

No. 372

AN ACT

Defining and regulating Bank Holding Companies; prescribing powers and duties of the Secretary of Banking with respect thereto; and providing penalties.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows: **Bank Holding Company Act.**

Section 1. This act shall be known and may be cited as the "Bank Holding Company Act" and shall have for its purpose, the maintenance of competitive services between banks by the regulation of bank holding companies and similar organizations. **Short title.**

Section 2. As used in this act, the following terms shall have the following respective meanings: **Definitions.**

(a) "Bank" means any national banking association, or any state bank, bank and trust company, trust company or private bank, whether organized under the laws of Pennsylvania, the laws of another state or the laws of the United States, and doing business in Pennsylvania.

(b) "Bank Holding Company" means any company as herein defined:

(1) Which directly or indirectly owns, controls, or holds with power to vote, twenty-five per centum or more of the voting shares of each of two or more banks or of a company which is a bank holding company by virtue of this act; or

(2) Which controls in any manner the election of a majority of the directors of each of two or more banks; or

(3) For the benefit of whose shareholders or members, twenty-five per centum or more of the voting shares of each of two or more banks or a bank holding company is held by trustees.

For the purposes of this act, any successor to any such company shall be deemed to be a bank holding company from the date as of which such predecessor company became a bank holding company.

Notwithstanding the foregoing, no bank shall be a bank holding company by virtue of its ownership or control of shares held in a fiduciary capacity, except where such shares are held for the benefit of the shareholders of such bank; no company shall be a bank holding company by virtue of its ownership or control of shares acquired by it in connection with its underwriting of securities and which are held only for such period of time as will permit the sale thereof upon a reasonable basis; and no company formed for the sole purpose of participating in a proxy solicitation shall be a bank holding

company by virtue of its control of voting rights of shares acquired in the course of such solicitation.

(c) "Company" means any bank, corporation, partnership, joint stock company, business trust, voting trust, association or similar organization, domestic or foreign, but shall not include any corporation or community chest fund or foundation, organized or operated exclusively for religious, charitable or educational purposes, no part of the earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise *attempting to influence legislation.

(d) "Secretary" means the Secretary of Banking of the Commonwealth of Pennsylvania.

(e) "Subsidiary," with respect to any specified bank holding company, means:

(1) Any company, twenty-five per centum or more of whose voting shares is owned or controlled by such bank holding company, or

(2) Any company, the election of a majority of whose directors is controlled in any manner by such bank holding company, or

(3) Any company, twenty-five per centum or more of whose voting shares are held by trustees for the benefit of the shareholders or members of such bank holding company.

(f) "Successor" shall include any company which acquires, directly or indirectly, from a bank holding company shares of any bank, when and if the relationship between such company and the bank holding company is such that the transaction effects no substantial change in the control of the bank or beneficial ownership of such shares of such bank.

Unlawful actions.

Section 3. It shall be unlawful:

(a) For any action to be taken hereafter which results in a company becoming a bank holding company.

(b) For any bank holding company hereafter to merge or consolidate with any other bank holding company.

Non-application.

Notwithstanding the foregoing, the provisions of this section shall not apply to shares acquired by a bank in good faith in a fiduciary capacity, except where such shares are held for the benefit of the shareholders of such bank, or in the regular course of securing or collecting a debt previously contracted in good faith, except that any shares acquired after the date of the enactment of this act in securing or collecting any such previously contracted debt shall be disposed of within two years from the date on which they were acquired.

* "attempting" in original.

Notwithstanding the foregoing, the provisions of this section shall not apply to additional shares acquired by a bank holding company in a bank in which such bank holding company owned or controlled a majority of the voting shares prior to such acquisition.

Section 4. The Secretary of Banking shall enforce the provisions of this act and, to that end, is authorized to issue such regulations and orders as may enable his department to administer and carry out the purposes of this act. He may, from time to time, examine the books, records and affairs of any company, or require reports, under oath, in order to keep informed as to whether the provisions of this act and such regulations and orders made thereunder have or are being complied with. The cost of such examination shall be assessed against and paid by such company.

Enforcement authorization.

Inspections.

Costs.

Section 5. Any company which violates any provision of this act shall be guilty of a misdemeanor, and, upon conviction thereof, be sentenced to pay a fine of not more than five thousand dollars (\$5,000.00) for each day during which such violation continues. Any person who willfully participates in a violation of any of the provisions of this act shall be guilty of a misdemeanor, and, upon conviction thereof, be sentenced to pay a fine of not more than five thousand dollars (\$5,000.00) or imprisonment for not more than two years, or both.

Violations and penalties.

Section 6. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 11th day of July, A. D. 1957.

GEORGE M. LEADER

No. 373

AN ACT

Amending the act of March 10, 1949 (P. L. 30), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," authorizing alienation of real property in connection with leases for school building projects, changing requirements for construction contracts, providing additional means of financing school building projects and for reimbursement by the Commonwealth in connection therewith and on account of short term obligations for school buildings and improvements.

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

Public School Code of 1949.

Section 1. Section 707, act of March 10, 1949 (P. L. 30), known as the "Public School Code of 1949," is amended by adding, at the end, a new clause to read:

Section 707, act of March 10, 1949, P. L. 30, amended by adding a new clause (9).

Section 707. Sale of Unused and Unnecessary Lands and Buildings.—The board of school directors of any