The Board of Prison, Terms and Paroles shall make all necessary rules and regulations to carry out the provisions of this act not inconsistent therewith, and may provide the forms of all documents necessary therefor.

The provisions of this act so far as applicable thereto are to apply to all convicted persons now serving time in the penitentiary or the reformatory, to the end that at all times the same provisions relating to sentences, imprisonments and paroles of prisoners shall apply to all the inmates thereof: Provided further, That no prisoner shall be released from the penitentiary or the reformatory unless, in the opinion of the Board of Prison, Terms and Paroles, his rehabilitation has been complete and he is a fit subject for release, or until his maximum term expires.

Sec. 2. This act is necessary for the support of the state government and its existing public institutions and shall take effect April 1, 1939.

Passed the House March 3, 1939.
Passed the Senate March 6, 1939.
Approved by the Governor March 15, 1939.

CHAPTER 143.
[H. B. 271.]
CORPORATIONS.

An Act relating to corporations; amending sections 5, 8, 18, 21, 31, 38, 41, 47, 49 and 59 of chapter 185 of the Laws of 1933; adding new sections to chapter 185 of the Laws of 1933 to be numbered 21½, 32½, 40½ and 59½; and repealing certain acts and parts of acts in relation thereto.

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

Section 1. That section 5 of chapter 185 of the Laws of 1933 be amended to read as follows:
Section 5. I. Triplicate originals of the articles of incorporation shall be delivered to the Secretary of State. If the Secretary of State finds that the articles of incorporation conform to law he shall put an endorsement of his approval upon each set, and when all taxes, fees and charges have been paid as required by law, he shall file one of such sets of articles in his office, and shall record the same, and shall issue a certificate of incorporation.

II. Upon the issue of the certificate of incorporation, the corporate existence shall begin, and subject to the provisions of section 6, those persons who subscribed for shares prior to the issuance of the certificate of incorporation, or their assigns, shall be shareholders in the corporation.

III. The certificate of incorporation together with the two remaining sets of the articles of incorporation bearing the endorsement of the fact and time of filing in the office of the Secretary of State shall be returned to the incorporators or their representative. One of the sets of the articles of incorporation shall then be filed in the office of the Auditor of the county in which the registered office of the corporation is situated, and the other shall be retained by the corporation.

Sec. 2. That section 8 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 8. I. A corporation formed under this act shall not incur any debts or begin the transaction of any business, except such as is incidental to its organization or to the obtaining of subscriptions to or the payment for its shares, until:

a. a triplicate original of the articles of incorporation has been filed in the office of the Auditor as provided in section 5;

b. the amount of paid-in capital with which it will begin business, as stated in the articles of incorporation, has been fully paid; and
c. there has been filed in the office of the Auditor of the county in which the corporation has its registered office an affidavit signed by at least a majority of the board of directors stating that the amount of paid-in capital with which it will commence business, as stated in the articles of incorporation, has been fully paid.

II. If a corporation has transacted any business in violation of this section, the officers who participated therein and the directors, except those who dissented therefrom and caused their dissent to be filed at the time in the registered office of the corporation, or who, being absent, so filed their dissent upon learning of the action, shall be severally liable for the debts or liabilities of the corporation arising therefrom.

SEC. 3. That section 18 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 18. I. Within 30 days after incorporation, and within 90 days after every subsequent allotment of shares the facts in regard to which have not been made public in a report previously filed as required by this section, the corporation shall file in the office of the Auditor of the county in which the corporation has its registered office and in the office of the Secretary of State, the fee to be thirty cents in each of said offices for such filing, a report verified by the president or vice-president and by the secretary, assistant secretary or treasurer, and containing:

a. a statement of the total number of shares allotted up to the date of the report, the number of such shares that have no par value, the number of such shares that have a par value, and the par value thereof;

b. an accurate, detailed and itemized description of the consideration received or to be received
in payment for shares allotted, or allotted since the date of the last report;

c. a statement of the valuation put by the incorporators, shareholders or board of directors, as the case may be, upon the consideration other than cash received or to be received in payment for shares allotted, or allotted since the date of the last report, and, in case of shares allotted as a stock dividend, the amount of surplus transferred to capital in respect of such a dividend, whether all or any part of such surplus was created by a revaluation of assets, and if so, the value of the assets on the books of the corporation before and after such revaluation, the amount of the surplus or deficit before such revaluation, and the amount of the surplus after such revaluation.

II. For every violation of this section, a corporation shall be liable to the state in a fine not exceeding one-tenth of one per cent of the amount of its capital stock for each day's omission after the time limited for the filing of such report.

SEC. 4. That section 21 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 21. The transfer of certificates of stock and the shares represented thereby may be regulated by the by-laws, but such transfer, while valid between the parties thereto, shall not be binding upon the corporation until the same shall have been entered upon the books of the corporation so as to show the names of the parties by and to whom transferred, the numbers and designation of the shares, and the date of the transfer.

