

stockholders, therein mentioned, shall be published, once a week for two weeks prior to such meeting, in at least one newspaper published in the county, city or borough wherein the place of business of the building and loan association, so selling, assigning, disposing or conveying, is situate," in so far as it relates to incorporated institutions.

The act approved the twenty-second day of June, one thousand nine hundred thirty-one (Pamphlet Laws, six hundred), entitled "An act permitting savings banks, savings institutions, and provident institutions to invest monies deposited with them in obligations of certain public utility companies," absolutely.

Section 1603. General Repeal of Acts.—All other acts or parts of acts inconsistent herewith are hereby repealed.

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

GIFFORD PINCHOT

No. 113

AN ACT

To amend the act, approved the fifth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, three hundred seventy-four), entitled "An act providing for the licensing and regulation of corporations, copartnerships, associations, and individuals, engaged in the business of receiving payments or contributions to be held or used in any plan of accumulation or investment, or of issuing, negotiating, offering for sale, or selling any certificates, securities, contracts, or other choses in actions evidenced by writing on the partial payment or instalment plan, or of assuming fixed obligations, or issuing, in connection therewith, a contract based upon payments being made upon instalments or single payments, under which all or part of the total amount received is to be repaid at some future time, with or without profit; and imposing penalties," as amended, by providing for the transfer from the Department of Banking to the Pennsylvania Securities Commission of the rights and duties with respect to the licensing and regulation of such corporations, copartnerships, associations, and individuals.

Securities
Commission.

Investment
business.

Section 1, act
of May 5, 1921
(P. L. 374),
amended.

Section 1. Be it enacted, &c., That section one of the act, approved the fifth day of May, one thousand nine hundred twenty-one (Pamphlet Laws, three hundred seventy-four), entitled "An act providing for the licensing and regulation of corporations, copartnerships, associations, and individuals, engaged in the business of receiving payments or contributions to be held or used in any plan of accumulation or investment, or of issuing, negotiating, offering for sale, or selling any certificates, securities, contracts, or other choses in actions evidenced by writing on the partial payment or instalment plan, or of assuming fixed obligations, or issuing, in connection therewith, a contract based upon pay-

ments being made upon instalments or single payments, under which all or part of the total amount received is to be repaid at some future time, with or without profit; and imposing penalties," is hereby amended to read as follows:

Section 1. Be it enacted, &c., That wherever used in this act, the following words shall be construed as follows:

Definitions.

"Corporation" shall mean a corporation formed, incorporated, or organized under the laws of this Commonwealth, or of any other state or territory, the District of Columbia, or any foreign country.

"Person" shall mean an individual, firm, partnership, or association.

"Contract" shall mean a bond, note, certificate, contract, obligation, agreement, pass book, or any other chose in action evidenced by writing.

["Commissioner" shall mean the Commissioner of Banking of this Commonwealth.]

"Commission" shall mean the *Pennsylvania Securities Commission*.

Section 2. That section two of the said act is hereby amended to read as follows:

Section 2 amended.

Section 2. After the first day of October, one thousand nine hundred and twenty-one, no corporation or person shall, whether or not operating under a declaration of trust or other agreement, engage or continue, either directly or indirectly, in the business, within this Commonwealth, of receiving single payments, regular instalment payments, or contributions to be held or used in any plan of accumulation or investment, or of issuing, negotiating, offering for sale, or selling any contract on the partial payment or instalment plan, or of assuming fixed obligations, or issuing, in connection therewith, a contract based upon payments being made upon instalments or single payment, under which all or part of the total amount received is to be repaid at some future time, either with or without profit, unless such corporation or person is licensed to transact such business within this Commonwealth by the [commissioner] *commission* in the manner hereinafter provided.

Certain investment business to be licensed.

Section 3. That section three of the said act, as amended by the act approved the twenty-first day of April, one thousand nine hundred twenty-three (Pamphlet Laws, seventy-nine), is hereby further amended to read as follows:

Section 3, as amended by act of April 21, 1923 (P. L. 79), further amended.

Section 3. Every corporation or person, desiring to obtain a license under the provisions of this act, shall file with the [commissioner] *commission*, an application in writing in such form as may be prescribed by the [commissioner] *commission*. Before a license shall be issued by the [commissioner, he] *commission*, it shall make, or cause to be made, an investigation of the condition and affairs of the applicant and its general plan

Application for license.

Investigation by commission.

