day after the time fixed by the department for filing such report, making such publication, or furnishing such proof of publication, 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 file or publish the report or to furnish proof of publication thereof. If an institution fails to pay a penalty from which it has not been relieved, the department may, through the Department of Justice, maintain an action at law to recover it.

Section 404. Disclosure of Information. — A. The department may divulge to an institution, or to any

officer, or any director or trustee thereof, any information contained in or ascertained from an examination or investigation of such institution made by the department.

B. The department, on the written request or consent of any institution, authorized in the case of corporations by resolution of its board of directors, or its board of trustees, as the case may be, may discuss with any person or persons selected by the department, or selected by such institution and approved by the department, any matters relating to the financial condition of such institution.

C. The department, on the written request or consent of any institution, authorized in the case of corporations by resolution of its board of directors, or its board of trustees, as the case may be, may furnish to the Federal Reserve Board, to the Federal Reserve Bank of the district in which the place of business of any institution is located, or to any agency or instrumentality of the United States government, or of the Commonwealth of Pennsylvania, any information in its possession relating to such institution.

D. The department may, from time to time, with the approval of the Governor, cause to be published a summary of the condition of institutions under its supervision, containing such information in relation to such institutions as in its judgment is desirable.

E. This section shall not be construed to require the department to publish or divulge any such information, when in the opinion of the department such publication or divulgement is undesirable.

ARTICLE V

ACTION BY DEPARTMENT AFTER OFFENSES BY, OR CHANGES IN CONDITION OF, INSTITUTIONS

Section 501. Orders by Department.—A. Whenever it shall appear to the department that any institution is violating any provision of its charter, or of this act, or of any other law regarding the business of such institution, or that such institution is conducting business in an unsafe or unsound manner, the department may issue a written order, under the seal of the department, directing such institution to discontinue, within such period as shall be specified in the order, such violation of law or such unsafe or unsound practice.

B. Whenever it shall appear to the department that the capital of a corporation under its supervision has been impaired, or the capital and surplus reduced below the minimum required by law or below the amount required by its articles of incorporation, the department may issue a written order, under the seal of the department, directing such corporation to make good the de-

ficiency within such period as shall be specified in the order.

C. Whenever it shall appear to the department that the bond or securities of a person under its supervision, which are required by law to be deposited with the department, have depreciated in value so that their present value is below the minimum amount required by law, the department may issue a written order, under the seal of the department, directing such person to make good the deficiency within such period as shall be specified in the order.

D. Whenever it shall appear to the department that any institution is not keeping its books and accounts in such manner as to enable the department with reasonable facility, to ascertain the true condition of the institution, the department may issue a written order, under the seal of the department, requiring such institution, within such period as shall be specified in the order, to open and keep such books as the department may, in its discretion, reasonably determine are essential for the purpose of keeping accurate and convenient records of the transactions and accounts of such institution.

E. Whenever any institution shall refuse to submit its records and affairs to a legally conducted examination or investigation by the department, the department may issue a written order, under its seal, requiring such institution to permit the secretary, or other duly authorized examiner, to make such examination or investigation, within such period as shall be specified in the order.

Section 502. Enforcement of Department's Order by Court.—Whenever an institution shall not comply with the terms of an order of the department which has been properly issued under the circumstances, the department, upon notice to the institution, may, through the Department of Justice, petition the court of common pleas, either of Dauphin County, or of the county in which the institution has its principal or only place of business, for an order directing the institution to obey the order of the department within such period as shall be fixed by the court. Upon the filing of such petition, the court shall allow a rule to show cause why it should not be granted. Whenever, after a hearing upon the merits, it shall appear that the order of the department was lawfully issued, the court shall grant the petition of the department.

Section 503. Quo Warranto or Injunction Proceedings.—A. When any corporation subject to the supervision of the department (1) has not had its capital, surplus, or expense fund paid in as required by law, or (2) has not in any manner exercised at least one of the powers conferred upon it by its articles of incorporation within two years after the issuance of its certificate of incorporation by the Department of State, or (3) has formerly exercised any of its corporate powers but for

a period of two years has not exercised at least one of them, the department shall notify the Department of Justice of these facts, and the Department of Justice may then proceed by quo warranto against such corporation, in the manner provided by law, to oust it from its corporate powers and privileges.

B. When any institution violates any provision of its articles of incorporation, and refuses to obey a lawfully issued order of the department that it cease such violation, the department may notify the Department of Justice of these facts, and the Department of Justice may then institute quo warranto proceedings against such corporation, in the manner provided by law.

C. When any person subject to the supervision of the department has not, for a period of two years, done any act in pursuance of its banking powers, the department shall notify the Department of Justice of these facts, and the Department of Justice may then proceed against such person by the method provided by law to enjoin it permanently from doing a banking business in this Commonwealth.

D. Quo warranto or injunction proceedings brought pursuant to the provisions of this section may be instituted either in the court of common pleas of the county in which the institution has its place of business or in the court of common pleas of Dauphin County.

Section 504. Taking of Possession by Department.—

A. The department may take possession of the business and property of any institution subject to its supervision whenever it shall appear to it that such institution—

(1) Is violating its articles of incorporation, any order of the court issued upon application of the department, or any law of the Commonwealth regulating its business; or

(2) Is conducting its business in an unsafe manner; or

(3) Is in an unsafe or unsound condition to transact its business; or

(4) In the case of a corporation, has an impairment of its capital below the minimum required by law or by its articles of incorporation; and in the case of a person, has not made good a depreciation in the value of the bonds or securities deposited with the department below the minimum required by law; or

(5) Has suspended payment of its obligations, without authority of law, and in the case of a building and loan association, has not, for a period of one year after due demand or notice by a shareholder, paid any matured share or any withdrawal; or

(6) Has refused to submit its records and affairs to, or its officers or directors have refused to be examined upon oath or affirmation concerning its affairs by, the secretary, or any other duly authorized examiner, in

connection with any lawful examination or investigation ;
or

(7) Requests the department, by its board of directors or its board of trustees in the case of a corporation, and, in the case of a person, by its individual owner or owners, to take possession for the benefit of depositors, other creditors, and shareholders.

B. Before taking possession, the department shall conduct a hearing before the department and the Department of Justice, which may be attended only by, and notice of which shall be given only to, the officers and directors of the corporation, or the officers and individual owner or owners of the person. After such hearing, the department may, if it first procures the consent of the Department of Justice, take possession :

Provided, however, That whenever immediate action shall be necessary in order to protect the interests of the depositors, other creditors, or shareholders of an institution, it may take possession without conducting a hearing and without the approval of the Department of Justice.

C. In addition, whenever the secretary in his official capacity is appointed receiver by any court of equity, as provided by law, the department shall take possession of the business and property, and the secretary shall act as receiver, of the institution in the same way and with the same rights and limitations as when the department takes possession in the customary manner provided by this act.

Section 505. Suits by Department ; Jurisdiction of Courts.—This act shall not be construed to limit the right of the department in the course of its supervision of institutions to bring any suit in courts of law or of equity, in pursuance of any remedy permitted by the laws of this Commonwealth, or by those of any other state in which the department brings suit.

ARTICLE VI

TAKING OF POSSESSION BY SECRETARY AS RECEIVER AND SURRENDER THEREOF

Section 601. Taking Over Possession by Secretary as Receiver.—Whenever the department takes possession of the business and property of an institution, the secretary shall, by operation of law, simultaneously take over such possession from the department and become receiver of such institution, subject to the provisions of this act. His official title, when thus in possession of the business and property of an institution, shall be receiver of such institution.

Section 602. Posting of Notice of Possession.—The secretary, upon taking possession of the business and property of an institution as receiver, shall post notice of such fact on the front door of the institution.

Section 603. Notice to Insurance Commissioner.—Whenever the secretary shall become receiver of an institution which engages in the business of insuring titles or guaranteeing bonds secured by mortgages, or which transacts any other business which is subject to the supervision of the Insurance Department, he shall inform the Insurance Department that he has taken possession of the business and property of such institution.

Section 604. Certificates of Possession; Filing.—A. The secretary, upon taking possession of the business and property of an institution as receiver, shall forthwith, under the seal of the department, prepare in duplicate a certificate, to be known as the certificate of possession, setting forth that he has become receiver of the institution. It shall state the name of the deputy receiver whom the secretary, pursuant to the provisions of this act, appoints to take charge of the affairs of the institution, and shall set forth the duties which he delegates to such deputy receiver. If the secretary does not appoint a deputy receiver prior to the date of the filing of the certificate of possession, or if he appoints a new deputy receiver or an additional one, or if he adds to the duties of the deputy receiver, he shall prepare, in duplicate, and file a supplement to the certificate of possession.

B. The secretary shall file the original certificate of possession and the original of any supplement thereto in his office in Harrisburg, and the duplicate certificate of possession and the duplicate of any supplement thereto in the office of the prothonotary. The certificate of possession filed in the prothonotary's office, and any supplement thereto, shall be listed in the judgment index in the name of the institution as defendant and of the secretary as plaintiff.

C. In addition the secretary shall, as soon as possible, file a certified copy of the certificate of possession, and of any supplement thereto, in the office of the recorder of deeds in each county in the Commonwealth, or with the proper official in any other state or country, in which any real property shall be situated which belongs to the institution or title to which is in its name, or upon which there is a mortgage or other lien which belongs to the institution or title to which is in its name. Such copy shall be recorded in the current deed book, and shall be indexed in the grantors' index in the name of the institution and in the grantees' index in the name of the secretary, or it shall be filed, indexed, or registered by whatever other method is provided by the law of the particular county, state, or country in which such real property is located.

Section 605. Injunction to Restrain Secretary.—Any institution of whose business or property the secretary has taken possession as receiver, may, at any time within ten days after the secretary has become receiver, apply to the court for an order requiring the secretary to show

cause why he should not be enjoined from continuing as receiver. Service may be made in such action by serving the secretary personally, or by leaving a copy with the deputy in charge of his office in the department, or by serving the deputy receiver appointed by the secretary to manage the affairs of such institution. The court shall, after a hearing upon the merits, either dismiss the application or order the secretary to surrender to the institution possession of its business and property, but no such injunction shall issue where the secretary has been appointed receiver by action of a court of competent jurisdiction, or by action of the institution itself, in accordance with the provisions of this act.

