

CHAPTER 302.

[ S. B. 207. ]

BANKING ORGANIZATIONS—INVESTMENTS.

AN ACT relating to state banks and trust companies, and mutual savings banks and their corporate powers and authorizing investment in corporations organized to conduct a safe deposit business and investment in corporations owning the building in which a bank or trust company has its premises.

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

SECTION 1. Any state bank or trust company or mutual savings bank may invest in the capital stock of a corporation organized under the law of this state to conduct a safe deposit business in an amount not to exceed in the case of a bank or trust company fifteen percent of its capital stock actually paid in and unimpaired, and fifteen percent of its unimpaired surplus, and in an amount not to exceed in the case of a mutual savings bank fifteen percent of its guaranty fund.

Limitation on bank, trust company or mutual savings bank investment—safe deposit business.

SEC. 2. Any state bank or trust company may:

(1) Invest in the stock, bonds, debentures or other such obligations of any corporation holding the premises of such bank or its branches; or

Authority given state bank or trust company to invest in corporations owning its premises.

(2) Make loans to or upon the security of the stock of any such corporation: *Provided*, That in the event any such investment is made, the aggregate of all such investments and loans, including amounts invested in real estate under the terms of subdivision (1) of RCW 30.04.210, together with the amount of any indebtedness incurred by any such corporation which is an affiliate of the bank (as the term "affiliate" is hereinafter defined), shall not exceed the amount of the capital stock of such bank without the approval of the supervisor.

Limitation on investment.

As used in this section, the term "affiliate" shall include any corporation, business trust, association, or other similar organization:

"Affiliate" includes.

(a) Of which a bank, directly or indirectly, owns or controls either a majority of the voting shares or more than fifty percent of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees, or other persons exercising similar functions; or

(b) Of which control is held, directly or indirectly, through stock ownership or in any other manner, by the shareholders of a member bank who own or control either a majority of the shares of such bank or more than fifty percent of the number of shares voted for the election of directors of such bank at the preceding election, or by trustees for the benefit of the shareholders of any such bank.

Passed the Senate February 17, 1955.

Passed the House March 5, 1955.

Approved by the Governor March 21, 1955.