Plan to be submitted.

of operation. [He] *It* shall investigate the moral character and general fitness of the applicant, if an individual, and of the members of a partnership or association, and of the directors, managers, trustees, and other officers of every applicant, to discharge the duties reposed in them, and may examine any or all of them under oath. [He] *It* shall require the applicant to submit [to him] a mathematical chart or calculation, showing in detail the operation of the plan of investment carried on or proposed to be carried on, for the purpose of determining whether the same is financially and mathematically sound and the contracts or obligations issued or proposed to be issued possible of fulfillment. Unless the [commissioner] *commission* is satisfied as to the character and general fitness of the managing officers of the applicant to honestly and efficiently carry on its business, and that the plan of operation is financially sound, and the contracts issued or proposed to be issued possible of fulfillment, [he] *it* shall refuse the license, and forthwith notify the applicant of such refusal, and specify in the notice the cause or causes thereof. The [commissioner] *commission* may revoke such license at any time when conditions arise which in [his] *its* judgment, if existing at the time when the license was granted, would have been sufficient cause for refusing to issue such license.

Refusal of license.

Revocation of license.

Section 4, as amended by act of April 21, 1923 (P. L. 79), further amended.

Section 4. That section four of the said act, as amended by the act approved the twenty-first day of April, one thousand nine hundred twenty-three (Pamphlet Laws, seventy-nine), is hereby further amended to read as follows:

Deposit of security with commission.

Section 4. No corporation or person shall be licensed under the provisions of this act unless and until it has deposited with the [commissioner] *commission* in cash or bonds of the United States or of the State of Pennsylvania or of cities, counties, boroughs, or school districts of this Commonwealth, or any other state of the United States, approved by the [commissioner] *commission*, of the clear market value of one hundred thousand dollars (\$100,000), as security for the fulfillment of its contracts made heretofore or hereafter with residents of Pennsylvania. Exchanges of such bonds may be made from time to time with the approval of the [commissioner] *commission*. If any of said bonds are called for payment, the proceeds thereof shall remain in the hands of the [commissioner] *commission* until other bonds of the character described in this section shall be substituted in like amount for the bonds so paid. The corporation or person making such deposit shall be entitled to the income thereon.

Exchange of security.

Income of security.

Section 5 amended.

Section 5. That section five of the said act is hereby amended to read as follows:

Fees.

Section 5. Every corporation or person licensed under the provisions of this act shall, before such license is

issued, pay to the [commissioner] *commission* a fee of one hundred dollars (\$100) at the time such license is issued, and twenty-five dollars (\$25) on or before the first day of October annually thereafter. All fees paid to the [commissioner] *commission* under the provisions of this act shall be paid by [him] *it, through the Department of Revenue*, into the State Treasury. [for the use of the Banking Department.]

Section 6. That section six of the said act is hereby amended to read as follows:

Section 6. Every corporation or person licensed under the provisions of this act shall annually, on or before the fifteenth day of January, file in the office of the [commissioner] *commission* a report, which shall exhibit its financial condition on the thirty-first day of December of the previous year and its business of that year, and shall, at any other time upon written request of the [commissioner] *commission*, file a supplemental report of its financial condition and business done. For cause the [commissioner] *commission* may extend the time for filing the annual report, but not to a date later than the fifteenth day of February. Such report shall be in such form as may be established from time to time by the [commissioner] *commission*, and shall be sworn to by the president and secretary of the corporation or person, or, in their absence, by two of its principal officers empowered to act in their stead. A corporation or person which neglects to file its annual report with the [commissioner] *commission* within the time required shall be liable to a penalty of one hundred dollars (\$100) for each day during which such neglect continues. Such penalty shall be collected by the Attorney General as debts due the Commonwealth are collected.

Section 7. That section seven of the said act is hereby amended to read as follows:

Section 7. The [commissioner] *commission* may require every corporation or person licensed under the provisions of this act to set apart a fund, no portion of which shall be applied to the expense of such corporation or person, which shall consist of not less than ten per centum of the amount designated in each contract issued as applicable to the payment of the expenses of conducting the business of such corporation or person. Such fund shall be invested at the close of each calendar year, or oftener if the [commissioner] *commission* may require, in bonds of the character described in section four of this act, and forthwith deposited with the [commissioner] *commission*, in the same manner and under the same terms as prescribed by said section, as additional security for the fulfillment of its contracts, provided such corporations or person may deposit cash with the [commissioner] *commission* in lieu of securities.

Section 6
amended.

Annual reports.

Supplemental
report.

Form of report.

Failure to file
report.