SEC. 5. That section 31 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 31. I. The business of every corporation shall be managed by a board of at least three directors, who need not be shareholders unless the articles of incorporation so require. A director shall
hold office for the term for which he was named or elected and until his successor is elected and qualified.

II. The names and terms of office of the first directors shall be stated in the articles of incorporation. Except as provided in paragraph (b) of subdivision III of this section, directors other than those constituting the first board, shall be elected by the shareholders.

III. The number, qualifications, terms of office, manner of election, time and place of meeting, and the powers and duties of the directors may, subject to the provisions of this act, be prescribed by the articles or by-laws. Except as otherwise prescribed in the articles or by-laws:

a. a director shall be elected for a term of one year;

b. vacancies in the board of directors shall be filled by the remaining members of the board, and each person so elected shall be a director until his successor is elected by the shareholders who may make such election at the next annual meeting of the shareholders, or at any special meeting duly called for that purpose and held prior thereto;

c. the meetings of the board of directors may be held at such place, whether in this state or elsewhere, as a majority of the directors may from time to time appoint;

d. a majority of the board of directors shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board of directors;

e. the board of directors may, by resolution passed by a majority of the whole board, designate two or more of their number to constitute an executive committee, who, to the extent provided in said resolution, shall have and exercise the authority of
the board of directors in the management of the business of the corporation.

IV. The entire board of directors or any individual director, may, at a special meeting of the shareholders called for that purpose in the manner provided by section 27 of this act, be removed from office by a vote of shareholders holding a majority of the outstanding shares entitled to a vote at an election of directors. In case the board or any one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full board, would be sufficient to elect one or more directors.

V. A meeting of the board of directors may be called, as provided for in the by-laws of the corporation. If the by-laws make no provision for such regular or special meetings, or if the last regular meeting provided for has not been held, then any two members of the board may call a meeting by signing a request that the same be called and deliver said request to the secretary of the corporation, who shall forthwith give notice to the board of directors of the time and place of the meeting, which notice shall fix the date thereof at not less than ten days nor more than twenty days after the time the said request is filed. In case the secretary fails to give such notice within ten days after the request has been filed with him, any two directors of the corporation may call such meeting, giving the same notice as herein provided.

Sec. 6. That section 38 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 38. I. After an amendment has been adopted, articles of amendment shall be prepared in
triplicate originals, setting forth the amendment and the adoption thereof, and shall be signed and sworn to by the president or vice-president and the treasurer or secretary or assistant secretary.

II. The triplicate originals of the articles of amendment shall be delivered to the Secretary of State. If the Secretary of State finds that the articles of amendment conform to law, he shall put an endorsement of his approval upon each set, and when all taxes, fees and charges therefor have been paid as required by law, he shall file one of such sets in his office and record the same and shall issue a certificate of amendment. Thereupon the amendment shall become effective.

III. The certificate of amendment together with the two remaining sets of the articles of amendment bearing the endorsement of the fact and time of filing in the office of the Secretary of State shall be returned to the corporation. One of the sets of the articles of amendment shall then be filed in the office of the Auditor of the county in which the registered office of the corporation is located, and the other shall be retained by the corporation.

Sec. 7. That section 41 of chapter 185 of the Laws of 1933 be amended to read as follows:

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 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. 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, after such a demand by a shareholder, the corporation and the shareholder cannot agree upon the value of the shares at the time such corporate action was authorized, such value shall be ascertained by three disinterested persons, one of whom shall be named by the shareholder, another by the corporation and the third by the two thus chosen. The finding of the appraisers shall be final, and if their award is not paid by the corporation within thirty days after it is made, it may be recovered in
an action by the shareholder against the corporation. Upon payment by the corporation to the shareholder of the agreed or awarded price of his shares, the shareholder shall forthwith transfer and assign the shares held by him at, and in accordance with, the request of the corporation.

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.

Sec. 8. That section 47 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 47. When a corporation has become a party to a merger or consolidation agreement as hereinbefore provided and any dissenting shareholder has had his shares valued as provided in section 41, the liability of such corporation to such dissenting shareholder for the value of his shares so agreed upon or awarded shall also be a liability of the surviving or new corporation, as the case may be.

Sec. 9. That section 49 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 49. I. Voluntary proceedings for dissolution may be instituted whenever a resolution therefor is adopted by the holders of at least two-thirds of the voting power of all shareholders at a shareholders' meeting duly called for the purpose.

