

fining the powers of the several courts of quarter sessions of the peace, within this Commonwealth, with reference to the care, treatment, and control of dependent, neglected, incorrigible, and delinquent children, under the age of sixteen years, and providing for the means in which such power may be exercised, and the supplements thereto," is hereby repealed.

Section 3. All acts and parts of acts inconsistent with this act are hereby repealed. Repeal.

APPROVED—The 28th day of May, A. D. 1931.

GIFFORD PINCHOT

No. 118

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.

Section 1. Be it enacted, &c., That section twenty-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," as amended by section ten of 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-

Department  
of Banking.

Section 28, act of  
June 15, 1923  
(P. L. 809), as  
amended by act  
of May 5, 1927  
(P. L. 762),  
further  
amended.

eight of the act, approved the fifteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred and 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,' " is hereby further amended to read as follows:

Section 28. Surrender of Possession by Secretary.—The secretary may, upon conditions approved by him, surrender possession [for the purpose of permitting such corporation or person to resume business, to sell or convey its or his property and franchise, or to merge or consolidate its or his business with that of another corporation or person in accordance with the laws of this Commonwealth, or because he is without funds to continue or liquidate the business and property of which he has taken possession; but he shall not authorize any decrease of capital stock by a corporation except upon compliance by the corporation with the provisions of law as to such decrease.] *in all cases, prior to liquidation and final distribution, for the reasons and purposes and in the manner following, (a) because he is without funds to continue or to liquidate the business and property of which he has taken possession; or (b) to permit to be carried into effect a special plan of liquidation, reorganization, and/or rehabilitation submitted by such corporation or person and assented to by creditors whose claims, as certified by the secretary, aggregate not less than ninety per centum in amount, and not in number, of the total claims certified by the secretary to be due by such corporation or person; provided, such special plan has been approved by the court, excepting in cases of building and loan associations as to which the assent of fifty-one per centum in amount, and not in number, of the total claims so certified by the secretary shall be sufficient; or (c) where such corporation or person has been found to be solvent, for the purpose of permitting it or him to resume business; or (d) to permit such corporation or person to transfer and convey, for what the secretary may determine to be a good and sufficient consideration, a part or parts of its or his business, property, moneys, credits and other assets to a corporation, existing or to be formed, or to a person; the said business, property, moneys, credits, and other assets in question to be transferred and conveyed, except as the secretary may specify otherwise in the order filed by him in the office of the prothonotary as hereinafter provided for, free of all claims against and general liens*

thereon. The corporation or person taking over the said business, property, moneys, credits and other assets shall pay for the same at appraised values approved by the secretary. The said payment may, with the approval of the secretary, be met by making available, on demand, to depositors and/or other creditors of the transferor corporation or person, funds on deposit with the transferee corporation or person; provided, that the last named corporation or person is empowered to engage in or is actually engaged in the business of a bank of deposit under the supervision of the Secretary of Banking, and when the payment is so met, such funds shall be paid by the transferee corporation or person to said depositors and/or other creditors of the transferor corporation or person pro rata according to their claims and in such percentages thereof or amounts as may be determined by the secretary.

The secretary may retain possession of any balance of assets not transferred and conveyed as aforesaid, or he may stipulate, as a condition to his approval of a partial transfer, that the balance of assets shall be transferred and conveyed to such number of trustees, as the secretary may designate, for the purposes of liquidation and distribution of the proceeds to those entitled in accordance with the laws of this Commonwealth. In the event the secretary determines to transfer the said balance of assets to such liquidating trustees, they shall be chosen by the creditors and stockholders of such corporation or person at an election, called for that purpose by the secretary, to be conducted under his supervision and subject to his approval; the electors to be listed by the secretary, and each creditor to vote according to the amount due to him as it may appear on the secretary's list, and each stockholder to have one vote for each share of stock held by him; the creditors as a group and the stockholders as a group each to elect such number of all of the trustees as the secretary may designate, but in no case shall the number of trustees designated by the secretary, to act for and be elected by the creditors, be less than two-thirds of the total number of trustees to be elected. The secretary's certificate as to such designation and the result of the election filed in the office of the prothonotary shall be conclusive. The balance of assets remaining in the hands of the secretary, or transferred to such liquidating trustees, may, if, in the judgment of the secretary as certified in the order filed by him in the office of the prothonotary and hereinafter provided for, the circumstances of the prior sale of the other part of the assets so require, be made subject to a preferred claim over other creditors in favor of the purchaser of such other part of the assets, coupled with the condition that should the portion of the assets previously sold fail to realize

*in the hands of the purchaser the full purchase price paid therefor, the secretary, or such liquidating trustees, will make good out of the assets in his or their possession the deficiency: Provided, That a claim for such deficiency be made and proved within one year from the date of the transfer; and provided, also, that if the assets previously sold should realize more than the amount paid therefor, the surplus shall be paid to the secretary, or to such liquidating trustees, to be added to the fund in the hands of the secretary, or such liquidating trustees, for distribution to those entitled under the law to the assets remaining in his or their possession.*

