

until January 1, 1962 unless previously amended or repealed.

Emergency.

SEC. 2. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions and shall take effect immediately.

Passed the House January 21, 1959.

Passed the Senate January 28, 1959.

Approved by the Governor January 30, 1959.

CHAPTER 12.

[H. B. 4.]

PRIVATE CORPORATIONS—POWERS—VALIDATION.

AN ACT relating to private corporations; amending section 2, chapter 170, Laws of 1949 and RCW 23.01.350; amending section 16, chapter 70, Laws of 1937 and RCW 23.52.030; amending sections 8 and 11, chapter 19, Laws of 1913 as last amended by section 1, chapter 258, Laws of 1953, and RCW 23.86.110 and 23.86.140; amending section 1, chapter 19, Laws of 1895 as amended by section 2, chapter 63, Laws of 1925, extraordinary session, and RCW 24.08.900; and repealing section 1, chapter 132, Laws of 1903 (uncodified).

Be it enacted by the Legislature of the State of Washington:

1949 c 170 § 2,
RCW 23.01.350,
amended.

SECTION 1. Section 2, chapter 170, Laws of 1949 is added to chapter 185, Laws of 1933 and numbered 32¾ thereof, and such section and RCW 23.01.350 are each amended to read as follows:

Penalty.

For every violation of RCW 23.01.340 a corporation shall be liable to the state in a fine not exceeding twenty-five dollars.

RCW 23.52.030
amended.

SEC. 2. Section 16, chapter 70, Laws of 1937 and RCW 23.52.030 are each amended to read as follows:

Any corporation incorporated under the laws of any state or territory in the United States, or of any foreign country, state, or colony, for any of the pur-

poses for which domestic corporations are authorized to be formed under the laws of this state, shall have full power and is hereby authorized to sue and to be sued in any court having competent jurisdiction, to acquire, purchase, hold, mortgage, sell, convey, or otherwise dispose of, in the corporate name, all real estate or personal property necessary or convenient to carry into effect the objects and purposes of its corporation, and also any interest in real estate, by mortgage or otherwise due to or loans made by such foreign corporations within the boundaries of this state, either prior to or after the passage of this act, and generally do and perform every act and transact every kind of business within this state in the same manner and to the same extent as corporations incorporated and organized under the laws of this state are authorized to do under the laws of this state: *Provided*, That such corporation shall first qualify so to do by doing all of the things required in this act: *Provided, further*, That this chapter shall not be so construed as to allow such foreign corporation to transact business within the state on more favorable conditions than are prescribed by law for a similar corporation organized under the laws of this state.

General grant of powers to foreign corporations.

SEC. 3. Sections 8 and 11, chapter 19, Laws of 1913 as last amended by section 1, chapter 258, Laws of 1953 (heretofore divided, combined and codified as RCW 23.86.110 and 23.86.140) are amended to read as set forth in sections 4 and 5 of this act.

SEC. 4. (RCW 23.86.110) Certificates of stock shall not be issued to any subscriber until fully paid for, but the bylaws of the association may allow subscribers to vote as stockholders if one-fifth of the subscription has been paid for.

RCW 23.86.110 enacted without amendment.

No stockholder in any such association shall own more than one-fifth of the stock of the association. For the purpose of equalizing the stock ownership of its stockholders any such association may from time

to time purchase stock from any stockholder. Such association may also purchase the stock of any stockholder who ceases to produce for the association any of the commodities in which it deals. Payment for any stock purchased may be made out of any available funds whether surplus or not.

No stockholder at any meeting shall be entitled to more than one vote.

RCW 23.86.140
amended.
Stock—Issues
—Held in
trust, when.

SEC. 5. (RCW 23.86.140) In case the cash value of such stock or interest so purchased exceeds one-fifth of the par value of the purchasing association, the trustees of the purchasing association are authorized to hold the shares in excess of one-fifth of the par value of the purchasing association, in trust for the vendor and dispose of the same to such person or persons and within such time as may be mutually agreed upon by the parties in interest, and shall pay the proceeds thereof as currently received to the former owners thereof.

RCW 24.08.900
amended.

SEC. 6. Section 1, chapter 19, Laws of 1895 as amended by section 2, chapter 63, Laws of 1925, extraordinary session, and RCW 24.08.900 are each amended to read as follows:

Validation of
defective
articles.

All instruments purporting to be articles of incorporation for a college, seminary, church, library, or benevolent, charitable, or scientific society, or fraternal society, heretofore or hereafter made and executed in accordance with the provisions of chapters 24.08 or 24.20 RCW; or which now comply therewith, except that the same have been acknowledged before an officer authorized by law to take the acknowledgment of deeds, and have not been sworn to by the trustees as by said laws required, or have been filed with the auditor of the county where the chief place of business of the corporation so purporting to be formed is located, instead of being recorded as by said laws required, or which are defective in both said respects, are hereby declared to be, and

are hereby made to be, good and valid articles of incorporation; and the corporations formed, or attempted to be formed by virtue of said articles of incorporation, are hereby declared to be, and are hereby made, good and valid, and existing corporations, with the same and as full powers, rights and liabilities as they would have had if the said articles of incorporation had been executed and recorded as by law required, and that all acts, deeds, and proceedings had or done by said corporations, or under said articles of incorporation, and all rights acquired as to both real and personal property, and all obligations of every kind incurred by such corporations, are hereby made of the same force, effect and validity as if said articles of incorporation had been executed as required by law.

