

CHAPTER 195.

[S. B. 8.]

RELATING TO BANKING.

AN ACT to amend an act entitled, "An act to provide for the formation of banking corporations, and to regulate the business of banking and securing state supervision thereof; for the appointment of a state examiner, defining his duties, fixing his compensation and making an appropriation therefor; and prohibiting the use of the words "bank", "trust", and "savings" in advertising business by persons, firms and associations not hereby brought under state supervision, and fixing a penalty for the violation," approved March 16, 1907, providing penalties for the violation of said act as so amended and declaring an emergency.

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

[Am'd. § 1.
ch. 225, p.
518, L. '07.] SECTION 1. That section 1 of an act entitled "An act to provide for the formation of banking corporations, and to regulate the business of banking and securing state supervision thereof; for the appointment of a State Examiner, defining his duties, fixing his compensation and making an appropriation therefor; and prohibiting the use of the words "bank," "trust," and "savings" in advertising business by persons, firms and associations not hereby brought under state supervision, and fixing a penalty for its violation," approved March 16, 1907, be and the same is hereby amended to read as follows: Section 1. The Governor shall appoint, by and with the advice of the Senate, a State Examiner for the State of Washington, whose term of office shall be four years, unless sooner removed, and until his successor is appointed and qualified. No person shall be appointed to such office who shall not be at the time of his appointment, and for at least two years previous thereto, a citizen of the State of Washington, and who has not had at least four years experience in the banking business. Nor shall any person be eligible for such office who shall be at the time interested in any bank as owner, officer, or stockholder.

[Am'd. § 3.
ch. 225, p.
519, L. '07.] SEC. 2. That section 3 of said act be, and the same is amended to read as follows: Sec. 3. The State Exam-

Bank
examiner.

ner may appoint two deputies and revoke such appointment at pleasure, who shall have the qualifications and possess the powers, and perform the duties attached by law to the office of the examiner. He may also employ from time to time such clerical assistance as shall be necessary to the proper conduct of his office. But in no case shall the expenses incident to the conduct of the office exceed the appropriation provided by legislative action.

SEC. 3. That section 5 of said act be and the same hereby is amended so as to read as follows: Sec. 5. The State Examiner may maintain an office at the state capitol, and there shall be, at his request, assigned to him suitable rooms in the state capitol building for conducting the business of his office; but such office may, with the consent of the Governor, be maintained at some other convenient banking center in the state.

SEC. 4. That section 6 of said act be, and the same hereby is amended so as to read as follows: Sec. 6. The term "banking" within the meaning of this act shall be deemed and taken to mean the negotiations for, the discounting of, promissory notes, drafts, bills of exchange and other evidence of indebtedness, receiving deposits, selling and buying exchange, coin and bullion, and loaning money on personal, real and other securities, and other kindred financial operations. The term "bank" used in this act, shall be taken to mean and include every corporation, domestic or foreign (except national banks and foreign banks and not authorized to receive deposits), transacting banking business in this state. The term "branch bank," used in this act, shall be taken to mean an office of deposit or discount other than the bank's principal place of business.

SEC. 5. That section 8 of said act be, and the same is hereby amended so as to read as follows: Sec. 8. Any number of persons, not less than three, may become incorporated, for the purpose of conducting and carrying on a general banking business, and also to establish banks to be known as savings banks, or to establish banks having

<sup>Two
deputies.</sup>

^{Clerks.}

[Am'd. § 5,
ch. 225,
p. 519,
L. '07.]

<sup>Location of
office.</sup>

[Am'd. § 6,
ch. 225,
p. 519,
L. '07.]

"Banking."

"Bank."

"Branch
bank."

[Am'd. § 8,
ch. 225,
p. 520,
L. '07.]

departments for both classes of business, upon the terms and conditions of, and subject to the liabilities, prescribed in this act. It shall be unlawful for any corporation to transact a banking business unless at the time of organization and commencement of such banking business, such corporation has property of cash value as follows: In cities, villages and communities having a population of less than one thousand (1,000), ten thousand dollars (\$10,000); in cities, villages and communities having a population of one thousand (1,000) and less than two thousand (2,000) inhabitants, fifteen thousand dollars (\$15,000); in cities having a population of two thousand (2,000) and less than three thousand (3,000) inhabitants, twenty thousand dollars (\$20,000); in cities having a population of three thousand (3,000) and less than five thousand (5,000) inhabitants, twenty-five thousand dollars (\$25,000); in cities having a population of five thousand (5,000) and less than ten thousand (10,000) inhabitants, thirty thousand dollars (\$30,000); in cities having a population of ten thousand (10,000) and less than twenty-five thousand (25,000) inhabitants, fifty thousand (\$50,000); in cities having a population of twenty-five thousand (25,000) and less than fifty thousand (50,000) inhabitants, seventy-five thousand dollars (\$75,000); and in cities having a population of more than fifty thousand (50,000) inhabitants, one hundred thousand dollars (\$100,000). Such property shall be in lawful money as provided in section 12 of this act: *Provided*, That the provisions of this section as to the amount of capital shall not apply to any bank or trust company organized and doing business at the time of the passage of this act: *But provided further*, That the capital stock of any bank or trust company transacting business in this state, organized prior to the 12th day of June, 1907, shall be paid in full in cash within five months from the date upon which this act shall take effect. And a failure to comply with the provisions of this section shall subject any such bank or trust company to a penalty of one hundred dollars per day for each day of such failure, and such penalty may be collected by suit.

Capital required.
Not applicable to banks heretofore organized.