Section 606. Power of Courts to Appoint Receivers.—No court shall appoint anyone but the secretary as receiver of an institution. Whenever any court, at the instance of a depositor, shareholder, or other person entitled by law to institute such proceedings, shall determine that a receiver should be appointed, for any reason whatsoever, it shall appoint the secretary as such receiver.

When thus appointed receiver by a court, the secretary shall serve in the same manner and with the same limitations, and he shall have the same rights, powers, and duties, as when he becomes receiver by operation of law and without appointment by any court. No court shall impose upon the secretary as receiver any duties or restrictions which are in conflict with the provisions of this act.

Section 607. Taking of Possession upon Request of Institution.—No institution shall make a general assignment of its business and property for the benefit of its creditors by the appointment of an assignee or a trustee, or otherwise. In lieu of the power to make an assignment for the benefit of creditors, an institution may request the department to take possession in the regular manner provided by law. In such cases, the department shall take possession, and the secretary shall take over such possession and become receiver, in the same manner and subject to the same provisions of this act as when the department takes possession of the business and property of an institution without the request of such institution.

Section 608. Surrender of Possession; Special Liquidations and Reorganizations.—A. The secretary may, upon conditions approved by him, surrender possession of an institution of which he has taken possession as receiver, at any time prior to final liquidation and distribution, under the following circumstances:

(1) He may surrender possession to the institution itself when he finds it to be in a safe and sound condition to resume its business;

(2) He may surrender possession to the institution itself when he is without funds to liquidate its business

and property. In such case, the secretary shall first accord to the shareholders, and the depositors or other creditors of the institution, a period of not less than two weeks in which to advance sufficient funds for the secretary to liquidate the business. Where such funds are advanced, they shall be considered an expense of administration and shall be given the same preference in the distribution of assets as any other expenses of administration. Where possession has been surrendered to an institution under such circumstances, the institution may not conduct any business except the liquidation of the assets. In the distribution of any moneys realized by the institution on its assets, it shall follow the same order and preference as is established by this act for distribution by the secretary of the assets of an institution of which he is in possession as receiver. Upon the approval of his account by the court, and upon the filing of the supplement to the certificate of possession, pursuant to the provisions of this section, the secretary shall be relieved of all duties with reference to such institution. However, if the department shall deem it advisable to resume possession of the institution at any time, it may do so in the same manner as is provided for the taking possession of any institution, in which case the secretary shall again take over possession and become receiver, with all the rights, powers, and duties granted to, or imposed upon the secretary, as receiver, by this act.

(3) He may surrender to the institution itself, or to any other corporation or person, possession of all or part of the business, property, moneys, credits, or other assets of the institution of which he is in possession as receiver to permit to be carried into effect a special plan of liquidation, reorganization, or rehabilitation which has been approved by the court and by (a) depositors and other creditors of the institution, to whom is due ninety per cent in amount, regardless of the number, of the claims stated in writing by the secretary to be due to depositors and other creditors of such institution, and (b) the holders of a majority of the shares of stock of such institution, if a corporation, except that in the case of a building and loan association, the approval of the holders of eighty per cent of the shares of stock of such corporation shall be required.

However, the secretary shall not authorize any decrease of capital by a corporation affected by the provisions of this section, except upon compliance by such corporation with the provisions of law as to such decrease.

B. Whenever the secretary shall surrender possession under the provisions of this section, he shall forthwith, under the seal of the department, prepare in duplicate a supplement to the certificate of possession, setting forth in detail all the conditions and purposes of such

surrender. He shall file the original of such supplement in his office in Harrisburg and the duplicate in the office of the prothonotary, where it shall be indexed in a manner which will, in so far as necessary, satisfy the prior record of the certificate of possession. He shall also file a certified copy of such supplement in the office of the recorder of deeds in each county in the Commonwealth, or with the proper official in any other state or country, in which any real property so surrendered, or any real property upon which there shall be a mortgage or other lien so surrendered, shall be situated.

C. Whenever the secretary shall, under the provisions of this section, surrender possession of the entire business and property of an institution of which he is in possession as receiver, he shall file in the court an account, which shall correspond to any other final account which he is required by this act to file. Such account shall be subject to exceptions by shareholders, or depositors, or other creditors, and to confirmation by the court, in the same manner as is provided by this act for any account filed by the secretary as receiver.

ARTICLE VII

RIGHTS, POWERS, AND DUTIES OF SECRETARY AS RECEIVER

Section 701. Status of Secretary as Receiver.—Except as otherwise provided in this act, the secretary, when he has taken possession of the business and property of an institution, shall be responsible to the court in which the certificate of possession is filed, and not to any other court. His rights, powers, and duties shall be those of a general receiver appointed by any court of equity in this Commonwealth, except as such rights, powers, and duties are increased or limited by the provisions of this act. He shall be vested, in his official capacity, with all the rights, powers, and duties of such institution; with the title or the right to possession of all property to which the institution has title or the right to possession, including debts due, and liens and other security therefor; and with the institution's rights of action or redemption. This shall be so whether such property and debts due, such liens or other security therefor, or such rights of action or redemption, are held in the name of such institution, or in the name of some other corporation or person. He shall have power to execute in his name, as receiver, any instrument incident to the exercise of any power granted to or any duty imposed upon him as receiver of such institution.

The secretary shall be the representative of the creditors of the institution and shall be entitled, as such, to have vacated and set aside, for the benefit of the creditors, any judgment, execution, attachment, sequestration, payment, pledge, assignment, transfer, conveyance,

or encumbrance, which could have been avoided by any of the creditors, or by which one creditor is given an unlawful preference over another.

Section 702. Appointment of Deputy Receivers, Counsel, and Other Assistants.—The secretary may appoint one or more official agents, to be known as deputy receivers, to assist him in the management, reorganization, consolidation, liquidation, or distribution of the assets and affairs of any institution of which he has taken possession as receiver. The secretary may delegate to each deputy receiver any duty imposed upon, or any right or power granted to, him as receiver. The secretary may also employ such other assistants as he deems necessary, including such deputy attorneys general, special deputy attorneys general, assistant deputy attorneys general, or other attorneys as may be appointed by the Department of Justice and assigned to the secretary for the handling of any legal business pertaining to the affairs or property of such institution. The secretary may also retain to assist him in the management, reorganization, consolidation, liquidation, or distribution, any officer or other employe of the institution of which he has taken possession.

Section 703. Exercise of Discretion by Secretary.—

A. Whenever, under this act, discretion as to whether, or the manner in which, to exercise a power or fulfill a duty is vested in the secretary in possession of an institution as receiver, he shall, after such examination or investigation as shall seem appropriate under the circumstances, take such action as he deems to the best interests of the depositors or other creditors, and, in the case of building and loan associations, also of the shareholders of such institution.

B. The words "the best interests of the estate," whenever used in this act, shall be construed to refer to the best interests of the depositors or other creditors, and in the case of building and loan associations, also of the shareholders of such institution.

Section 704. Suspension or Continuation of Business.—The secretary is authorized, upon taking possession of the business and property of an institution as receiver, to continue or to suspend the business for such period as he may deem necessary to enable him to determine whether to surrender such possession to the institution, to authorize a merger or consolidation, to liquidate the affairs of such institution, or to take such other action as is authorized by law. During such period, he shall take any action he deems necessary to conserve the assets and business, or to protect the best interests of the estate.

Section 705. Determination to Liquidate; Filing of Supplemental Certificates.—The secretary shall, within six months after the date on which he takes possession of any institution as receiver, determine whether or not

to liquidate the business and property and distribute the assets of the institution. If he shall determine to liquidate, he shall forthwith, under the seal of the department, prepare, in duplicate, a supplement to the certificate of possession, setting forth this fact. He shall file the original supplement in his office in Harrisburg and the duplicate in the office of the prothonotary. He shall then proceed to liquidate the affairs of the institution with as much dispatch as shall appear to be expedient under the circumstances.

Section 706. Powers and Duties Before and After Determination to Liquidate.—Except where otherwise specifically provided, all powers and duties granted by this act to the secretary in possession of the business and property of an institution as receiver, may be exercised by him both before and after his formal determination, pursuant to the provisions of this act, to liquidate the affairs of such institution.

Section 707. Inventory and Appraisalment.—A. When the secretary has taken possession of the business and property of an institution as receiver, he shall forthwith prepare, in duplicate, a complete and detailed inventory of the assets of such institution. The inventory shall be verified by oath or affirmation of the secretary or other person making it.

B. As soon as expedient after taking possession, the secretary shall cause a complete appraisalment of the assets of the institution to be made, in duplicate, under oath or affirmation, by not less than two nor more than three disinterested appraisers selected by him. Such appraisalment shall be included upon the same document or documents as the inventory. The value of the assets shall be computed in such appraisalment as of the date on which the secretary took possession.

C. The original and duplicate of the inventory and appraisalment shall be filed in the office of the secretary in Harrisburg. However, if the secretary shall determine, in accordance with the provisions of this act, to liquidate the affairs of the institution, he shall, immediately after such determination to liquidate, file the duplicate inventory and appraisalment in the office of the prothonotary.

Section 708. Issuance of Subpœnas; Questioning of Witnesses.—A. In order to enable the secretary to secure a complete inventory and appraisalment, or to carry out any other right, power, or duty, granted to or imposed upon him as receiver by this act, the secretary shall have the power to issue subpœnas requiring the attendance of, or the production of pertinent books and papers by, any officer, director, agent, employe, or member respectively of the corporation or person of which he has taken possession, or any other individual whom the secretary believes to have information of importance regarding the affairs of the institution. He shall also

have the power to question such witnesses under oath or affirmation, and to examine such books and papers.

The secretary may delegate to the appraisers appointed by him, or to any other duly authorized agent, the power granted to him as receiver under this section.

Any witness, who refuses to obey a subpoena issued under this section, or who refuses to be sworn or affirmed, or to testify, or who is guilty of any contempt after summons to appear, may be punished, as for contempt of court, by the court in which the certificate of possession of the institution, concerning the affairs of which the witness was subpoenaed, is filed.

