

Section 1. It shall be unlawful for any person knowingly to sell, offer for sale, attempt to sell, exhibit, give away, *distribute*, keep in his possession with intent to sell, or give away, or *distribute*, or in any way furnish, or attempt to furnish, to anyone under the age of eighteen years, any comic book, magazine, book, picture, periodical or other publication which is obscene, or which teaches or advocates the use of narcotics.

Any person violating any of the provisions of this section shall be guilty of a misdemeanor, and shall, upon conviction thereof, be sentenced to pay a fine not exceeding [five hundred dollars (\$500)] *one thousand dollars (\$1,000)*, or to undergo imprisonment not exceeding [one year] *two years*, or both.

APPROVED—The 14th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 404

AN ACT

Amending the act of December 1, 1959 (P. L. 1647), entitled "An act to provide for the incorporation of Business Development Credit Corporations to assist, promote, encourage, develop and advance the business prosperity and economic welfare of the Commonwealth; defining the powers, restrictions, limitations, purposes and functions of such corporations; conferring powers on certain corporations and financial institutions in connection therewith, and conferring certain powers on the Department of Banking," further regulating business development credit corporations, and permitting them to operate on a State-wide basis.

Business Development Credit Corporation Law.

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

Sections 2 and 3, clauses (2), (6) and (7), section 4, clause (a), subsection (2), section 6, subsections (1) and (5), section 8, and clause (c), subsection (2), and subsection (3), section 9, act of December 1, 1959, P. L. 1647, amended.

Section 1. Sections 2 and 3, clauses (2), (6) and (7) of section 4, clause (a) of subsection (2) of section 6, subsections (1) and (5) of section 8, and clause (c) of subsection (2) and subsection (3) of section 9, act of December 1, 1959 (P. L. 1647), known as the "Business Development Credit Corporation Law," are amended to read:

Section 2. Definitions.—The following words, as used in this act, shall have the meanings herein assigned to them, unless the *context clearly indicates otherwise:

(1) "Corporation" means a corporation which may be formed under this act.

(2) "Financial institution" means any national banking association, State-chartered bank, bank and trust company, [or] savings bank, or *private bank*, Federal

* "contest" in original.

savings and loan association, State-chartered building and loan association or credit union, or any stock insurance company, including any stock life or limited life, stock fire, stock marine, stock fire and marine, or stock casualty company, any mutual insurance company, including any mutual life or limited life company or any surety company, title insurance company, Lloyds association, or inter-insurance exchange, which is authorized by law to transact the business of insurance in Pennsylvania.

(3) "Lending agreement" means an agreement between a corporation and any financial institution, under which agreement such financial institution agrees to lend funds to the corporation in accordance with the provisions of section 6 of this act.

(4) ["Region" means the area of operation of a corporation as reasonably defined and specified in its articles of incorporation as provided in section 9 of this act, and any such region may encompass all or any part of the territory of the Commonwealth.

(5) "Shareholder" means a registered owner of shares in a corporation formed under this act.

[(6)] (5) "Shares" are the units into which the shareholders' rights to participate in the control of a corporation, in its surplus or profits, or in the distribution of its assets are divided.

Section 3. Purposes.—

The purposes of a corporation formed hereunder shall be to assist, promote, encourage and, through the cooperative efforts of its shareholders and the institutions which from time to time shall become parties to lending agreements therewith, develop and advance the business prosperity and economic welfare of this Commonwealth [and the various regions thereof]; to encourage and assist in the location of new business and industry in this Commonwealth, and to rehabilitate existing business and industry, to stimulate and assist in the expansion of all kinds of business activity, which will tend to promote the business development and maintain the economic stability of the Commonwealth, provide maximum opportunities for employment, encourage thrift and improve the standard of living of the citizens of the Commonwealth; to cooperate and act in conjunction with other organizations, public or private, the objects of which are the promotion and advancement of industrial, commercial, agricultural and recreational development in [the various regions of] the Commonwealth; to furnish money and credit to approved and deserving applicants for the promotion, development and conduct of all kinds of business activity

in [the various regions of] the Commonwealth, thereby establishing a source of capital and credit not otherwise readily available therefor.