Section 7
amended.

Additional se-
curity fund.

Section 8
amended.

Section 8. That section eight of the said act is hereby amended to read as follows:

Section 8. [The commissioner shall have the same powers for the supervision and examination of any corporation or person licensed under the provisions of this act as are now or may hereafter be vested in him by law for the supervision and examination of banks, trust companies, and other financial institutions, and every corporation or person licensed under the provisions of this act shall be subject to the same fees for supervision and examination as are now or may hereafter be imposed on other institutions under the supervision of the commissioner.

Commissioner to
have access to
books and
papers.

For the purpose of examination or supervision, the commissioner] *The commission*, or [his] *its* duly authorized representative, shall have free access to all the books and papers of the corporation or person which relate to its business and to the books and papers kept by any of its agents, and may administer oaths to and examine as witnesses the directors, officers, and agents of said corporation or person, and any individual or the members of any copartnership or association licensed hereunder, and any other person, relative to its affairs, transactions and condition.

Examination of
witnesses.

Section 9
amended.

Section 9. That section nine of the said act is hereby amended to read as follows:

Discontinuance
of business.

Section 9. Whenever any corporation or person licensed under the provisions of this act shall desire to discontinue with this Commonwealth the business of the nature hereinbefore set forth and described, it may make application by petition to the court of common pleas of Dauphin County, setting forth its resources and liabilities within and without this Commonwealth, and particularly an itemized and complete list of the holders or owners of the outstanding contracts issued by such corporation or person, together with the last known address of such holders or owners, and, in each case, the total amount of the liability of such corporation or person thereon, if any, and thereupon the said court, after due hearing, of which the [commissioner] *commission* shall have such notice as the court may determine, may make such order as will permit the withdrawal of said cash or bonds deposited with the [commissioner] *commission*, or a part thereof, and will, at the same time, fully protect the rights of all persons owning or holding the contracts issued by such corporation or person.

Petition to court.

Order of court.

Section 10
amended.

Section 10. That section ten of the said act is hereby amended to read as follows:

Violations.

Section 10. Any corporation or person violating any of the provisions of this act, or failing to comply with any requirement imposed upon it by the [commissioner] *commission* pursuant to any of the provisions of this act, is guilty of a misdemeanor, and, upon conviction,

Misdemeanor.

shall be sentenced to pay a fine of not less than five hundred dollars (\$500) nor more than five thousand dollars (\$5000). Each transaction carried on in violation of this act shall constitute a separate offense.

Section 11. That section twelve of the said act is hereby amended to read as follows:

Section 12. The provisions of this act shall not apply to any person or corporation engaged entirely in the business of issuing, negotiating, offering for sale, or selling contracts which at the time of issuance, negotiation, offering for sale, or sale are secured by adequate property, real or personal, nor to any domestic or foreign banks, banking companies, cooperative banking associations, trust, safe deposit, real estate, mortgage, title insurance, guaranty, surety and indemnity companies, savings institutions, savings banks, and provident institutions, or to mutual savings funds, employes' savings funds, building and loan associations, or corporations doing a safe deposit business only, nor to national banking associations, nor to any corporation, copartnership, association, exchange, society, or order, subject to the supervision of the Insurance Commissioner of the Commonwealth, nor to contracts issued by a corporation or person for the purpose of raising money for its principal business, if its principal business is other than the issuing or selling of contracts or obligations described in section two of this act.

The provisions of this act shall not be construed to affect in any way the act, approved the thirteenth day of April, one thousand nine hundred twenty-seven (Pamphlet Laws, two hundred seventy-three), entitled "An act for the registration and regulation of certain individuals and entities selling, offering for sale or delivery, soliciting subscriptions to, or orders for, or undertaking to dispose of, inviting offers for, or inquiries about, or dealing in any manner in, securities defined herein, including securities issued by them; conferring powers and imposing duties on the Pennsylvania Securities Commission and otherwise providing for the administration of this act; providing for appeals to the court of common pleas of Dauphin County and to the Supreme Court of Pennsylvania; prescribing penalties; and making appropriations," its amendments and supplements.

All books, papers, records, securities, and moneys of or relating to corporations and persons subject to the provisions of this act, which are in the office of the Department of Banking, shall be transferred by the Department of Banking to the commission.

Penalty.

Section 12 amended.

Act not applicable to certain businesses.

Provisions not to affect act of April 13, 1927 (P. L. 273).

Transfer of records to commission.

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

GIFFORD PINCHOT