*The secretary and/or such liquidating trustees shall have the right to lease real estate belonging to such corporation or person for such terms and on such conditions as may to him or them seem most advantageous to the estate in his or their possession, and to sell and dispose of the assets and property of such corporation or person, and to make other contracts which, in his or their judgment will prove helpful in carrying into effect the conditions and terms under which the secretary surrenders possession, or which, in his or their judgment, will assist in the liquidation and distribution to those entitled under the law to the proceeds of the property and the assets retained by the secretary or transferred to the liquidating trustees for liquidation and distribution in accordance with law.*

*The secretary may require the liquidating trustees to report to him, from time to time, regarding the liquidation and distributions conducted by them, and, if he is not satisfied with the conduct of the trustees in those regards, the secretary, by certificate duly filed in his office and in the office of the prothonotary, may cancel the surrender and again take possession of all the property, moneys, credits and other assets then in the hands of the trustees for liquidation and distribution in accordance with law.*

*Whenever the secretary shall surrender possession under the provisions of this section, he shall forthwith issue an order, under his official seal, [authorizing such corporation or person to resume business, to sell or convey its or his property and franchises, or to merge or consolidate as aforesaid,] stating therein the conditions and terms under which, and the purposes for which, he has surrendered possession, and shall file said order in his office, and cause a certified copy thereof to be filed in the office of the prothonotary, who, if the surrender is of the whole estate, shall thereupon cause the entries upon the judgment index made pursuant to section twenty-two of this act to be satisfied, and the secretary shall thereupon be discharged from all further liability in the premises.*

*Whenever the secretary makes a surrender under this*

section, he shall file in court an account of his administration of the estate to the date of the surrender, showing its then present status, all receipts in cash and expenses incurred, including fees paid out of the fund to attorneys and others; but neither the audit of the account, nor the adjudication of questions there arising, shall be permitted to hinder or delay the carrying into effect of the conditions and terms of the surrender of possession. When such account is filed and adjudicated, the balance on hand shall be awarded by the court to creditors and others entitled thereto under the law: *Provided*, That if, on final liquidation and distribution, the assets of any corporation or person should prove insufficient to pay in full all claims against the corporation or person, nothing in this section contained and no action taken pursuant to the provisions hereof shall operate to relieve stockholders of such corporation from their liability, if any, under the act of May eleventh, one thousand eight hundred and seventy-four (Pamphlet Laws, one hundred thirty-five), number sixty-eight: *Provided* further, That liquidating trustees named under this section shall have all the rights to enforce the individual liability of such stockholders as are conferred on the secretary under section thirty-seven of the act of June fifteenth, one thousand nine hundred and twenty-three (Pamphlet Laws, eight hundred nine).

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

Section 2. That clause II of section thirty-one of said act is hereby amended to read as follows:

Clause II, of section 31, amended.

II. He shall have permitted a resumption of business, or a sale or conveyance of property and franchises, [or a merger or consolidation,] or made a surrender, pursuant to the provisions of section twenty-eight of this act.

Section 3. That clause (b) of section thirty-two of said act, as amended by section thirteen of the said act, approved the fifth day of May, one thousand nine hundred and twenty-seven (Pamphlet Laws, seven hundred sixty-two), is hereby further amended to read as follows:

Clause (b), section 32, as amended by act of May 5, 1927 (P. L. 762), further amended.

Section 32. (b) Sales of Real and Personal Property.—The secretary may sell at public sale any or all of the real and personal property of such corporation or person without any order of court. He may, with leave of court, after such notice to creditors by advertising or otherwise as the court may direct, sell either real or personal property at private sale upon such terms and under such conditions as the court, upon petition of the secretary, may direct, and all sales theretofore made may be approved by the court. [At least five days' notice of any petition for leave to sell at private sale

shall be given to all stockholders of such corporation or to such person, and to all creditors known to the secretary; and such notice shall also be advertised at least once in a newspaper in the county where the banking house or other place of business is located, and when the land is situated in a different county, at least once in a newspaper published in the latter county.] *Sales under this section may be either all for cash or partly for cash and partly for evidences of indebtedness approved by the court.*

Section 41  
amended.

Section 4. That section forty-one of said act is hereby amended to read as follows:

Section 41. Notice to Depositors and Creditors.—When the secretary shall have determined to liquidate the affairs of such corporation or person, he shall forthwith give written or printed notice to all depositors to produce to him their deposit or pass books for settlement, stating in such notice the amount which the books of the corporation or person show to be due to each depositor, subject to outstanding checks, and notifying such depositors that, unless a settlement of the deposit or pass books shall show a different amount to be due, or unless a depositor shall, within four months from the date of such notice, make proof in the manner hereinafter set forth, that the amount due him differs from the amounts as shown by the books of the corporation or person, the amount last mentioned will be conclusive as to the amount of the claim of such depositor, subject, as aforesaid, to any outstanding checks.