B. Every witness called by the secretary or his duly authorized agent, in connection with the affairs of an institution in possession, shall be entitled to the fees and mileage customarily paid to witnesses in the courts of the county in which the institution has its place of business.

Section 709. Power of Court to Make and Enforce Orders.—The court in which the certificate of possession is filed shall sit as a court of equity. It shall have the power, upon petition of the secretary, to make and enforce any appropriate order to enable him, with the utmost dispatch, to discharge his duties in connection with the business and property of any institution of which he has taken possession, as receiver, pursuant to the provisions of this act.

The court shall grant to the party against whom the order is sought the right to appear, within ten days after notice is given, to show cause why the order should not be made. The court shall have the power, at the end of the ten-day period, ex parte if the other party does not appear to show cause, or upon the merits, if the party does appear, to issue the aforementioned order.

Section 710. Notice to Holders of Assets; Power of Court to Order Transfer.—A. Upon becoming receiver of any institution, the secretary shall forthwith give notice in writing of such fact to all corporations and persons having custody or possession of any assets or other property which the institution of which he is receiver owns or to which it has the right to possession or custody for any purpose whatsoever.

B. The court shall have the power, upon petition of the secretary, to order any corporation or person which has custody or possession of assets or other property to which such institution shall have the right of custody or possession, for any reason whatsoever, to transfer or convey such property to the secretary and to execute and deliver any instrument necessary to accomplish that purpose.

The court shall grant to such corporation or person the right to appear, within ten days after notice is given, to show cause why the order should not be made. The court shall have the power, at the end of the ten-day

period, to issue the aforementioned order, *ex parte* if the corporation or person does not appear to show cause, or upon the merits, if the corporation or person does appear.

Section 711. Sale of Assets Repledged by Institution; Repledge after Possession.—A. Where assets belonging to others, shall be pledged or given as collateral by an institution of which the secretary subsequently takes possession as receiver, and the pledgee has actual knowledge at the time of the pledge that the assets are not assets of the institution, such pledgee shall not forfeit or sell any such collateral or pledged assets, after the secretary has taken possession, without the written permission of the secretary, any provision in any collateral note or agreement to the contrary notwithstanding; but if the secretary refuses such permission, the pledgee may, after notice to the secretary, petition the court for leave to sell such assets. The court may, after giving the pledgee and the secretary an opportunity to be heard, grant such leave, or it may make such other order as it deems to be the best interests of all parties concerned.

However, if the assets so pledged by any such institution are accompanied by the obligation of the corporation or person owning them, the pledgee shall have the power to exercise all the rights, powers, and privileges contained in such obligation held by such pledgee, including the sale of the assets.

B. Where assets belonging to an institution of which the secretary has taken possession as receiver have been pledged or given as collateral by such institution, or where assets belonging to others shall have been pledged or given as collateral by an institution of which the secretary subsequently takes possession as receiver, and the pledgee does not have actual knowledge at the time of the pledge that such assets are not assets of the institution, such pledgee may forfeit or sell any such collateral or pledged assets, after the secretary has taken possession, in accordance with the right of such pledgee under the agreement under which such assets or collateral were pledged.

C. The secretary shall not repledge any assets held by an institution of which he is in possession, in pledge or as collateral, but belonging to other corporations or persons, unless such repledge is accompanied by the obligation of the original borrower from the institution and is for an amount not exceeding the amount of the original obligation due at the time the collateral is repledged.

Section 712. Liens, Judgments, and Executions; Assignments of Claims.—A. The status of all parties shall become fixed on the date the secretary takes possession of the business and property of the institution, as receiver. No corporation or person shall thereafter acquire any lien or charge against any of the assets of the

institution of which the secretary is receiver, including mechanics' liens for charges, payments, advances, or clearances thereafter made or thereafter incurred, or liens by reason of the entry of any judgment against such institution after the secretary has taken possession.

B. Assignments of claims of depositors or other creditors of the institution, which are made before the secretary takes possession but notice of which is not received by the institution before such taking of possession, shall be regarded as, and shall have only the legal incidents of, assignments made after the secretary takes possession.

C. No execution or attachment, pending or otherwise, shall respectively issue, or be proceeded with, against any property, moneys, or assets, owned by, or legally in the custody or possession of, an institution of which the secretary is in possession as receiver, except that an execution may be permitted by special leave of the court. In lieu of the right to issue an attachment against money or property belonging to others, which is legally in the custody or possession of such institution, a plaintiff may proceed as follows: He may give written notice of his claim to the secretary, or to the deputy receiver of such institution, and he shall thereafter present proof in the regular manner provided by this act for the proof of the claim, which he is attempting to attach. After the filing of the regular account of the secretary, the court shall adjudicate the matter as in the case of other disputed claims. Where two or more plaintiffs attempt to attach the same claim in this manner, the order in which they shall take, as among themselves, shall be determined by the order in which written notice of their claims was received by the secretary.

Section 713. Actions and Suits by and against Secretary.—A. For the purpose of executing any of the powers and performing any of the duties respectively conferred or imposed upon him, as receiver, by this act, the secretary may, in his name as receiver of such institution, prosecute any action at law or in equity in any court of this Commonwealth or of any other state, whether or not such action is pending on behalf of the institution at the time he takes possession. He may likewise similarly defend any action at law or in equity pending against the institution at the time he takes possession.

The secretary may, in his name as receiver of a corporation, institute and maintain against any officer, director, trustee, manager, or other employe of such corporation, any action at law or in equity which such corporation, or any shareholder or creditor thereof, could have instituted or maintained; and he may likewise, in the case of a person of which he is receiver, maintain any similar action against the individuals owning the business or against any employe thereof, which a de-

positor or other creditor of the person could have instituted or maintained.

B. All claims against the institution, suit upon which has not been commenced prior to the time the secretary took possession, shall be presented in the regular manner provided by this act for the presentation of claims. Neither a depositor or other creditor of the institution, nor any other claimant, may maintain any action at law or in equity upon such claim, except by regular method provided by this act for exceptions to the accounting of the secretary as receiver. However, an action for the return of specific property which could have been recovered from the institution of which he is receiver may be maintained against the secretary in his name as receiver of the institution.

C. Any action at law or in equity, based upon a cause of action against the institution of which the secretary is receiver, which may be brought against the secretary as receiver, shall be instituted only in the court in which the certificate of possession is filed.

Section 714. Power of Secretary to Borrow from Government Agencies.—The secretary may, without leave of court, borrow money from any agency or instrumentality of the United States government, except national banks, or of the Commonwealth of Pennsylvania, and pledge or hypothecate, as security therefor, any real or personal property of the institution, for the purpose of expediting the liquidation of the assets of the institution of which he is receiver, and the distribution of the proceeds thereof to the depositors, the other creditors, or the shareholders thereof.

Section 715. Surrender or Transfer of Burdensome Assets.—The secretary may, with leave of court, surrender to the institution of which he is receiver any assets, including choses in action whether the subject of pending proceedings or not, which appear to be burdensome and of no advantage to the estate. He may likewise, with leave of court, convey title to any other holder of a mortgage or a lien against property in his possession, where it shall appear that to continue to hold such property is burdensome and of no advantage to the estate.

The secretary shall give notice to the depositors or other creditors of the institution, and, in the case of building and loan associations, to the shareholders, of the filing of the petition for leave to transfer or convey such property pursuant to the provisions of this section. Such notice shall be given at the addresses which appear for such depositors, other creditors, or shareholders upon the books or other records of the institution, or if none appear there, then at their last known addresses. However, the court may, if it shall appear to the best interests of the estate, order the secretary to substitute a single advertisement in a newspaper or newspapers,

for the individual notice to the depositors and other creditors, and in the case of a building and loan association, the shareholders. The court shall grant at least ten days for the filing of objections by the depositors or other creditors of the institution and, in the case of a building and loan association, the shareholders of such institution.

Section 716. **Compromise of Claims; Extension of Mortgages.**—A. The secretary may, with leave of court, compound or compromise any debt, claim, or judgment due to the institution of which he is in possession as receiver, and discontinue any action or other proceeding pending therefor.

B. The secretary may, without leave of court, enter into an agreement in writing, upon such terms as shall seem reasonable to him, with any mortgagor or owner to extend for a period not to exceed three years the maturity of any mortgage obligation in his possession. However, the secretary shall not enter into any agreement extending any mortgage which shall have been pledged by the institution of which he is in possession as receiver, unless he shall first obtain the written consent of the pledgee of such mortgage to such extension.

Section 717. **Payment of Mortgages and Liens; Protection of an Equity.**—The secretary may, with leave of court, pay off all mortgages, contracts of conditional sale, pledges, and liens of or upon any real or personal property which belongs to the institution. He may without leave of court, purchase, at a judicial sale or at any sale authorized by an order of a court of competent jurisdiction, any real or personal property in order to protect any equity which such institution has in such real or personal property.

Section 718. **Sales of Real Property.**—A. The secretary may, with leave of, and upon the terms and conditions prescribed by, the court, sell any real property of the institution of which he is in possession as receiver. The order of the court authorizing such sale shall state whether the sale shall be entirely for cash or partly for cash and partly for evidences of indebtedness, whether it shall be public or private, whether notice shall be given to depositors, other creditors, and shareholders, or to any of these groups, and whether advertisement shall be made. Unless the court, in any case, deems advertisement or notice necessary or desirable to protect the interests of the estate, such advertisement or notice shall not be required.

Where the order of the court provides for advertisement, it shall in no case require that there be more than a single insertion in one newspaper of general circulation in the county, and, in first-class counties, in one legal newspaper. Where real property which is to be sold is situated in a county other than the one in which the institution is located, the court may also authorize a

single insertion in a newspaper of general circulation in such other county, and, in first-class counties, in one legal newspaper.

Every such sale of real property shall be confirmed by the court, if all the terms and conditions of its order authorizing such sale have been complied with.