Section 4. General Powers.—

Corporations formed hereunder shall have all of the powers, rights, privileges and immunities conferred on business corporations by the act of May 5, 1933 (P. L. 364), as amended, known as the "Business Corporation Law," and in addition thereto and subject to the restrictions and limitations hereinafter set forth, shall have the following general powers:

* * * * *

(2) To lend money to and to guarantee, endorse or act as surety on the bonds, notes, contracts or other obligations of, or otherwise assist financially, any person, firm, corporation, joint stock company or association, and to establish and regulate the terms and conditions with respect to any such loans or financial assistance and the charges for interest and service connected therewith. [It is not the intention, hereof, to take away the opportunity to make requested loans or commitments from financial institutions in the region in which a person, firm, corporation, joint stock company or association desires financial assistance. Before a corporation formed hereunder may provide any loan or assistance, it shall be necessary for the applicant to provide satisfactory evidence of his inability to obtain the desired financial assistance from the financial institutions in the region. If the region in which a person, firm, corporation, joint stock company or association desires financial assistance is not the same as that of a corporation from whom the assistance is requested, the applicant must give satisfactory evidence of his inability to obtain the desired assistance, not only from the financial institutions in such former region, but also from a Business Development Credit Corporation therein, if one exists.] *No loan or financial assistance shall be made available unless the loan or financial assistance applied for is not otherwise available to the applicant from financial institutions on reasonable terms, it being the intent hereof that customary sources of credit be utilized whenever possible.*

* * * * *

(6) To accept grants, loans, subsidies and other aids from and to enter into agreements or other transactions with any Federal agency, *and to participate with such Federal agency and with other corporations formed under this act in making loans and rendering financial assistance to any person, firm, corporation, joint stock company or association.*

(7) To cooperate with, and avail itself of, the facilities of the State Department of Commerce and any other government agencies, and to cooperate with and assist and otherwise encourage other organizations in the [various regions of the] Commonwealth in the promotion, assistance and development of the business, prosperity and economic welfare [of such regions and] of the Commonwealth.

Section 6. Loans by Financial Institutions.—

* * * * *

(2) The financial institution, which is a party to a lending agreement, shall lend funds to a corporation as and when called upon by it to do so, but the total amount on loan by any such financial institution at any one time shall not exceed the following limit to be determined as of the effective date of the lending *agreement. Moreover, such amount shall thereafter be readjusted, annually, in the event of any change in the base of the loan limit of such financial institution, which is as follows:

(a) National banking association, State-chartered bank, bank and trust company, savings bank, *private bank* or credit union, two per centum of capital and surplus.

* * * * *

Section 8. Board of Directors.—

(1) All of the corporate powers of a corporation shall be exercised by a board of directors, consisting of fifteen persons, who shall all be at least twenty-one years of age and be citizens of the United States and [of whom two-thirds shall be residents of the region] of the Commonwealth [in which the corporation is organized].

* * * * *

(5) Notwithstanding the foregoing provisions of this section, until the first meeting of the shareholders of a corporation and the election of a board of directors as in this act provided, all of the corporate powers of such corporation shall be exercised by a temporary board of directors. Such board shall consist of fifteen members who shall all be at least twenty-one years of age, citizens of the United States and residents of the [region in which the corporation was formed] *Commonwealth*. Eight of the members shall be designated by incorporators of a corporation upon the filing of the articles of incorporation in the manner hereinafter provided. Six members shall be designated in the following manner after the articles of incorporation of a corporation have been approved by the Department of Banking under the

* "agreemnt" in original.

provisions of section 9 of this act: two shall be designated by the Governor; two shall be designated by the President pro tempore of the Senate; and two shall be designated by the Speaker of the House of Representatives. Each designation shall be, in writing, signed by the officer making it, and transmitted by him to the Secretary of the Commonwealth who shall make and record in his office a copy of such designation and deliver the original to the designee who, if he accepts such designation, shall notify the Secretary of the Commonwealth of the fact in writing, and thereupon shall record such acceptance in his office. Following the approval of the articles of incorporation, the Secretary of Commerce of the Commonwealth shall serve as an additional director ex officio of such corporation, but without any liability except for gross negligence or wilful misconduct. Upon the election and qualification of a board of directors pursuant to subsections (1), (2), (3) and (4) of this section, the temporary board of directors shall be deemed dissolved.

