

CHAPTER 219.

[S. B. 258.]

CORPORATIONS—INSOLVENCY—PREFERENCES.

AN Act relating to preferences by insolvent corporations; providing a definition of insolvency; adding a requirement of knowledge; and amending sections 1 and 3, chapter 103, Laws of 1941, and RCW 23.72.010 and 23.72.030.

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

SECTION 1. Section 1, chapter 103, Laws of 1941 and RCW 23.72.010 are each amended to read as follows: RCW 23.72.010 amended.

Words and terms used in this chapter shall be defined as follows: Definitions.

(1) "Receiver" means any receiver, trustee, common law assignee, or other liquidating officer of an insolvent corporation; "Receiver."

(2) "Date of application" means the date of filing with the clerk of the court of the petition or other application for the appointment of a receiver, pursuant to which application such appointment is made; or in case the appointment of a receiver is lawfully made without court proceedings, it means the date on which the receiver is designated, elected or otherwise authorized to act as such; "Date of application."

(3) "Preference" means a judgment procured or suffered against itself by an insolvent corporation or a transfer of any of the property of such corporation, the effect of the enforcement of which judgment or transfer at the time it was procured, suffered, or made, would be to enable any one of the creditors of such corporation to obtain a greater percentage of his debt than any other creditor of the same class; "Preference."

(4) "Insolvent" means, for the purposes of this act, a condition whereby the aggregate of a corporation's property, exclusive of any property which it "Insolvent."

may have conveyed, transferred, concealed, removed or permitted to be concealed or removed, with intent to defraud, hinder, or delay its creditors, shall not at a fair valuation be sufficient in amount to pay its debts.

RCW 23.72.030 amended.

SEC. 2. Section 3, chapter 103, Laws of 1941, and RCW 23.72.030 are each amended to read as follows:

Preference voidable, when.

Any preference made or suffered within four months before the date of application for the appointment of a receiver may be avoided and the property or its value recovered by such receiver, if the person receiving the preference or to be benefited thereby or his agent acting therein shall then have reasonable cause to believe that the debtor corporation is insolvent. No preference made or suffered prior to such four months' period may be recovered, and all provisions of law or of the trust fund doctrine permitting recovery of any preference made beyond such four months' period are hereby specifically superseded.

Passed the Senate March 5, 1959.

Passed the House March 10, 1959.

Approved by the Governor March 20, 1959.