B. When any real property of an institution of which the secretary is in possession as receiver is situated in a county other than the one in which the institution is located, the secretary shall proceed in the same manner as is provided by this section for the sale of real property within the county. In addition, he shall petition the court of common pleas of the county in which the real property is located, and it shall be the duty of such court, to issue an order authorizing the sale upon the terms or conditions prescribed by the order of the court having jurisdiction of the receivership. The secretary shall file a return of the sale in the court of common pleas in the county in which the real estate is located, which court, if all the terms and conditions of the order of the court, in which the certificate of possession is filed, have been met, shall confirm the sale and shall give the secretary a certified copy of the return of the sale and a certified copy of the confirmation thereof. Such certified copies shall be filed with the prothonotary of the court in which the certificate of possession is filed.

Section 719. Effect of Sale upon Liens.—A. The sale by the secretary of any real property of an institution of which he is in possession as receiver, shall not affect any lien thereon, except that, in the case of a lien which would under the laws of the Commonwealth ordinarily be discharged by a judicial sale, the court in its order authorizing the sale, may prescribe that such lien shall be discharged by the sale. Whenever such liens are to be discharged by a sale, the secretary shall give notice of the sale to all creditors who appear, by the books of the institution or by the records of the county, or otherwise, to have or to claim to have such liens upon such property. The proceeds of the sale shall then take the place of the property sold and shall be distributed in the order prescribed by, and to the parties entitled to take under, the laws of the Commonwealth which relate to the discharge of liens by a judicial sale.

B. If real property is situated in a county other than that in which the institution is located, the court in which the certificate of possession is filed shall be the one empowered to issue the original order prescribing the discharge of liens. The procedure shall be the same as in the case of any other terms or conditions prescribed in its order for the sale of real property situated in another county.

Section 720. Leases for Property.—The secretary may, without leave of court, enter into leases for real or personal property belonging to the institution of which

he is in possession as receiver, for a period not to exceed one year. He may, with leave of court, enter into such leases for a period not to exceed ten years, upon the terms and under the conditions prescribed by the order of the court.

The court shall not require advertisement or notice of leases entered into upon its order, except where special circumstances shall appear to require such action in order to protect the interests of the estate.

Section 721. Sale or Exchange of Personal Property, Listed and Unlisted Securities.—A. The secretary may, without leave of court, sell on any stock exchange or otherwise, at such times and in such manner as he shall deem to be to the best interests of the estate, listed or unlisted securities which belong to the institution of which he is in possession as receiver, or which such institution has the power to sell.

B. The secretary may, without leave of court, exchange listed or unlisted securities for other securities of the corporation issuing the securities, or of a corporation which has merged or consolidated with or has taken over such corporation.

C. The secretary may, without leave of court, sell any mortgage or other lien upon real property or any judgment, at such times and in such manner as he shall deem to the best interests of the estate.

D. Except as otherwise specifically provided by this act the secretary may, without leave of court, sell (1) at public sale, or (2) at private sale for a net consideration not below the amount at which such personal property has been valued in the appraisal required by this act, any personal property which belongs to the institution of which he is in possession as receiver, or which such institution has the power to sell. He may, with leave of court, sell such personal property at private sale upon such terms and under such conditions as the court shall prescribe.

Section 722. Deposit of Moneys by Secretary.—All moneys received by the secretary as receiver of an institution shall be deposited by him with one or more corporations or persons authorized by law to receive deposits and subject to the supervision either of Federal or State banking authorities. He shall require of such depository security therefor, in such amount and of such nature as the secretary shall deem adequate.

Section 723. Enforcement of Shareholders' Liability.—A. If at any time after he takes possession of a corporation as receiver, it shall appear to the secretary that the assets of such corporation will be insufficient to pay in full its debts to depositors and other creditors, he shall, as soon as expedient, estimate the amount which shall be assessed against all shareholders who are, under these circumstances, personally liable for any part of the debts of such corporation, by reason of their owner-

ship of such shares. He shall assess against such shareholders the amount which he then deems necessary for the payment of such debts, not however exceeding the maximum liability of such shareholders, as provided by law. The secretary shall send to every such shareholder by registered mail to the address which appears on the records of the corporation, or if none appears there, then to his last known address, a demand that the amount assessed against him be paid. Such demand shall state the total amount assessed by the secretary against all the shareholders, and the specific amount to be paid by the particular shareholder. It shall also designate a period within which such assessment shall be paid, such period to be not less than thirty days after the date of the sending of the notice. If any shareholders shall not pay the amount assessed against them, the secretary may institute actions at law or in equity against them, either severally or jointly, for the amount of such assessment, together with interest from the date designated in the notice from the secretary, for the payment of such assessment. In such action, the written statement of the secretary, signed by him in his official capacity as receiver and bearing the seal of the department, asserting that the assets of the corporation appear insufficient to meet its liabilities to depositors and other creditors, that consequently he has made an assessment against the shareholder or shareholders being sued, that the period designated for the payment of the assessment has expired, and that the value of the assets of the corporation and the liabilities of such corporations are as set forth, shall be prima facie evidence of the facts therein stated.

B. The secretary may make as many partial assessments as shall appear expedient, until the total liability of the shareholders, or the total amount necessary to pay in full the depositors and other creditors of the corporation, has been assessed.

Section 724. Property in Safe Deposit Vault or Held for Safe-Keeping.—The secretary may, any time after taking possession of an institution as receiver, give written notice to anyone claiming or appearing on the books of such institution to be the owner, or to be entitled to the possession, of any personal property left with such institution as bailee for safe-keeping or depository for hire, and to anyone appearing on the books of the institution to be the lessee of any safe, vault, or safe deposit box, notifying such bailor or lessee respectively, to remove all such personal property within the period fixed by the notice, provided that such period shall in no case be less than sixty days after the date of the notice.

At the expiration of such period if the lessee of a safe, vault, or safe deposit box has not removed the contents thereof, the secretary may cause such safe, vault, or safe deposit box to be opened either in his presence or in the presence of the deputy receiver of the institution, and in

the presence of a notary public not an officer or employe of the institution or of the department. The contents, if any, of such safe, vault, or safe deposit box shall then be sealed and marked by such notary with the name and address of the lessee in whose name such safe, vault, or safe deposit box appeared on the books of the institution and with a list and description of the property therein. The secretary shall take such action as he shall deem desirable to safeguard such property until it is delivered to the owner or is otherwise disposed of in accordance with law.

The secretary shall follow the same procedure and have the same powers with regard to the property left with the institution as bailee for safe-keeping or depository for hire and not called for within the period specified by the notice.

The contract of bailment or lease, if any, shall be considered at an end upon the date designated by the secretary for the removal of the property therein. The amount of unearned rent or charges, if any, paid by the bailor or lessee, shall become a debt of the institution.

ARTICLE VIII

SECRETARY IN POSSESSION OF TRUST DEPARTMENT

Section 801. Institution as Fiduciary.—References in this act to funds, property, or investments held in a fiduciary capacity by an institution of which the secretary has taken possession, shall apply only to funds, property, or investments held in such fiduciary capacity by the trust department of such institution, and shall not apply to funds, property or investments which were held by the commercial department of such institution.

Section 802. Secretary in Possession of Trust Department.—A. The secretary, upon taking possession of an institution as receiver, shall keep all the funds, property, and investments, if any, which are held by such institution in a fiduciary capacity, separate from the assets of the institution itself.

B. The secretary, when in possession of an institution as receiver, shall have all the rights, powers, and duties which such institution had in its fiduciary capacity. He shall have title to all the assets, including debts due, liens and other security therefor, and all rights of action or redemption, of all estates of which the institution, either alone or jointly with someone else, was trustee, executor, administrator, guardian, assignee, or other similar fiduciary, and shall have the power to administer such estates. In pursuance of this power, the secretary may institute any action at law or in equity, or execute and sign any written instruments, which the institution itself could have instituted, executed, or signed.

The secretary shall not, however, have the power to invest funds or property of any such estate, except where

it shall appear necessary to purchase any real or personal property or any interest therein, in order to protect an equity which such estate has in such property. Such purchase by the secretary shall not, however, be made without the approval of any corporation or person whose approval would have been necessary to such purchase by the institution prior to the taking of possession by the secretary, and of the court which has exercised jurisdiction over such estate. If no court has yet exercised jurisdiction over the estate, then the approval either of the court of common pleas or of the orphans' court of the county in which the place of business of the institution is situated shall be procured.

Except where otherwise specifically provided, references in this act to the court which has exercised jurisdiction over an estate of which an institution in possession of the secretary was fiduciary, shall be construed to refer, in cases in which the institution was executor or administrator, to the orphans' court of the county of which the register of wills issued the letters testamentary or letters of administration respectively, and in all other cases, to the court of common pleas or the orphans' court in which an account of the estate has been filed, or which has, in any manner, exercised control or supervision over the administration of such estate by the institution as fiduciary.

Section 803. Disputes as to Identity of Trust Funds. —All disputes as to the identity of the funds, property, or investments of an estate, of which an institution in the possession of the secretary was fiduciary, arising either because such funds, property or investments have become or are alleged to have become mingled with other funds, property, or investments, or for any other reason, shall be determined by the court in which the certificate of possession is filed. Such court shall have exclusive jurisdiction over such disputes.

Section 804. Appointment of Substituted Fiduciaries. —Upon filing a supplement to the certificate of possession, setting forth his determination to liquidate the affairs of the institution, the secretary shall forthwith give written notice, in so far as the giving of such notice is practicable, to all parties of whom he has notice, who are interested in any funds, property, or investments held by such institution in a fiduciary capacity. Such notice shall require such parties, within thirty days after the giving of notice, to apply for the appointment of substituted fiduciaries. Such application shall be made as follows: In any case in which the institution was executor or administrator, application shall be made to the register of wills having jurisdiction to grant new letters in such form as the case shall require; in any other case, application shall be made to any court which has exercised jurisdiction over the estate, or if no court has exercised such jurisdiction, then to the court of

common pleas, or the orphans' court, of the county in which the institution has its place of business. However, if the instrument under which the fiduciary relationship was established provides a particular method for the selection of fiduciaries, such method shall be followed.

If the parties to whom such notice has been given do not, within the thirty-day period designated, 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, or if it is impracticable to give notice to the parties interested in the estate, then the secretary shall make the application for the appointment of a substituted fiduciary to the court or the register of wills, whichever the case may be, designated above. Such court or register of wills shall appoint a substituted fiduciary upon such petition of the secretary.