SEC. 7. Section 1, chapter 132, Laws of 1903 (uncodified) is hereby repealed. Repeal.

SEC. 8. This act shall not be construed as invalidating any proceedings heretofore conducted in conformity with the provisions of any prior law then in effect. Savings.

Passed the House January 20, 1959.

Passed the Senate January 27, 1959.

Approved by the Governor January 30, 1959.

(The above measure, being remedial legislation introduced at the request of the Statute Law Committee, was accompanied by the following explanatory note.) Explanatory note.

The Statute Law Committee in reviewing Title 23 of the Revised Code of Washington has noted certain deficiencies, conflicts, obsolete provisions and/or requirements for reorganization in this Title. This bill is presented by authority of chapter 1.08 RCW, for the purpose of correcting these discrepancies.

Section 1. 1939 c 143 sec. 13 added to the 1933 business corporations act a new section relating to "Filing statement of directors and officers—Service of process on failure." Such section is codified as RCW 23.01.340. The 1939 section was amended by section 1 of a two section 1949 act (1949 c 170). Section 2 of the 1949 act (The section herein proposed for amendment) consisted of new matter, imposing a penalty "For every violation of this section", but was not expressly added either to the basic 1933 corporations act or to the 1939 act. What was apparently intended was to provide a penalty "For every violation of" 1949 c 170 sec. 1 (RCW 23.01.340). As it now stands, 1949 c 170 sec. 2 is without meaning, for it merely provides a penalty without stating the gravamen

Explanatory
note.

of the offense. The purpose of this correction is to add 1949 c 170 sec. 2 to the basic 1933 corporations act and to relate it to the preceding section, 1949 c 170 sec. 1.

Sec. 2. 1937 c 70 sec. 16 was divided by the 1941 Code Committee into two RCW sections; 23.08.110—Allen ownership of stock, and 23.52.030—General grant of powers to foreign corporations.

1953 c 10 sec. 3 repealed RCW 23.08.110 "as derived from 1937 c 70 sec. 16" but made no mention of the other portion of the session law section codified as RCW 23.52.030. In the course of its review of Title 23, the Statute Law Committee has restored to RCW 23.52.030, the whole of 1937 c 70 sec. 16 including the last proviso from which the repealed section was derived. The instant amendment amends 1937 c 70 sec. 16 and RCW 23.52.030 by deleting the last proviso therefrom and thus curing any possible defect arising from the repeal in 1953 of less than the whole of the session law section.

The 1953 repeal was apparently predicated upon the adoption of constitutional amendment No. 29, and the subsequent enactment of chapters 9, 10 and 11, Laws of 1953.

Secs. 3, 4 and 5. The 1941 Code Committee divided and codified 1913 c 19 sec. 11 as follows: (1) All except the last sentence, as RCW 23.86.140; (2) The last sentence was rewritten and codified as the first paragraph of RCW 23.86.110 (the remainder of RCW 23.86.110 being 1913 c 19 sec. 8 as amended).

1953 c 258 sec. 1 amended RCW 23.86.110 "as derived from section 8 and section 11, chapter 19, Laws of 1913 . . ." but made no mention of the other portion of section 11 codified as RCW 23.86.140. In the course of its review of Title 23, the Statute Law Committee has restored to RCW 23.86.140, the whole of 1913 c 19 sec. 11 including the last sentence previously codified as part of RCW 23.86.110. The instant amendment ratifies the 1953 amendment by reenacting the last sentence of 1913 c 19 sec. 11 as a part of RCW 23.86.110 and deleting it from RCW 23.86.140, and thus curing any possible defect arising from the amendment in 1953 of less than the whole of the session law section (1913 c 19 sec. 11).

Sec. 6. This validating section as enacted in 1895 expressly related to attempted organizations under the Code 1881, secs. 2450-2454 (chapter 24.08 RCW). Subsequent compilers published 1903 p 118 secs. 1-4 in the position formerly occupied by sec. 2452 and rewrote the reference to read "in accordance with the foregoing provisions of this chapter"; "this chapter" then being Code 1881 sec. 2450, 2451, 1903 p 118 secs. 1-4, and Code 1881 secs. 2453, 2454. This distortion was ratified by the legislature when the section was amended by 1925 extraordinary session c 63 sec. 2. The Statute Law Committee has restored Code 1881 sec. 2452, codifying it as RCW 24.08.025. The 1903 act is codified as chapter 24.20. The instant amendment clearly renders the validating provisions effectual as to organizational proceedings attempted under either chapter 24.08 or 24.20.

Sec 7. Section 1, chapter 132, Laws of 1903, hereby repealed, prescribed the form and contents of acknowledgments by corporations. Its provisions are almost precisely repeated in 1929 c 33 sec. 14 (RCW 64.08.070), the 1929 act being a comprehensive revision of the acknowledgment laws which was prepared and introduced by the joint committee on revision laws. The reviser's notes appended to the 1921 printed bill (SB No. 11) indicate that the source of section 14 is 1903 c 132 sec. 1.