

TRANSLATION

O.G. 20187

LAW 42
(Of 8 November 1984)

Whereby the terms “and”, “and/or” and “or” in bank accounts to deposit money on behalf two or more persons are governed and other stipulations are provided.

THE NATIONAL COUNCIL OF LEGISLATION

DECREES:

ARTICLE 1.- The term “and” in bank accounts to deposit money shall be used to designate the relationship between the persons in whose name the account is and shall be understood as follows:

1. The accountholders are joint creditors and joint debtors of the Bank thereof, in case of overdraft or balance due in the account to the Bank for that concept.
2. The signature of all accountholders is required to withdraw funds, draw checks, close the account, reverse or suspend withdrawals and drafts, assign or encumber rights associated with that account and others that the Bank and accountholders may agree upon.
3. The order of attachment, seizure, suspension or withholding of payments ordered by the competent authority on the funds of one or more of the accountholders of said account will only be on the aliquot concerning to the affected party by such order up to the amount specified in it. The balance of the aliquot not affected by the order, if any, and the proportion of the accountholders not affected by that order, shall comply with the rules provided in numbers 1, 2, and 4 of this article. If the order issued is on the entire aliquot of the depositor or depositors affected by such will not be required for transactions referred to in the preceding paragraph, as long as that order endures.
4. Death or juridical declaration of absence, presumption of death, interdiction, bankruptcy or insolvency proceedings or liquidation of one or more of the accountholders, only affects the aliquot of the accountholder or accountholders concerned, which will be withhold by the Bank on behalf of the accountholder or accountholders concerned. In these cases, the signature of the accountholder or accountholders will not be required for the transactions referred to in number 2 of this article as long as that orders endures.

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ARTICLE 2.- The term “and/or” in bank accounts to deposit money shall be used to designate the relationship between the persons in whose name the account is, and shall be understood as provided for in the preceding article, unless the signature of any of the accountholders shall be sufficient to withdraw funds, draw checks, close the account, reverse or suspend withdrawals or drafts, assign or encumber rights associated with that account and others that the Bank and accountholders may agree upon.

ARTICLE 3.- The term “or” in bank accounts to deposit money shall be used to designate the relationship between the person in whose name the account is, and shall be understood that each one is the owner of the entire account, and accordingly;

1. The signature of any of them is sufficient to withdraw funds, draw checks, close the account, reverse or suspend withdrawals or drafts, assign or encumber the rights associated with the account and others that the accountholders and the Bank may agree upon.
2. Each one of the persons is liable for the entire account in case of overdraft or due balance in the account to the Bank for that concept.
3. The order of attachment, seizure, suspension or withholding of payments ordered by the competent authority on the funds of any of the accountholders will be on the entire account to the concurrence of the amount specified in the order,
4. Death of juridical declaration of absence, presumption of death, interdiction, bankruptcy or insolvency proceedings or liquidation of any of the accountholders shall not affect the right of drafting payments or the property of the accountholder or other accountholders on the entire account.

ARTICLE 4.- Without prejudice to the provisions of this Law, the persons in whose name the bank account to deposit money is, may agree on the rights and duties arising between them for the withdrawal, use or availability of funds.

ARTICLE 5.- If two or more persons in whose name the bank account to deposit money is under the terms “and/or” or “or” that designates the relationship between them, give the Bank contradictory or inconsistent instructions regarding the account, the Bank may refrain from addressing these instructions.

ARTICLE 6.- The order of attachment, seizure, suspension or withholding of payments ordered by the competent authority on the funds of a person with a bank account to deposit money, is on the existing balance (net of checks or money orders for internal registration procedures of the depository) which correspond to that person, at the time and date on

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which the depositary Bank receives the order and on the amounts deposited subsequently, up to the limit specified in the respective order.

The Bank will keep record of the time and date in which the order of attachment, seizure or withholding of payment was received and will put the money affected by such measures at the disposal of the respective competent authority.

ARTICLE 7.- The declaration of the depositary Bank regarding the time in which it was informed of the death of the accountholder or the juridical declaration of absence, death or interdiction of the latter, will bear witness at trial, unless proved otherwise in the timing the Bank was informed of such.

ARTICLE 8.- Death or supervening incapacity of the accountholder does not alter the withdrawal orders of the payment of funds given by him prior to these events.

ARTICLE 9.- This Law shall enter into effect thirty days after its promulgation.

LET IT BE KNOWN AND PUBLISHED

Given in the city of Panama, on eighth (8th) November, nineteen eighty-four.

H.L. PROF. WIGBERTO TAPIERO
Chairman of the National Council

CARLOS CALZADILLA GONZALEZ
Secretary General of the National
Council of Legislation

NATIONAL EXECUTIVE BRANCH.- PRESIDENCY OF THE REPUBLIC.-
PANAMA, 8 NOVEMBER 1984.

NICOLAS ARDITO BARLETA
President of the Republic

RICAURTE VASQUEZ
Minister of Planning and Economic Policy

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