Section 805. Transfer of Assets to Substituted Fiduciary without Filing Account.—If a substituted fiduciary has been appointed in accordance with the provisions of this act, and if there is no dispute as to the amount or identity of the funds, property, or investments of the particular estate, and as to the fees, commissions, and expenses due either to the institution before the secretary took possession or to the secretary as receiver since the taking of possession, and if all the parties in interest, being *sui juris*, agree in writing to waive an accounting in court, the secretary in possession of an institution as receiver, may transfer to such substituted fiduciary all the funds, property, and investments of the particular estate without filing an account in any court. Upon such transfer, he shall procure from all the parties in interest and from the substituted fiduciary a receipt and release in full, which shall discharge the secretary and the institution from any further duty or liability with reference to such estate.

Section 806. Filing of Account; Transfer of Assets to Substituted Fiduciary.—A. Except in cases in which the secretary is authorized by the provisions of this act to transfer to a substituted fiduciary, without filing an account, the funds, property, or investments of an estate of which the institution was fiduciary, he shall file an account for every estate of which such institution was fiduciary. The secretary shall file each such account upon the date fixed by the instrument creating the fiduciary relationship, or if there is no such date fixed, then as soon as expedient after the filing of a supplement to the certificate of possession, setting forth his determination to liquidate the affairs of the institution. Such account shall be filed in the court which has exercised jurisdiction over the particular estate, or if no court has yet exercised jurisdiction, then in the court of common pleas, or the orphans' court, of the county in which the place of business of the institution is situated. The secretary

shall then transfer or pay to the substituted fiduciary, appointed pursuant to the provisions of this act, any funds, property, or investments in his possession which belong to such estate. Such transfer or payment shall be made in accordance with the order of the court in which the account for such estate is filed. The court, in directing such transfer or payment, may reserve for future determination any question of surcharge.

B. The court which has exercised jurisdiction over a particular estate of which the institution was fiduciary, or if no court has exercised such jurisdiction, then the court of common pleas, or the orphans' court, of the county in which the institution has its place of business, may order the secretary to transfer the funds, property, or investments of the estate to the substituted fiduciary, even prior to the filing of an account. The court, in such order, may reserve for future determination any question of surcharge, or any other question which may arise upon the audit of the account.

C. This section shall not be construed to give any court, other than the one in which the certificate of possession is filed, jurisdiction over disputes involving the identity of funds, property, or investments of an estate of which the institution was fiduciary.

Section 807. Deficiencies in Assets Held by Institution as Fiduciary.—Whenever the court, in which the secretary has filed the account of an estate of which an institution in his possession was fiduciary, shall, in the manner provided by law, rule that there is a deficiency in the funds, property, or investments of such estate, or that the institution is liable to surcharge in respect thereto, the amount determined by such court to be due shall constitute a claim against the institution and shall be presented in the same manner as other claims, except that it may be presented at any time within six months after the appointment of a substituted fiduciary of the estate and the adjudication of the account of such estate by the competent court. Such order or decree of such court shall be conclusive as to the amount due, except for the right of appeal provided by law. Any dispute as to the classification or order of payment of such claim, as distinguished from the amount, shall be adjudicated by the court in which the certificate of possession is filed.

If the existence or amount of any such deficiency or surcharge, or the liability of the institution therefor, is in litigation but undetermined at the time dividends for claims having no priority in order of payment over such claims are being distributed, the secretary shall, upon notice of such fact from the substituted fiduciary, withhold and set apart a sufficient amount to pay the proportionate dividend which will be due upon such undetermined claim if it is finally adjudicated in favor of the estate of which the institution was fiduciary.

Section 808. Compensation Due Institution and Secretary from Estates.—The secretary in possession of an institution as receiver shall be entitled to collect such reasonable fees and commissions as were earned, both as to income and as to principal, and such reasonable expenses as were incurred, by the institution in its capacity as fiduciary, prior to the date on which possession was taken by the secretary. He shall also be entitled to reasonable fees and commissions, both as to income and as to principal, for any services performed, and all reasonable expenses incurred, by him on behalf of any estate of which the institution was fiduciary. The secretary shall be entitled to such commissions on principal as shall appear reasonable under all the circumstances, whether or not the trust has terminated at the time of the filing of the account or of the transfer by the secretary of the funds, property, and investments of the estate in accordance with the provisions of the instrument creating the fiduciary relationship. All sums received by the secretary under this section shall become assets of the institution of which he is in possession as receiver.

Except in cases where the secretary, pursuant to the provisions of this act, transfers funds, property, or investments of the estate without filing an account, the court in which the secretary shall file the account for the estate of which the institution was fiduciary shall award to the secretary the fees, commissions, and expenses provided for in this section.

ARTICLE IX

SECRETARY IN POSSESSION OF A MORTGAGE OR SECURITY POOL OR OF AN ASSET IN WHICH UNDIVIDED INTERESTS ARE HELD

Section 901. Mortgage and Security Pools and Participations; Accounts.—Whenever the secretary shall have filed a supplement to the certificate of possession, setting forth his determination to liquidate the affairs of an institution of which he is in possession as receiver, he shall, as soon as it may be convenient, file, in the court in which the certificate of possession shall have been filed, an account as to any mortgages, securities, or other assets comprising any mortgage or securities pool operated by such institution, or as to any mortgage, security, or other asset in which undivided interests shall have been created by the institution, regardless of whether certificates of participation in such mortgage or securities pool, or in such mortgage, security, or other asset, shall have been actually issued by the institution, and regardless of whether the relation of the institution to the owners of the undivided interests in such mortgage or securities pool, or in any such mortgage, security, or other asset, is technically that of a trustee.

A mortgage or securities pool shall be regarded as having been operated by the institution, regardless of

whether any or all of the mortgages, securities, or other assets in such pool shall be held in the name of the institution or in the name of a nominee of the institution. Where undivided interests have been created in any mortgage, security, or other asset by any corporation or person holding such mortgage, security, or other asset as nominee of the institution, such undivided interests shall be regarded as having been created by the institution.

The prothonotary shall not be under any duty to re-copy or otherwise record any such account filed by the secretary. He shall make no charge except the regular fee for filing such or similar papers.

Section 902. Transfer of Pools and Participations without Filing an Account.—If all the corporations or persons who are the owners of all the undivided interests in any mortgage or securities pool, or in any mortgage, security, or other asset in which the institution shall have created undivided interests, are *sui juris*, and if they shall agree to the amount asserted by the secretary to be due him as receiver for services rendered by the institution or by him, and for expenses incurred by either, and if they shall authorize the secretary to transfer any such mortgage or securities pool, or any such mortgage, security, or other asset to them, or to a substituted fiduciary or to any other corporation or person agreed upon by them, and if they shall execute proper instruments releasing the secretary and the institution from any further liability to them, the secretary may transfer to such substituted fiduciary or to such corporation or person, without filing an account, all the mortgages, securities, or other assets comprising such mortgage or securities pool or the mortgage, security, or other asset in which undivided interests have been created. In any case where the institution as fiduciary of an estate, is the owner on behalf of such estate of any undivided interest in any such mortgage or securities pool, or in any such mortgage, security, or other asset, and no substituted fiduciary has been appointed for such estate, the secretary shall not transfer such mortgage or securities pool, or such mortgage, security, or other asset in which undivided interests were created by the institution, unless he shall also be authorized to make such transfer by all corporations or persons having an interest in the estate of which the institution was fiduciary, except that where substituted fiduciaries have not been appointed for unborn beneficiaries of the estate or for other beneficiaries who are not *sui juris*, the secretary shall not be required to obtain such authority from anyone in behalf of such unborn beneficiaries or other persons who are not *sui juris*.

Section 903. Notice of Filing Account.—A. Upon filing an account as to any mortgages, securities, or other assets comprising any mortgage or securities pool oper-

ated by an institution of which he is in possession as receiver, or as to any mortgage, security, or other asset in which the institution shall have created undivided interests, the secretary shall give notice thereof, in so far as it may be practicable, to all corporations or persons who are the owners of the undivided interests in any such mortgage or securities pool, or in any such mortgage, security, or other asset, and, in any case where the institution as fiduciary of an estate, is the owner on behalf of such estate of any such undivided interest, then to all corporations or persons having an interest in such estate, except that no such notice need be given to anyone on behalf of unborn beneficiaries of such estate or other beneficiaries who are not sui juris, where no substituted fiduciary has been appointed for such beneficiaries. Such notice shall be given to the corporations or persons entitled thereto under this section, at their addresses as they appear on the books or other records of the institution, or, if the address of any such corporation or person does not appear thereon, then at the last known address of such corporation or person.

B. Such notice shall state the time and place of the audit of such account, and, except where an application for a substituted fiduciary shall have been made by any other method authorized by this act, it shall also state the intention of the secretary to apply for a substituted fiduciary for such mortgage or securities pool, or for such mortgage, security, or other asset in which undivided interests were created by the institution, and the time and place of any hearing upon such application which may be fixed by the court.

Section 904. Appointment of Substituted Fiduciary; Transfer of Pools or Participations upon Order of Court.—A. After the filing by the secretary of a supplement to the certificate of possession, setting forth his determination to liquidate the business and property of an institution, but either before or after the filing of an account by him as to any mortgages, securities, or other assets comprising any mortgage or securities pool, operated by such institution, or as to any mortgage, security, or other asset in which the institution shall have created undivided interests, the owner of any undivided interest in such mortgage or securities pool, or in such mortgage, security, or other asset, may file, in the court in which the certificate of possession is filed, a petition for the appointment of a substituted fiduciary for such mortgage or securities pool, or for such mortgage, security, or other asset in which undivided interests were created.

If such petition shall not have been filed by the owner of any such undivided interest within thirty days after the notice by the secretary of the filing of an account as to such mortgage or security pool, or as to such mortgage, security, or other asset, the secretary shall file, in the court in which the certificate of possession is filed, a

petition for the appointment of a substituted fiduciary for such mortgage or securities pool, or for any such mortgage, security, or other asset in which undivided interests were created by the institution.

Upon the filing of such a petition by the owner of any such undivided interest, or by the secretary for such mortgage or security pool, or for such mortgage, security, or other asset in which undivided interests were created by the institution, the court shall, upon a day fixed by it, conduct a hearing upon such application, after which it shall appoint a substituted fiduciary.

