

tion of the public welfare, and the support of the state government and its existing institutions, and shall take effect immediately.

Passed the Senate February 26, 1949.

Passed the House March 7, 1949.

Approved by the Governor March 19, 1949.

CHAPTER 188.

[S. B. 405.]

CORPORATIONS.

AN ACT relating to corporations and providing for the valuation and payment of shares of shareholders objecting to certain corporate action; and amending section 41, chapter 185, Laws of 1933, as amended by section 7, chapter 143, Laws of 1939.

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

Amendment.

SECTION 1. Section 41, chapter 185, Laws of 1933, as amended by section 7, chapter 143, Laws of 1939 (sec. 3803-41, Rem. Rev. Stat.), is amended to read as follows:

Sale of assets of corporation.

Section 41. I. If a corporation has authorized the sale, lease, or exchange of all its assets, in accordance with the provisions of section 36, at a time when it is able to meet its liabilities then matured, or has, in accordance with the provisions of sections 37, 38, or 39, authorized an amendment which changes the corporate purposes, extends the duration of the corporation or changes the rights of the holders of any outstanding shares, or has, in accordance with the provisions of section 43, become a party to a merger or consolidation agreement, a shareholder who did not vote in favor of such corporate action, and who, within twenty days after notice of the time, place and purpose of the meeting called to vote upon such corporate action was mailed to him, filed with the corporation his written objection to such corporate

Objection to corporate action.

action demanding payment for his shares, shall be paid the value of his shares as of the date of the authorization of such corporate action with interest thereon at the rate of six per cent per annum from said date, subject to the provisions of subdivisions II and III of this section. Notice of such meeting shall be deemed mailed to any shareholder as of the day on which such notice is placed in the United States mail, postage prepaid, and addressed to such shareholder at his last known post office address. Any shareholder to whom notice of such meeting was not mailed and who did not vote in favor of such corporate action, and who, within twenty days after the date upon which such corporate action was authorized, filed with the corporation his written objection to such corporate action demanding payment for his shares, shall have the right to have his shares appraised and paid for, subject to the provisions of subdivisions II and III of this section. Any shareholder who did not vote in favor of such corporate action and who did not within the time allowed him file with the corporation his written objection to such corporate action, demanding payment for his shares shall be bound by such corporate action with like force and effect as though such shareholder had voted in favor of such corporate action.

II. If, within thirty days after such corporate action was taken, the corporation, including the surviving or new corporation in case of a merger or consolidation, and any such shareholder cannot agree upon the value of the shares at the time such corporate action was authorized, the corporation or any such shareholder may by petition filed in the Superior Court of the county in which was located the registered office of the corporation at the time such corporate action was authorized, within four months after the expiration of said period of thirty

Valuation
of shares.

Petition to
Superior
Court to
determine
valuation.

days, demand a determination of the value of the shares of all such shareholders as of the date of the authorization of such corporate action by an appraiser to be appointed by said Court. Upon the filing of any such petition by a shareholder, service of a copy thereof shall be made upon the corporation, which shall, within ten days after such service, file in the office of the Clerk of the Court in which such petition was filed a duly verified list containing the names and addresses of all shareholders who have demanded payment of their shares and with whom agreements as to the value of their shares have not been reached by the corporation. If the petition shall be filed by the corporation, the petition shall be accompanied by such a duly verified list. At the time of the filing of said petition the Court shall fix the time and place for the hearing of such petition, and the Clerk of said Court shall forthwith give notice of the time and place fixed for the hearing of such petition by registered mail to the corporation and to the shareholders shown upon said list at the addresses therein stated, and notice shall also be given by publishing a notice at least once a week for two successive weeks, the second publication to appear at least one week before the day of the hearing, in a newspaper of general circulation published in such county, if there be one, and if none, then in such newspaper as the Court may by order direct. The Court shall have power to direct such additional publications of notice as it may deem advisable. The forms of the notices by mail and by publication shall be approved by the Court. After the hearing of such petition, the Court shall determine the shareholders who have complied with the provisions of this section and become entitled to the valuation of and payment for their shares, and shall appoint an Appraiser to determine such value. Such Appraiser shall have

Service of copy of petition on corporation.

List of shareholders demanding payment.

Time and place of hearing.

Notice of hearing.

Forms of notice.

Findings of the Court.