The secretary shall, at the same time, give written or printed notice to all creditors other than depositors, so far as known to him, to make proof of their claims in the manner hereinafter set forth, within four months from the date of such notice, or be debarred from coming in upon the fund.

He shall also advertise such notices to depositors and other creditors in a newspaper, and in the legal newspaper, if any, designated by rules of a court for publication of legal notices in said county, once a week for four successive weeks.

*The time within which said depositors and creditors shall make proof of their claims, or make objection to the amount of their deposits as stated by the secretary, may, in the discretion of the secretary, be such period as he may prescribe less than four months but not less than thirty days.*

Section 42, as  
amended by act of  
May 5, 1927  
(P. L. 762),  
further  
amended.

Section 5. That section forty-two of said act, as amended by section eighteen of the said act, approved the fifth day of May, one thousand nine hundred and twenty-seven (Pamphlet Laws, seven hundred sixty-two), is hereby further amended to read as follows:

Section 42. Proof of Claims of Creditors.—No claim,

other than the claim of a depositor, shall be allowed unless the claimant, or some one for him if he cannot do so, shall, within [four] *two* months from the date of such notice, furnish to the secretary a statement of his claim, together with a copy of any book entries pertaining thereto, or any note or other writing evidencing the same, verified by an 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 corporation or person); that there are no credits or allowances against the same except as therein set forth; that I have not directly or indirectly made or entered into any bargain, arrangement, or agreement, express or implied, to take or receive, directly or indirectly, any money, property, or consideration whatever, to or for myself, or to or for any other person, firm, or corporation whatever, other than my dividend as a creditor; and that there is no collateral security for said indebtedness, or any part thereof, held by me or anyone else other than as above set forth.”

In case the claimant shall be a partnership or corporation, such affidavit shall be made by a member of the partnership, or by the treasurer or assistant treasurer of the corporation claimant, and the form thereof shall be modified accordingly: *Provided, That in the case of a corporation or person having five thousand or more depositors and creditors, the time within which creditors shall make proof of their claims may, in the discretion of the secretary, be such period as he may prescribe less than four months but not less than thirty days.*

The provisions of this section shall not apply to the [claim] *claims* of cestuis que trust or others to or against trust funds or property in the custody, possession, or control of a corporation or person, possession of whose business and property is taken by the secretary under the provisions of this act.

Section 6. That section forty-five of said act is hereby amended to read as follows:

Section 45  
amended.

Section 45. Partial or Final Account; Objections.—At the expiration of the time fixed by the notice and advertisement for the presentation of claims prescribed in section forty-one of this act, the secretary may file a partial or final account, consisting of a statement of receipts and expenditures, together with a list of the claims which have been allowed, and, separately, a list of the claims which have been objected to or are disputed, showing, as to all claimants, the names, addresses, and amounts.

If no account is filed within a year from the time when the secretary takes possession, any party interested

may petition the court for an order on the secretary requiring the filing of an account.

Any account filed by the secretary shall be duly verified by him under oath or affirmation. Upon the filing thereof, he shall give written or printed notice, to all the depositors and other creditors known to him, of such filing, and that, unless objections shall be filed within thirty days from the date thereof, the same will be confirmed absolutely. He shall also, at the same time, advertise such notice in two newspapers once a week for four successive weeks.

During such period of thirty days, any depositor, other creditor, stockholder, or anyone having any interest, may file in the court objections in writing to said account or to the allowance of any of said claims, a copy of which objections shall forthwith be served upon the claimant whose claim is objected to, or his counsel, and upon the secretary, or his counsel, or the special deputy appointed by him in such proceeding. *In the case of the liquidation of building and loan associations, wherever, in this act, the word "creditors" is used, it shall mean shareholders and/or creditors; and in all other cases the word "creditors," wherever used in this act, shall mean depositors and/or creditors.*

Section 7. This act shall become effective immediately upon its passage, and approval by the Governor.

APPROVED—The 28th day of May, A. D. 1931.

GIFFORD PINCHOT

No. 119

### AN ACT

To provide for an additional law judge of the court of common pleas in the twenty-ninth judicial district.

Section 1. Be it enacted, &c., That in addition to the judge provided for in the act, approved the twenty-fifth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, one thousand one hundred sixty-three), entitled "An act to designate the several judicial districts of the Commonwealth as required by the Constitution, and to provide for the election and commissioning of judges learned in the law for the said districts," an additional law judge is hereby authorized and provided for the court of common pleas of the twenty-ninth judicial district, who shall possess the same qualifications which are required by the Constitution and laws for the president judge of said district, and who shall hold his office for a like term and by the same tenure, and shall have the same

When  
effective.

Twenty-ninth  
judicial district.

Additional  
law judge.