B. The secretary shall transfer to the substituted fiduciary appointed by the court all such mortgages, securities, or other assets comprising any such mortgage or securities pool, or any such mortgage, security, or other asset in which undivided interests were created, as are in his possession as receiver, and as to which he shall have filed an account. The substituted fiduciary shall take such mortgages, securities, or other assets without liability for the nature or value of the mortgages, securities, or other assets as investments. Such transfer shall be made in accordance with the order of the court, and in directing such transfer, the court may reserve for future determination any question of surcharge against the institution or the secretary.

The court may, after petition filed pursuant to the provisions of this section, order the secretary to make such transfer even prior to filing an account, in which case it may also reserve for future determination any question which may arise upon the audit of the account.

Section 905. Advances by Secretary to Substituted Fiduciary.—Whenever the secretary shall have filed an account as to any such mortgage or securities pool, or as to any mortgage, security, or other asset in which the institution shall have created undivided interests, and it shall appear to the court that any sum of cash will be needed by the substituted fiduciary for the protection of the owners of undivided interests in such mortgage or securities pools, or in any such mortgage, security, or other asset, as to which such account shall have been filed, and if it shall appear from the account that the secretary does not have any cash held by him in connection with such mortgage or securities pool, or in connection with any such mortgage, security, or other asset, or if the account discloses that the cash in his hands for that purpose is insufficient for the protection of the owners of the undivided interests in such mortgage or securities pool, or any such mortgage or security, or other asset, or where no account is filed, if the secretary shall demonstrate these facts to the satisfaction of the court, the court may, upon petition of the secretary, and in the exercise of its discretion, order the secretary to advance to the substituted fiduciary, out of the general assets of the institution, such cash as may be necessary

for the protection of the owners of such undivided interest. Such order shall provide that the amount of cash so advanced by the secretary shall be repaid by the substituted fiduciary out of the first moneys realized by such substituted fiduciary on the mortgages, securities, and other assets transferred to him.

Section 906. Compensation and Expenses.—The court, in its adjudication of any account filed by the secretary as to any mortgage or securities pool operated by an institution of which the secretary is in possession as receiver, or as to any mortgage, security, or other asset in which the institution shall have created undivided interests, shall award to the secretary such compensation for services rendered and expenses properly incurred by the institution, or by the secretary, as the court shall deem reasonable and proper under all the circumstances. The order of the court making any such award to the secretary shall provide for the payment of such compensation or expenses out of any cash included in the account, or if there be no cash in the account, or if the amount of cash included therein is insufficient to pay the amount awarded to the secretary, the order shall provide for the payment of such compensation or expenses out of the first moneys realized by the substituted fiduciary on the mortgages, securities, or other assets so transferred to such substituted fiduciary. All sums received by the secretary under this section shall become assets of the institution of which he is in possession as receiver.

When the court shall, pursuant to the provisions of this act, order the secretary to transfer such mortgages, securities, or other assets, prior to the filing of an account, it shall similarly make provision for the payment of the compensation earned, or the expenses incurred, by the institution, or by the secretary.

ARTICLE X

PROOF OF CLAIMS, ACCOUNTING, AND DISTRIBUTION

Section 1001. Notice to Depositors, Shareholders, and Other Creditors.—After filing a supplement to the certificate of possession, setting forth his determination to liquidate the affairs of an institution of which he has taken possession as receiver, the secretary shall forthwith give notice of such fact to all corporations or persons who appear upon the books of the institution as, or who are otherwise known to the secretary to be or claim to be, depositors or other creditors and, in the case of a building and loan association, shareholders of such institution. He shall likewise give notice to any corporation or person who, pursuant to the provisions of this act, has given the secretary notice of his claim to the right of execution or attachment against any assets, owned by, or legally in the custody or possession of, the secretary as receiver of the institution.

The notice to each depositor, or, in the case of a building and loan association, to each shareholder, shall state the amount which the books or other records of the institution show to be due to such depositor or shareholder. It shall also state that unless such depositor or shareholder shall, within a specified time, present to the secretary for settlement, his deposit or pass book, or other evidence of his account, showing a different amount to be due, or unless such depositor or shareholder shall, within a specified time from the date of such notice, prove in the manner provided by this act that a different amount is due, the amount shown to be due by the books of the institution will be conclusively presumed to be correct, unless the court, pursuant to the provisions of this act, grants him an extension of time.

The notice to each creditor other than a depositor, or in the case of a building and loan association, other than a shareholder, shall inform such creditor that he must present his claim in the manner provided by this act, within a specified time from the date of such notice, or else be permanently barred from sharing in any distribution of the assets of the institution, unless the court pursuant to the provisions of this act, grants him an extension of time.

The secretary shall also advertise in a newspaper or newspapers, as provided in this act, the fact that he has determined to liquidate the affairs of the institution, and that he has filed an inventory and appraisal in the office of the prothonotary. Such advertisement shall state that all depositors, or in the case of building and loan associations, all shareholders, must prove their claims within a specified period or be bound by the amount shown by the books or records of the institution to be due them, and that any corporation or person not appearing upon the books of the institution to be a depositor, or in the case of a building and loan association, a shareholder, and not presenting his pass book, or other evidence of the state of his account, or otherwise presenting his claim, will be permanently barred from sharing in any distribution of the assets of the institution, unless the court, pursuant to the provisions of this act, grants him an extension of time. It shall also state that all creditors, other than depositors, or in the case of building and loan associations, other than shareholders, not proving their claims in the manner provided by this act and within a specified period will likewise be permanently barred from sharing in any distribution of the assets of the institution, except where the court, pursuant to the provisions of this act, grants to a creditor an extension of time.

The secretary shall specify as the last day upon which depositors, creditors, and in the case of a building and loan association, shareholders, can present their claims, a date not less than one hundred twenty days after the

taking of possession of the institution by him as receiver, provided that such date shall be at least thirty days after the date of the sending of such notice. However, claims based upon deficiencies in, or surcharges with respect to funds, property, or investments which such institution held in a fiduciary capacity may be presented at any time within six months after the appointment of a substituted fiduciary of the estate of which such funds, property, or investments were a part and the adjudication of the account of such estate by the competent court.

Section 1002. Proof of Claims of Depositors, or, in Building and Loan Associations, Shareholders.—Any depositor, or, in the case of a building and loan association, any shareholder, who disagrees with the amount shown by the books or other records of the institution to be due to him, shall present his claims to the secretary by presenting his deposit or pass books, or other evidence of indebtedness, to the secretary, within the time and in the manner designated by the secretary, pursuant to the provisions of this act. Any such depositor or shareholder, who shall not have received or shall have lost his deposit or pass book or other evidence of indebtedness, or who shall believe that the amount shown by such deposit or pass book or other evidence of indebtedness to be due to him is incorrect, shall, within the time designated by the secretary, present his claim to the secretary by whatever method he shall designate.

Any depositor, or, in the case of a building and loan association, any shareholder, who shall not present his claim within the designated time and in the manner provided by this section, shall be bound by the amount appearing to be due to him upon the books or records of the institution, or where the name of such depositor or shareholder does not appear at all upon the books or records of the institution, or appears on such books or records but with no balance appearing to be due to him by the institution, shall be permanently barred from sharing in any distribution of the assets of the institution. However, the court may, upon petition and adequate cause shown, permit any depositor, or, in the case of a building and loan association, any shareholder, to file his claim upon a later date, but no claim shall in any event be allowed to be filed after the last day for the filing of exceptions to the first account of the secretary.

This section shall not, however, be construed to deprive any such depositor or shareholder of any right of action at law or in equity which he may have against an employe or former employe of the institution, or upon the bond of such employe or former employe, for any act committed by such employe which resulted in such depositor's or shareholder's not appearing upon the books of the institution, or appearing upon them but being credited with an amount below that actually due.

The secretary shall prescribe the form for the proof

of claim of all depositors, or, in the case of building and loan associations, shareholders, and for the affidavit to be included therein. Whenever requested by any such depositor or shareholder to prepare such proof of claim or to take the affidavit thereto, the secretary shall do so without any charge to such depositor or shareholder.

Section 1003. Proof of Claims of Creditors.—A. Creditors other than depositors, or in the case of a building and loan association, other than shareholders, shall not share in any distribution of the assets of the institution, unless the creditor, or someone for him, shall, within the time specified by the secretary, pursuant to the provisions of this act, present to the secretary a statement of his claim, together with a copy of any book entries pertaining thereto, any note or other instrument received as evidence thereof, and a list of any collateral or agreement of pledge received in connection therewith.

However, the court may, upon petition and adequate cause shown, permit any creditor to file his claim upon a later date, but no claim shall in any event be allowed to be filed after the last day for the filing of exceptions to the first account of the secretary.

The statement of a creditor's claim, required by this section, shall be verified by affidavit in substantially the following form:

"I, (name of claimant), do solemnly swear (or affirm) that the above is a true statement of my claim against (name of institution); that there are no credits or allowances against this claim except as therein set forth; that there is no collateral security for this indebtedness or any part thereof held by me or by anyone else, other than as above set forth; and that I am not the owner or the obligee, directly or indirectly, of any contract of indemnity or insurance covering this claim, except as set forth above."

If the creditor shall be a corporation, such affidavit shall be made by the treasurer or assistant treasurer thereof, and if a partnership, by any member thereof. In either such case the form of the affidavit shall be modified accordingly.

B. The provisions of this section shall not apply to the claims of parties interested in the custody, possession, or control of funds, property, or investments held by such institution in a fiduciary capacity. However, except as otherwise provided in this act, the provisions of this section shall apply to disputes concerning the identity of such funds, property, or investments, or to claims based upon deficiencies therein, or the liability of the institution to surcharge thereon.

Section 1004. Allowance of Claims.—For the purposes of the accounting provided for in this act, the secretary shall allow the claims of depositors, or, in the case of a building and loan association, shareholders, for the amounts shown to be due to them upon the books or

other records of the institution, or for such other amounts as they shall, within the time and in the manner provided by this act, prove to the satisfaction of the secretary are due to them. He shall likewise allow the claims of all other creditors, when presented within the time and in the manner provided by this act, if he shall be satisfied that the amounts claimed are rightfully due. He shall reject all other claims of depositors, other creditors, and, in the case of building and loan associations, shareholders.