Court shall appoint an appraiser.

power to examine any of the books and records of the corporation, the shares of which he is charged with the duty of valuing, and he shall make a determination of the value of the shares upon such investigation as to him may seem proper. The Appraiser shall also afford a reasonable opportunity to the parties interested to submit to him pertinent evidence on the value of the shares. The Appraiser, also, shall have such powers and authority as may be conferred upon him by the order of his appointment. The Appraiser shall determine the value of the shares of the shareholders adjudged by the Court to be entitled to payment therefor, and shall file his report, respecting such value, in the office of the Clerk of said Court, and notice of the filing of such report shall be given by said Clerk of Court to the parties in interest. Such report shall be subject to exceptions to be heard before the Court both upon the law and facts. After hearing exceptions to the said report, the Court shall, by its decree, determine the value of the shares of the shareholders entitled to payment therefor, as of the date of the authorization of such corporate action, and shall direct payment of such value together with interest thereon at the rate of six per cent per annum from said date, to the shareholders entitled thereto by the corporation, or in case of a merger or consolidation, by the surviving or new corporation, upon the transfer to it of the certificates representing such shares, which decree may be enforced as other decrees in said Court may be enforced, whether, in case of a merger or a consolidation, the surviving or new corporation be a corporation of this state or of any other state or territory of the United States. In case of a merger or a consolidation, the shares of the surviving or new corporation, into which the shares of the dissenting shareholders would have been converted had they assented to the merger or consolidation,

Powers and duties of appraiser.

Report of value of shares.

Notice of filing of report.

Exceptions to report.

Court shall determine value of shares.

Payment of value of shares and interest.

Costs of proceedings.

Shareholder demanding payment loses voting and dividend rights.

Exceptions.

Submission of certificates of stock in question to Court.

shall have the status of authorized and unissued shares of the surviving or new corporation, as the case may be. The cost of any such proceeding, including a reasonable fee to and the reasonable expenses of the Appraiser, but exclusive of fees of counsel or of experts retained by any party, may, on application of any party in interest, be determined by the Court and taxed upon the parties to such proceeding, or any of them as may appear equitable, except that the cost of giving the notice by publication and by registered mail hereinabove provided for shall be paid by the corporation. Any shareholder who shall have demanded payment for his shares, as provided in subdivision I of this section, shall not thereafter be entitled to vote such shares for any purpose or be entitled to the payment of dividends or other distribution on said shares (except dividends payable to shareholders of record at a date which is prior to the date of the meeting at which the corporate action was taken which caused the shareholder to demand payment of his shares), unless the petition shall not be filed within the time herein provided, or the proceeding be dismissed as to said shareholder, or unless said shareholder shall, with the written approval of the corporation, deliver to the corporation a written withdrawal of his objections to and acceptance of the corporate action previously objected to by him, in any of which cases the right of such shareholder to payment of his shares shall cease. At the time of the filing of the petition or at any time thereafter, the Court may require the dissenting shareholders to submit their certificates of stock to the Clerk of Court for notation thereon of the pendency of the proceedings, and if any shareholder fails to comply with such direction, the Court may dismiss the proceedings as to such shareholder. Upon payment of the amount directed by the decree to be paid to the share-

holder, together with interest until paid, the shareholder shall cease to have any interest in such shares, or, in the case of a merger or consolidation, in the surviving or new corporation. The right of a shareholder to be paid the fair value of his shares as herein provided shall cease if and when the corporation shall abandon the corporate action to which the shareholder dissented.

Shareholder loses all interest in shares upon payment.

III. A shareholder shall not be entitled to payment for his shares under the provisions of this section unless the value of the corporate assets which would remain after such payment would be at least equal to the aggregate amount of its debts and liabilities exclusive of capital stock.

No payment to shareholder unless corporation solvent.

Passed the Senate March 3, 1949.

Passed the House March 7, 1949.

Approved by the Governor March 19, 1949.

CHAPTER 189.

[S. S. B. 51.]

APPROPRIATIONS TO GUARANTEE JUDGES' RETIREMENT FUND.

AN ACT providing that appropriations shall be made to guarantee the Judges' Retirement Fund; and amending section 6, chapter 229, Laws of 1937, as last amended by section 2, chapter 19, Laws of 1945 (sec. 11054-6, Rem. Supp. 1945).

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

SECTION 1. Section 6, chapter 229, Laws of 1937, as last amended by section 2, chapter 19, Laws of 1945 (sec. 11054-6, Rem. Supp. 1945), is hereby amended to read as follows:

Amendment.

Section 6. For the purpose of providing monies in said Judges' Retirement Fund, concurrent monthly deductions from judges' salaries and portions thereof payable from the state treasury and withdrawals from the General Fund of the state treasury shall

Salary deductions.

Withdrawals from General Fund.