II. The resolution may provide that the affairs of the corporation shall be wound up out of court, in which case the resolution must designate a trustee or trustees to conduct the winding up, but such appointment shall not be operative until

a. duplicate copies of such resolution have been signed and acknowledged by a majority of the di-
rectors or by shareholders holding a majority of the voting power of all shareholders, and

b. one of such copies has been filed for record in the office of the Secretary of State and the other copy filed in the office of the Auditor of the county in which the corporation has its registered office.

III. The resolution may provide that the affairs of the corporation shall be wound up under the supervision of the court, in which case the resolution shall authorize certain directors or shareholders to sign and present a petition to the court praying that the corporation be wound up and dissolved under the supervision of the court.

IV. Where a corporation is being wound up and dissolved out of court, the trustee or trustees appointed by the shareholders, or a majority of them, may by petition apply to the court to have the proceedings continued under the supervision of the court, and thereafter the proceedings shall continue as if originally instituted subject to the supervision of the court.

Sec. 10. That section 59 of chapter 185 of the Laws of 1933 be amended to read as follows:

Section 59. I. When a corporation has been completely wound up, the court, if the proceeding is subject to the supervision of the court, shall make an order declaring the corporation to be dissolved; and if the proceeding is out of court, the trustee or trustees shall sign and acknowledge a certificate stating that the corporation has been completely wound up and is dissolved.

II. Said order or certificate of dissolution shall be delivered to the Secretary of State, who shall file the same for record in his office without charge, and thereupon the corporate existence shall terminate.

III. A duplicate copy of said order or certificate of dissolution shall be filed in the office of the Auditor of the county in which the corporation had its last registered office.
IV. Any assets inadvertently or otherwise omitted from the winding up shall vest in the trustee or trustees, or receiver or receivers, for the benefit of the persons who would have been entitled if they had been in his hands before the dissolution of the corporation, and shall be distributed accordingly.

Sec. 11. Certificates of stock and the shares represented thereby standing in the name of a married woman may be transferred by her, her agent or attorney, without the signature of her husband, in the same manner as if such married woman were a femme sole. All dividends payable upon any shares of a corporation standing in the name of a married woman shall be paid to such married woman, her agent or attorney, in the same manner as if she were unmarried, and it shall not be necessary for her husband to join in a receipt therefor; and any proxy or power given by a married woman, touching any shares of any corporation standing in her name, shall be valid and binding without the signature of her husband, the same as if she were unmarried.

Sec. 12. Section 11 of this act is hereby added to chapter 185 of the Laws of 1933 and numbered 211½ thereof.

Sec. 13. Every corporation hereafter organized under this act shall, within thirty days after it shall have filed its articles of incorporation with the County Auditor of the county in which the corporation has its registered office, and every corporation heretofore or hereafter organized under the laws of the territory or State of Washington shall, within thirty days after its annual meeting and at such additional times as it may elect, file with the Secretary of State and with the County Auditor of the county in which said corporation has its registered office a statement, sworn to by its president and attested by its secretary and sealed with its corporate seal, containing a list of all its directors and officers and their
Failure to comply.

respective titles of office, names and addresses, and the term of office for which they have been chosen. The Secretary of State shall file such statement in his office without charge. If any corporation shall fail to comply with the foregoing provisions of this section and more than one year shall have elapsed from the date of the filing of the last report, service of process against such corporation may be made by serving duplicate copies upon the Secretary of State. Upon such service being made, the Secretary of State shall forthwith mail one of such duplicate copies of such process to such corporation at its registered office or its last known address, as shown by the records of his office.

Sec. 14. Section 13 of this act is hereby added to chapter 185 of the Laws of 1933 and numbered 32½ thereof.

Sec. 15. Where the provisions heretofore or hereafter adopted by the corporation under which preferred shares are issued provide for the calling in or redemption of such preferred shares, or any part thereof, it shall be lawful for the corporation to call in, redeem and retire the same in accordance with such provisions by filing for record in the office of the Secretary of State, and filing a copy thereof in the office of the Auditor of the county in which the corporation has its registered office, a certificate signed and sworn to by the president or vice-president and the treasurer or secretary or assistant secretary of the corporation, showing compliance with the provisions adopted by the corporation concerning the calling in or redemption of such preferred shares and also showing the financial condition of the corporation, the number and description of shares called in or redeemed, the total number of shares which the corporation will thenceforth be authorized to have, the number of shares having a par value and the par value thereof and the number of shares that have

Adds § 32½ to ch. 185, Laws 1933.

Redemption of preferred shares.
no par value, and if shares are divided into more than one class, a description of the classes and a statement of the number of shares in each class. Such shares may not be called in or redeemed and retired if they reduce the fair value of the assets of the corporation to an amount less than the total amount of its debts and liabilities plus the amount of its capital stock as so reduced. If such shares are called in or redeemed, they shall be cancelled and retired and the foregoing certificate shall recite such fact, and when such certificate is recorded and filed as aforesaid the capital of the corporation shall be deemed to be and thereby be reduced by the amount thereof so applied to such redemption represented by the shares so redeemed, and the recording and filing of such certificate shall further constitute an amendment to the articles of incorporation effecting a reduction in the authorized number of shares of the corporation by the elimination therefrom of the shares so retired: Provided, That no reduction of capital stock shall be effective or valid unless it complies with subdivision 3 of section 40.