Section 1005. Advance Payments of Dividends to Depositors.—After the expiration of the period fixed by the secretary, pursuant to the provisions of this act, for the presentation of claims, he may, without leave of court and without filing an account, make an advance payment of a dividend to all depositors the amounts of whose claims, as they appear upon the books or other records of the institution, are undisputed. The dividend shall be calculated as if the claims of all other depositors, as they appear upon the books or other records of the institution, and the claims of all creditors or other corporations or persons who assert priority over, or parity with, depositors in the order of distribution of the assets, were valid and uncontested.

However, the secretary shall not make such an advance payment of a dividend to any depositor until he shall have set aside an amount sufficient to pay in full the claims of all creditors or other corporations or persons asserting, or entitled to priority over depositors in the order of distribution, and to pay the proportionate dividend on the amounts claimed by the other depositors, and by any creditors or other corporations or persons who are entitled to or who claim parity with depositors in the order of distribution provided for by law. He shall likewise set aside before making such advance payment such amount as he shall deem necessary for the expenses of administration of the institution by him, as receiver.

Section 1006. Expenses of Administration.—Any reasonable expenditure made by the secretary as receiver of an institution, including any expense incurred in the management, reorganization, consolidation, liquidation, or distribution of the assets and affairs of the institution, and any compensation paid to the deputy receiver or any other person employed to assist the secretary in such management, reorganization, consolidation, liquidation, or distribution, and to any deputy attorney general, special deputy attorney general, assistant deputy attorney general, or other attorney who has been assigned by the Department of Justice to the secretary to handle for him any legal business pertaining to the affairs or property of such institution, shall be paid out of the assets of the institution, provided it is included in any partial or final account filed by the secretary, pursuant

to the provisions of this act, and is approved by the court in which such account is filed.

Where such expenses are incurred, or such compensation is paid, for the benefit of the estate of more than one institution in the possession of the secretary as receiver, an equitable portion of such expenses or compensation shall be paid out of the assets of each institution on whose behalf such expenditures were made.

Section 1007. Partial or Final Account; Objections.—A. At any time after the expiration of the period fixed by the secretary, pursuant to the provisions of this act, for the presentation of claims, he shall file a partial or final account of his administration of the business and property of the institution, duly verified by him under oath or affirmation, in the office of the prothonotary.

If the secretary shall not file his first account within one year after he takes possession of an institution, any depositor, other creditor, or shareholder of such institution may petition the court to order the secretary to file an account. The court may, in its discretion, grant or refuse the petition.

The account shall present his administration of the estate, including a statement of all receipts or expenditures by the secretary, as receiver, a list of all claims which have been allowed and a separate list of claims which have been objected to or are disputed, showing as to all depositors, other creditors, and, in the case of a building and loan association, shareholders, their names and addresses, the amounts due or claimed to be due to them, and any priorities in the order of distribution granted to or claimed by them.

B. The secretary shall forthwith give written or printed notice of such filing of an account to all corporations or persons whom he knows to be, or to claim to be, depositors, other creditors, and, in the case of building and loan associations, shareholders, of the institution, at the addresses which respectively appear for them upon the books of the institution, or if none appear there, at their last known respective addresses. Such notice shall also state that unless an exception to the account or to any item therein is filed with the court within thirty days from the date of the filing thereof, it will be confirmed absolutely.

He shall likewise give notice to any corporation or person who, pursuant to the provisions of this act, has given the secretary notice of his claim to the right of execution or attachment against any assets, owned by, or legally in the custody or possession of, the secretary as receiver of the institution.

He shall also advertise such notice in a newspaper or newspapers as provided in this act, stating the date upon which he has filed his partial or final account and the fact that all exceptions to the account must be filed

within thirty days from the date of the filing of such account.

The secretary shall forthwith file with the court, under oath or affirmation, a statement that he has, in the manner provided by this act, sent both the notice of his determination to liquidate and the notice of his filing of an account to all corporations or persons entitled thereto, whose names appear in the account, at the addresses stated therein. He shall also file the proofs of publication of the advertisements which he has inserted, pursuant to the provisions of this act, which respectively set forth his determination to liquidate and his filing of an account.

C. The prothonotary shall not be under any duty to recopy or otherwise record such account. He shall make no charge except the regular fee for filing such or similar papers.

Section 1008. Exceptions to Account.—A. Any corporation or person who is or who claims to be a depositor, other creditor, or shareholder of an institution, or who has given to the secretary notice of his claim to the right of execution or attachment against any assets owned by, or legally in the custody of, the secretary as receiver of an institution, or who asserts any other type of claim against an institution, may, within thirty days after the filing of an account by the secretary, file in the court specific exceptions in writing, under oath or affirmation, to such account or to any item therein.

Notice of any exception to an individual item in an account shall forthwith be personally served upon, or sent by registered mail to, the corporation or person whose claim is thus objected to, or his counsel, and also the secretary or the deputy receiver managing the affairs of the particular institution, or the counsel of either. Affidavit of the serving or sending of such notice shall forthwith be filed with the court.

B. Whenever an exception is filed to any expenditure made by the secretary as an expense of administration, the secretary shall keep an accurate record of the salaries and other expenses, exclusive of counsel fees, properly incurred by him in the contesting of such exception. If the exception is overruled and the expenditure is sustained, the court may, in its discretion, assess such expenses and salaries, together with the regular costs provided by law, upon the depositor, other creditor, or shareholder filing such exception.

Section 1009. Adjudication of Rejected Claims and Exceptions to Account.—A. If any claim has been rejected by the secretary or any exception has been filed to the account or to any item thereof, the court shall, as soon as expedient after the expiration of the period for the filing of exceptions to the account, fix a date for hearing in court arguments on all rejected claims and all exceptions to the account or to any item thereof.

The secretary shall give notice of such hearing to all corporations or persons whose claims have been rejected by the secretary or objected to in the manner provided by this act. He shall likewise give notice to all corporations or persons who have filed exceptions to the account or to any item thereof. Such notice shall set forth, in so far as possible, the reasons for the rejection of the claim or the nature of the exception to the item of the account, and shall state that all parties whose claims are rejected or objected to must appear in court upon the date fixed by the court to prove their claims, or they will be bound by the ex parte decision of the court.

B. The court in which the account is filed shall itself hear arguments upon any rejected claim or upon any exception to an account, or to any item thereof, upon the date fixed by it for this purpose. The court shall itself decide, without delay, all matters in controversy. If any party does not appear in court on the day fixed, the court shall conduct the hearing ex parte and shall render its decision upon the merits as they appear after such hearing.

Section 1010. Confirmation of Account; Distribution of Dividends.—A. If the secretary has approved all depositors' claims, or, in the case of building and loan associations, all shareholders' claims, as presented by them pursuant to the provisions of this act, or if not presented, as they appear upon the books or other records of the institution, and if no exception has been filed to an account or to any item thereof within thirty days after the filing of such account by the secretary, the court shall confirm the account absolutely. If any funds are available for distribution, the secretary shall then declare and pay out of such funds a partial or a final dividend, according to the priorities established by law.

If the secretary has rejected any such deposit or claim, or if any such exception has been filed, the court shall confirm the account as to all other matters and claims. The secretary may then declare and pay out of the funds available for distribution, if any, a dividend, according to the priorities established by law. The dividend shall be calculated as if all deposits and other claims were valid and approved. The secretary, before paying any such dividend, shall set apart the proportion of such dividend which would be properly apportionable to any claim which has been rejected by the secretary, or to which an exception has been filed, if the amount and the priority claimed were sustained by the court. If any such claim shall be determined by the court to be valid, the secretary shall pay to the corporation or person entitled thereto the dividend which has been set apart in the manner provided by this section. If any such claim shall be determined by the court to be invalid, the dividend which has been set apart in the manner provided

by this section shall be distributed in the order of the priorities established by law, to those whose claims have been approved by the court.

B. The confirmation of any account after the adjudication of all claims therein which have been rejected by the secretary, or to which exceptions have been filed, and of all other exceptions to such account, shall be conclusive as to all matters therein. Except as otherwise provided in this act, no claim of any depositor or other creditor or, in the case of a building and loan association, any shareholder, shall be valid if not listed and approved in the first account which has been filed.

The confirmation of the final account and distribution thereunder shall discharge the secretary, the deputy receiver, any other employe, and the legal counsel, as well as the surety for any of them, from all further civil liability for any act done in his official capacity as receiver, deputy receiver, employe, or legal counsel of the institution.

Section 1011. Order of Preference in Distribution.—

A. The following shall be the order followed by the secretary in the distribution, pursuant to the provisions of this act, of the assets of any institution, with the exception of a building and loan association, which he as receiver is liquidating:

First. Any expenditure made by the secretary as receiver, which, under the provisions of this act, is to be paid out of the assets of the institution.

Second. 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.

Third. Any deposit and any interest due thereon which has been, or according to the by-laws or rules and regulations of the institution should have been, credited to such deposit, prior to the date of the taking of possession of the institution by the secretary as receiver, 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 institution; the claim of any holder of a certificate of deposit of the institution, which evidences an actual deposit of moneys in such institution, 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; the claim of any holder of a check or draft of the institution, which has been given in ex-

change for, or in payment of, a check or draft drawn upon such institution 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, or which has been given in exchange for cash or for any check or draft, the proceeds of which have been received by the institution; any claim for cash or for any check or draft, the proceeds of which have been received by the institution, which was delivered to the commercial department of such institution as fiduciary, either for transmission or for any purpose other than as a deposit, irrespective of whether all or part of such cash or the funds realized from such check or draft has been mingled with the assets of such institution.

Fourth. Any claim for the amount of any deficiency in the funds, property, or investments of an estate of which the institution was fiduciary, or any surcharge with respect to such estate, which is found to be due by the court in which the account for such estate is filed; and any claim of a creditor of the institution, not listed under any other category in this section.