Capital stock to be in cash.

Penalty.

against such bank or trust company on the relation of the State Examiner, or Attorney General.

SEC. 6. That section 14 of said act be, and the same hereby is amended so as to read as follows: Sec. 14. When articles of incorporation are filed with the State Examiner as provided by this act, and the bank transmitting the same notifies the State Examiner that at least fifty per cent. of its capital stock has been paid in, and that such bank has complied with the conditions of this act, as required before the bank shall be authorized to commence business, the examiner shall examine into the condition of such bank, and if upon examination it appears that such bank is lawfully entitled to commence business, give to such bank a certificate under his hand and official seal, that it has complied with all the provisions of the law, and is duly authorized to transact business: *Provided, however,* That no foreign bank, or branch thereof, except foreign banks now doing business in the State of Washington, shall do a banking business in the state until he or they shall have furnished to the State Examiner evidence satisfactory to him that such foreign bank, or branch thereof, has invested in such foreign bank, or branch thereof, an amount of capital equal to that required of corporations engaged in similar business, and shall have received from such examiner a certificate authorizing him or them to do business as required in sections 8 and 12 of this act for corporations: *Provided further,* No bank in this state, or any officer or director thereof, shall hereafter open any branch bank, or any office of deposit or discount, other than its principal place of business, and no branch bank heretofore opened shall be hereafter maintained unless the capital of the bank maintaining the branch bank shall be equal to the sum required by section 8 of the act of which this act is an amendment, and unless the capital of said bank be increased by the amount required by said section 8 for each and every such branch, the payment of such increased capital shall be governed by the provisions in sections 12 and 13 of the act of which this act is an amendment, and for the maintenance of any

[Am'd. § 14,
ch. 225, p.
523, L. '07.]

Certificate
to do
business.

Foreign
banks.

Branch
banks.

Penalty.

branch bank in violation of the provisions of this section every such bank and every such officer or director shall be subject to a penalty in the sum of one thousand dollars for every week during which any such branch bank shall be so maintained. And such penalty may be collected by suit against such bank, or officer or director, on relation of the State Examiner, or Attorney General.

[Am'd. § 15.
ch. 225, p.
524, L. '07.]

SEC. 7. That section 15 of said act be and the same is hereby amended so as to read as follows: Sec. 15. The shares of stock of such incorporated bank shall be deemed personal property and shall be transferred on the books of the bank in such a manner as the by-laws thereof shall direct. No bank shall be the purchaser of its own capital stock, or accept its capital stock, or any part of it, as security for loans. No bank shall subscribe for or purchase the stock of any other banking corporation.

[Am'd. § 20.
ch. 225, p.
525, L. '07.]

Surplus.

SEC. 8. That section 20 of said act be, and the same is hereby amended so as to read as follows: Sec. 20. The directors of any bank transacting business in this state may declare a dividend of so much of the net profits of the bank, after providing for all expenses, interest and taxes accrued, or due from such bank, as they shall judge expedient, but before any such dividend is declared, not less than one-tenth of the net profits of the bank for the preceding half-year, or for such period as is covered by the dividend, shall be carried to a surplus, until such surplus shall amount to twenty per cent. of its capital stock: *Provided*, That accrued and uncollected interest on the assets of the bank shall not be distributed as a part of its earnings.

[Am'd. § 34.
ch. 225, p.
529, L. '07.]

Salaries.

SEC. 8 [9]. That section 34 of said act be, and the same hereby is amended so as to read as follows: Sec. 34. The State Examiner shall receive a salary of thirty-six hundred dollars a year, and each deputy state examiner shall receive a salary of two thousand four hundred dollars a year; and the State Examiner shall be allowed an additional sum as may be necessary, for clerical assistance in his office, office rent, traveling and other expenses, detailed vouchers for all of which shall be filed with his report.

SEC. 10. That section 36 of said act be, and the same hereby is amended so as to read as follows: Sec. 36. [Am'd. ch. 225, § 36, p. 530. L. '07.] Every bank shall make at least three reports each year to the State Examiner, on days designated by the comptroller of the currency on which national banks shall make reports, according to forms to be prescribed by him, verified by the president, manager or cashier, and by two directors, which shall exhibit in detail, and under appropriate heads, the resources and liabilities of the bank, and shall be transmitted to the State Examiner within ten days of the receipt of a request therefor from him. And such report in condensed form, according to forms to be prescribed by the State Examiner, shall be published once in a newspaper of general circulation published in the place where the bank is located, or if there be no newspaper published in such place, then in some newspaper published in the same county. Proof of publication shall be transmitted to the State Examiner, within twenty days from the day fixed for such report. The State Examiner shall also have power to call for special reports from any bank whenever in his judgment the same is necessary, in order to obtain a full knowledge of its condition. Publication of reports.

SEC. 11. That section 40 of said act be, and the same is hereby amended so as to read as follows: Sec. 40. The State Examiner shall collect from each bank for each complete examination of its condition, twenty-five dollars (\$25.00) for each examination, and in addition thereto, one two hundredths per cent. (1-200%) on all deposits, including those of banks, and certificates of deposit at the time of the examination of the bank, but in no case shall the charge be more than two hundred dollars. All money collected under the provision of this section shall be paid into the general fund of the state: *Provided, however,* That no bank shall be required to pay for more than one examination in any one year. Fee for examination.

SEC. 12. An emergency exists, and this act shall take effect immediately. Emergency.

Passed by the Senate March 2, 1909.

Passed by the House March 6, 1909.

Approved March 19, 1909.