Sec. 16. Section 15 of this act is hereby added to chapter 185 of the Laws of 1933 and numbered 40½ thereof.

Sec. 17. I. That one or more of the trustees of any corporation organized under the laws of the State of Washington and which has heretofore been, or which may hereafter be, dissolved in the manner provided by law, whether such trustee, or trustees be of those selected by the stockholders and serving at the time of dissolution, or those appointed by the superior court to wind up the affairs of the corporation, may, and are hereby authorized and empowered to make any deed or instrument in writing necessary to convey of record, explain, or confirm the title to any lands theretofore sold by such corporation, or acquired by judicial proceedings to which

Adds § 40½ to ch. 185, Laws 1933.

Trustee's deed.
such corporation was or may be a party, and which
lands are in the possession of the vendee, or pur-
chaser through such judicial proceedings, their suc-
cessors or assigns, at the time of the making of such
deed or other instrument.

II. That any deed hereofore, or which may be
hereafter executed by a trustee, or trustees of a dis-
solved corporation, whether executed directly to a
purchaser or vendee of such corporation, or to one
claiming title and possession by, through or under
it, shall be valid to convey, explain, and confirm in
the grantee all the right, title and interest of such
corporation at the time of its dissolution.

Sec. 18. Section 17 of this act is hereby added to
chapter 185 of the Laws of 1933 and numbered 59 1/2
thereof.

Sec. 19. That sections 2447, 2423, 2424, 2426, 2427,
2428, 2429, 2431, 2432, 2435, 2436, 2437, 2441, 2444
and 2449 of the Code of Washington Territory of 1881
(sections 3804, 3808, 3809, 3813, 3814, 3815, 3819,
3821, 3822, 3826, 3827, 3828, 3833, 3835 and 11571 re-
spectively, of Remington’s Revised Statutes);

Section 2430 of the Code of Washington Territory
of 1881 as amended by the Laws of 1885-6, page 85,
section 2 (section 3820 of Remington’s Revised Stat-
utes);

Chapter XXXV (35) of the Laws of 1891, page 73
(section 3811 of Remington’s Revised Statutes);

Chapter CXVIII (118) of the Laws of 1893, page
279 (section 3825 of Remington’s Revised Statutes);

Chapter CXXVII (127) of the Laws of 1895, page
338 (section 3803 of Remington’s Revised Statutes);

Section 2 of chapter CXLII (142) of the Laws of
1895, page 356 (section 3818 of Remington’s Revised Statutes);

Chapter CVI (106) of the Laws of 1899, page 174
(section 3830 of Remington’s Revised Statutes);
Chapter 84 of the Laws of 1903, page 124 (section 3806 of Remington's Revised Statutes);
Chapter 93 of the Laws of 1903, page 141 (section 3829 of Remington's Revised Statutes);
Chapter 109 of the Laws of 1905, page 215 (section 3807 of Remington's Revised Statutes);
Chapter 27 of the Laws of 1905, page 51 (section 3810 of Remington's Revised Statutes);
Chapter 107 of the Laws of 1907, page 205 (section 3816 of Remington's Revised Statutes);
Chapter 80 of the Laws of 1911, page 379 (section 3824 of Remington's Revised Statutes);
Sections 1, 2 and 3 of chapter 172 of the Laws of 1919, pages 512-516 (sections 3812, 3831 and 3832 of Remington's Revised Statutes);
Chapter 39 of the Laws of 1923, page 102 (section 3817 of Remington's Revised Statutes);
Section 2 of chapter 168 of the Laws of 1923, pages 543-4 (section 3823 of Remington's Revised Statutes);
Sections 1 and 2 of chapter 105 of the Laws of 1923, page 288 (sections 3833-1 and 3833-2 of Remington's Revised Statutes);
Chapter 87 of the Laws of the Extraordinary Session of 1925, pages 112-116 (section 3805 of Remington's Revised Statutes);
Chapter 206 of the Laws of 1927, page 301 (section 3819-1 of Remington's Revised Statutes); and
Chapter 169 of the Laws of 1927, pages 188-189 (section 3834 of Remington's Revised Statutes); are hereby repealed: Provided, That the repeal of said acts or parts of said acts shall not be construed to revive any former act or part of an act amended or repealed by any thereof.

Passed the House February 25, 1939.
Passed the Senate March 8, 1939.
Approved by the Governor March 15, 1939.