Fifth. Any part of the amounts paid by shareholders, after an assessment upon them by the secretary pursuant to the provisions of this act, which has proved unnecessary to pay in full all depositors or other creditors of the institution; such payments are to be made pro rata up to the respective amounts paid by each shareholder. This clause shall not be construed to refer to payments made by shareholders on account of unpaid subscriptions to shares.

Sixth. Any moneys of the institution which still remain in the hands of the secretary, shall be paid to shareholders, in proportion to the number of shares held by them respectively, minus any amounts still owing by them on the assessment made by the secretary pursuant to the provisions of this act, or on unpaid subscriptions to shares.

Seventh. Any unliquidated assets, to trustees for shareholders appointed pursuant to the provisions of this act.

B. The following shall be the order and preference followed by the secretary in the distribution, pursuant to the provisions of this act, of the assets of any building and loan association the affairs of which he as receiver is liquidating:

First. Any expenditure made by the secretary as receiver, which under the provisions of this act, is to be paid out of the assets of the institution.

Second. 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 other claim of the Com-

monwealth of Pennsylvania; and any other claim which is given a preference by law.

Third. Any claim of a creditor of the association, other than the claim of a shareholder arising from his ownership of shares.

Fourth. Any claim of a shareholder arising from his ownership of shares, whether such shares be installment, full-paid, prepaid, matured, or any other type. The amount of the claim arising from each share shall be the amount actually paid in on account of such share, less any amount lawfully deductible therefrom by the association, except in the case of a lawfully and properly matured share, in which case the amount of the claim shall be the actual par value of the share less any payment received on account thereof from the association and less any other amount lawfully deductible therefrom by the association.

C. Every claim enumerated above 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.

D. All claims provided for in this section shall be construed to refer only to claims presented to the secretary, and approved by the court, in accordance with the provisions of this act.

Section 1012. Liquidation of Balance by Trustees.— Except in the case of a building and loan association, the secretary shall dispose in the following manner of any unliquidated assets of an institution of which he was receiver, which are still in his possession after the filing and confirmation of his final account, the payment in full of the claims of all depositors, creditors, and other claimants which have been approved by the court, the return to shareholders, pro rata, of any amounts paid by them pursuant to an assessment made by the secretary, under the provisions of this act, which have proved unnecessary to pay in full the duly presented and approved claims of depositors and other creditors, and the distribution to shareholders of any cash balance remaining thereafter.

The secretary shall call a meeting of all the shareholders of the institution by giving them written notice at least thirty days before the day fixed for the meeting. At such meeting, the shareholders shall elect by ballot a trustee or trustees, who shall complete the liquidation. A majority of the shares present in person or by proxy shall be necessary to elect such trustee or trustees. The secretary shall file one copy of the proceedings of such shareholders' meeting in his office, and one in the office of the prothonotary. Both copies shall be prepared by him under oath or affirmation.

If no trustee is elected in this manner on the day designated, the secretary shall petition the court in

which the certificate of possession is filed for the appointment of a trustee or trustees.

The trustee or trustees who are thus elected by the shareholders or appointed by the court shall give bond to the Commonwealth, in such amount, with such surety and under such conditions as the court may direct. The secretary shall then transfer to such trustee or trustees all the assets of the institution which are still in his possession.

After such transfer by the secretary to a trustee or trustees for the benefit of the shareholders, the institution shall have no corporate powers or privileges whatsoever. The trustee or trustees shall not succeed to any of its powers or privileges except such as shall be necessary to the liquidation of the remaining assets which have been transferred to such trustee or trustees by the secretary.

Section 1013. Unclaimed Dividends.—Whenever, upon the audit or adjudication of the final account of the secretary in possession of an institution as receiver, there shall be and remain in his possession any dividends which shall have been awarded to any depositor or other creditor the whereabouts of whom or of whose legal representatives the secretary has been unable to ascertain, or any dividends which otherwise are by law escheatable to the Commonwealth, he shall file in the court the sworn statement required by law, and shall thereupon pay the dividends into the State Treasury, through the Department of Revenue, in accordance with the provisions of law, such moneys to be subject to refund to any corporation or person entitled thereto, pursuant to the provisions of law.

This section shall not be construed to relieve the secretary of any of the duties with respect to such unclaimed or escheatable dividends imposed by law upon any receiver appointed by any court within this Commonwealth.

Section 1014. Destruction of Records.—The secretary is authorized to destroy all records of the institution of which he was in possession as receiver, and all records of such receivership, at the expiration of six years from the date of the absolute confirmation of his final account, except where any provision of this act, expressly or impliedly, provides a different method for the disposition of the records or a longer period for their preservation.

ARTICLE XI

SPECIAL CRIMINAL PROVISIONS

Section 1101. Criminal Prosecutions.—Upon discovery, by report or otherwise, of any violation of any criminal law of this Commonwealth, which relates to an institution, the department shall institute criminal proceedings in the manner provided by law.

Section 1102. 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 1103. Statute of Limitations for Violations 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 XII

EFFECTIVE DATE AND REPEALER

Section 1201. Effective Date.—This act shall become effective on the third day of July, one thousand nine hundred and thirty-three, and shall apply to all corporations and persons described herein, whether in existence on such date or coming into existence at any time thereafter.

Section 1202. Acts and Parts of Acts Specifically Repealed.—The following acts and parts of acts are hereby specifically repealed:

Section twenty-eight 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,” in so far as it relates to distribution of assets by the secretary as receiver.

Section one of the act approved the eighth day of May, one thousand nine hundred and 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," in so far as it relates to distribution of assets by the secretary as receiver.

Section one 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," in so far as it relates to distribution of assets by the secretary as receiver.

The act approved the twenty-first day of May, one thousand nine hundred and thirteen (Pamphlet Laws, two hundred ninety-four), entitled "An act to give the status of a depositor, as to preference, over other creditors, to persons, firms, or corporations accepting from a bank or trust company its check in payment of a depositor's check," in so far as it relates to distribution of assets by the secretary as receiver.

The act approved the twenty-third day of May, one thousand nine hundred and 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," in so far as it relates to distribution of assets by the secretary as receiver.

The act approved the fourteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, seven hundred seventy-eight), entitled "An act authorizing the reorganization of building and loan associations and savings and loan associations with the approval of the Banking Commissioner; requiring the interest of all stockholders thereof to remain in the association for a period of two years; and providing for the payment at the end of such period of their respective interests to stockholders who failed to approve the plan of reorganization," absolutely.

The act approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled "An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents," absolutely.

The act approved the fifth day of April, one thousand nine hundred and twenty-seven (Pamphlet Laws, one hundred six), 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 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,' providing for the distribution of the assets of private bankers in case of insolvency," in so far as it relates to distribution of assets by the secretary as receiver.

The act approved the thirteenth day of April, one thousand nine hundred and twenty-seven (Pamphlet Laws, one hundred eighty-two), entitled "An act to amend section nine of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents'; requiring building and loan associations to pay the costs of examinations by the Department of Banking," absolutely.

The act approved the fifth day of May, one thousand nine hundred and twenty-seven (Pamphlet Laws, seven hundred sixty-two), entitled "An act to amend sections two, three, eleven, twelve, fourteen, seventeen, twenty-one, twenty-three, twenty-five, twenty-eight, twenty-nine, thirty, thirty-two, thirty-four, thirty-six, thirty-eight, forty-two, forty-four, forty-six, forty-seven, and forty-eight of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,' " absolutely.

The act approved the twenty-fifth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, seven hundred sixteen), entitled "An act to amend section nine of the act, approved the fifteenth day of June, one thousand nine hundred twenty-three (Pamphlet Laws, eight hundred nine) entitled, 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,' as amended," absolutely.

The act approved the twenty-sixth day of April, one thousand nine hundred and 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 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 twelfth day of May, one thousand nine hundred and thirty-one (Pamphlet Laws, one hundred twelve), entitled "An act to further amend section twelve of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,' by authorizing the Department of Banking to disclose certain contents of reports of building and loan associations," absolutely.

The act approved the twenty-eighth day of May, one thousand nine hundred and thirty-one (Pamphlet Laws, one hundred ninety-three), entitled "An act to amend section twenty-eight as amended, Clause II of section thirty-one, clause (b) of section thirty-two as amended, section forty-one, section forty-two as amended, and section forty-five, of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,' by conferring additional powers on the Secretary of the Department of Banking; and changing the procedure to be followed in the liquidation, reorganization, and rehabilitation of the corporations, partnerships, and persons over which the department has supervision and control," absolutely.

The act approved the twenty-ninth day of May, one thousand nine hundred and thirty-one (Pamphlet Laws, two hundred ninety-six), entitled "An act to further amend paragraph (a) of section nine of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over

corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,''' absolutely.

The act approved the twelfth day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, five hundred sixty-three), entitled "An act to amend section thirty-six of the act, approved the fifteenth day of June, one thousand nine hundred twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,' as amended, by providing that pledgees of assets of institutions in the possession of the Secretary of Banking may not forfeit or sell the same except under certain conditions; and providing penalties," absolutely.

The act approved the twenty-second day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, eight hundred seventy-six), entitled "An act to amend section three of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Department Act of nineteen hundred and nineteen, with table of contents,' as amended in part, providing additional regulations for all advertisements, publications, and notices required by the said act to be made in newspapers," absolutely.

The act approved the twentieth day of July, one thousand nine hundred and thirty-two (Pamphlet Laws, seven), entitled "An act to further amend section twenty-nine, and clauses (b) and (d) of section thirty-two, of an act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine), entitled 'An act relating to the organization, maintenance, and operation of the Department of Banking, and the scope of its supervision and control over corporations, partnerships, unincorporated associations, and individuals, and the assets and liabilities thereof; providing penalties for the enforcement of its provisions; and repealing The Banking Depart-

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:

TABLE OF CONTENTS

ARTICLE I.	SHORT TITLE AND PRELIMINARY PROVISIONS.
Section	1. Short Title.
Section	2. Definitions.
Section	3. Applicability of Act; Automatic Acceptance.
Section	4. Saving Clause.
Section	5. Constitutional Construction.
Section	6. Construction of References; Article and Section Headings.
Section	7. Jurisdiction of Courts.
Section	8. Notices to Corporations and Persons.
Section	9. Advertisement or Notice in Newspapers.
Section	10. Waiver of Notice.