Section 9. Method of Incorporation.—

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(2) The articles of incorporation shall set forth:

* * * * *

(c) The [region of the Commonwealth in reasonably defined terms in which the corporation will conduct its business and] *place* in which the *‘‘principal’’ place of business is to be located and the mailing address of its office.

* * * * *

(3) Notice of the intention to apply for a charter shall be advertised, one time in a newspaper of general circulation, and one time in a legal newspaper printed in the [region] *county* in which the *principal place of business of the* proposed corporation is to be [formed. Advertisement] *located, which notice* shall appear at least three days prior to the day the articles are to be presented to the Department of Banking and shall set forth briefly:

* * * * *

Section 2. The act is amended by adding, after section 9, a new section to read:

Section 9.1. *Amendment of Articles.*—

A corporation formed under this act may from time to time amend its articles of incorporation for the purposes provided for and in the manner established by Article VIII. of the Business Corporation Law act of May 5, 1933 (P. L. 364), as amended: Provided, how-

* ‘‘principle’’ in original.

Act amended by adding a new section 9.1.

ever, That prior to the filing of articles of amendment with the Secretary of State, the same shall have been submitted to and approved by the Department of Banking in the manner and as provided for in section 10 of this act.

Section 3. Clause (2) of subsection B of section 10 and section 15 of the act are amended to read:

Clause (2), subsection B, section 10 and section 15 of act, amended.

Section 10. Approval of Articles of Incorporation by the Department of Banking; Issuance of Certificate of Incorporation.—

* * * * *

B. Within sixty days after the receipt of the articles of incorporation and after all fees and charges established by the Department of Banking have been paid, the Department of Banking shall approve or disapprove the articles of incorporation.

* * * * *

(2) If the Department of Banking finds that the articles of incorporation and proof of publication are in form prescribed by this act or have been made to conform therewith, the Department of Banking shall conduct such investigation as it may deem necessary to ascertain from the best sources of information at its command:

(a) Whether the name of the proposed corporation is likely to mislead the public as to its character or purposes;

(b) Whether the convenience and advantage of the public will be served by the proposed corporation; *and*

(c) [Whether the economic condition of the region in which the proposed corporation is formed and may be expected to do most of its business affords reasonable promise of adequate support for the activities of such corporation and

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

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Section 15. Reorganization.—

Whenever a compromise or arrangement or any plan of reorganization of a corporation is proposed between a corporation and its creditors, parties to a lending agreement, or *shareholders, the court of common pleas of any county within [the region in] which the *principal*

* "shareholder" in original.

place of business of the corporation [was organized] is located, by virtue of its general equity powers, may, on application of the corporation or of any creditor party to a lending agreement or shareholder thereof or on the application of any receiver or receivers appointed for the corporation, order a meeting of such creditors, parties or shareholders, as the case may be, as may be affected by the proposed compromise or arrangement or plan of reorganization, which shall be called in such manner as the court directs. If, at such meeting, such compromise or arrangement or plan of reorganization is agreed to by, or on behalf of, the creditors, if affected thereby, holding two-thirds in amount of the claims against such corporation and by, or on behalf of, the shareholders, if affected thereby, holding the majority of capital stock and by, or on behalf of, the parties to a lending agreement with a corporation, if affected thereby, holding two-thirds in amount of the outstanding notes or other interest-bearing obligations of such corporation, as provided for in section 7 of this act, and if the agreement shall be further evidenced by the written acceptance of said creditors, shareholders and parties duly filed in the court, the compromise or arrangement or plan of reorganization shall, if approved by the court as just and equitable, be binding on all creditors, shareholders or parties, as the case may be, who are affected thereby, and also on the corporation. All persons who become creditors or shareholders of, or parties to, a lending agreement with the corporation shall be deemed to have become creditors, shareholders or parties respectively subject in all respects to this section, and the same shall be absolutely binding upon them. For the purpose of this subsection only, parties to a lending agreement shall not be deemed to be creditors and shall act under this subsection as a separate class.

APPROVED—The 14th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 405

AN ACT

Amending the act of July 6, 1961 (P. L. 515), entitled "An act authorizing the Governor to provide for disaster relief under certain circumstances; authorizing him to transfer certain funds to a special fund for that purpose and making an appropriation," changing the provision requiring a special fund, redesignating the agency to receive the appropriation, and redefining the circumstances under which such funds may be transferred and expended.