

No. 600  
AN ACT

Amending the act of May 15, 1933 (P. L. 624), entitled, as amended, "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 and employes' mutual banking associations; 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 employes' mutual banking associations, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations 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," changing provisions relating to declaration and payment of dividends and the granting of loans.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows: Banking Code.

Section 1. Subsection A of section 701, act of May 15, 1933 (P. L. 624), known as the "Banking Code," amended July 29, 1941 (P. L. 586), is amended to read:

Subsection A,  
section 701, act  
of May 15, 1933,  
P. L. 624,  
amended July  
29, 1941, P. L.  
586, further  
amended.

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

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Section 2. Section 909 of the act is amended to read:

Section 909 of  
the act, amended.

Section 909. Deficiency in Reserve Fund; Notice to Department; Penalty.—[A. Except as otherwise specifically provided in this act, if the reserve fund of an institution shall be less than the amount required by this article, such institution \* shall not grant any new

\* "shall be less than the amount required by this article such institution" in original.

loan, or declare or pay any dividends, until the reserve fund required by this act shall have been restored in full.]

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

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

Act effective immediately.

Section 3. This act shall take effect immediately.

APPROVED—The 1st day of December, A. D. 1959.

DAVID L. LAWRENCE

No. 601

AN ACT

Amending the act of May 15, 1933 (P. L. 624), entitled, as amended, "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 and employes' mutual banking associations; 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 employes' mutual banking associations, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations 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," authorizing certain banking institutions to invest funds administered by such institutions and to invest funds of \*\*employee pension, welfare

\* "fiduciary" in original.

\*\* "employee" in original.