

An additional item was added to the bill making it also permissible to exceed the speed limit when it is necessary to move to an exit on a multi-lane highway. This item creates a substantial safety hazard.

Traffic safety experts advise that such a maneuver is substantially more dangerous than slowing slightly to move into an exit lane. This provision authorizes a virtually unlimited speed for a substantial distance while an auto is attempting to pass a string of cars to move to an outside exit lane.

In addition, and equally important, the provision permitting a driver to exceed a speed limit in order to move to the outside lane for the purpose of exiting from the freeway will have a deleterious effect on enforcement of the speed laws on our highways. Under the law, not only must proscribed criminal conduct be proven beyond a reasonable doubt, but the provisions must be plain and unambiguous. The item added to the bill by amendment for multi-lane highway travel is not in the best interests of the state.

With the exception of the item discussed in this letter, which I have vetoed, the remainder of House Bill 52 is approved."

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CHAPTER 136  
[Substitute House Bill No. 333]  
STATE REGULATION  
OF FINANCIAL INSTITUTIONS

AN ACT Relating to state regulation of financial institutions; amending section 30.04.110, chapter 33, Laws of 1955 and RCW 30.04.110; amending section 30.04.180, chapter 33, Laws of 1955 and RCW 30.04.180; amending section 30.08.010, chapter 33, Laws of 1955 and RCW 30.08.010; amending section 30.08.095, chapter 33, Laws of 1955 and RCW 30.08.095; amending section 30.12.060, chapter 33, Laws of 1955, as amended by section 1, chapter 165, Laws of 1959 and RCW 30.12.060; amending section 30.40.020, chapter 33, Laws of 1955 and RCW 30.40.020; amending section 30.12.010, chapter 33, Laws of 1955, as amended by section 1, chapter 190, Laws of 1957 and RCW 30.12.010; amending section 30.12.020, chapter 33, Laws of 1955 and RCW 30.12.020; adding a new section to chapter 33, Laws of 1955 and to chapter 30.04 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 30.04.110, chapter 33, Laws of 1955 and RCW 30.04.110 are each amended to read as follows:

The total liability to any bank or trust company of any person for money borrowed, including in the liabilities of a firm or association the liabilities of the several members thereof, shall not at any time exceed (~~ten~~) fifteen percent of the capital and surplus of such bank or trust company; but the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper of solvent parties, actually owned by the person negotiating the same, shall not be considered as money borrowed by him: PROVIDED, That loans secured by collateral security having an ascertained market value of at least fifteen percent more than the amount of the loans secured, shall not be limited by this section.

Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guaranties, or by commitments or agreements to take over or to purchase the same, made by any federal reserve bank or by the United States or any department, bureau, board, commission or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States.

Sec. 2. Section 30.04.180, chapter 33, Laws of 1955 and RCW 30.04.180 are each amended to read as follows:

No bank or trust company shall declare or pay any dividend to an amount greater than its net profits then on hand, which net profits shall be determined only after deducting:

- (1) All losses;
- (2) All assets or depreciation that the supervisor or a duly appointed examiner may have required to be charged off; and no bank or trust company shall enter or at any time carry on its books any of its assets at a valuation exceeding the actual cost. However, amortizing the discount on municipal and United States government securities is permitted on a pro rata basis, over the life of the security,

providing that the approval of the supervisor has been obtained and maintained by each individual bank;

(3) All expenses, interest and taxes due or accrued from said bank or trust company;

(4) Bad debts as defined by RCW 30.04.130 owing to such bank or trust company.

After providing for the above deductions the board of directors of any bank or trust company may at any regular meeting thereof declare a dividend out of so much of the undivided profits of such bank or trust company as they shall judge expedient: PROVIDED, HOWEVER, That before any such dividend is declared or the net profits in any way disposed of, not less than one-fourth of such net profits shall be carried to a surplus fund until the amount in such surplus fund shall be equal to twenty-five percent of the paid-in capital of such bank or trust company: PROVIDED, FURTHER, That the supervisor shall in his discretion have the power to require any bank or trust company to suspend the payment of any and all dividends until all requirements that may have been made by the supervisor or any duly appointed examiner shall have been complied with; and upon notice to suspend dividends no bank or trust company shall thereafter declare or pay any dividends until such notice has been rescinded in writing. As to banks or trust companies having segregated savings, sums carried to surplus shall be apportioned between or among departments as the capital is apportioned.

Sec. 3. Section 30.08.010, chapter 33, Laws of 1955 and RCW 30.08.010 are each amended to read as follows:

When authorized by the supervisor, as hereinafter provided, five or more natural persons, citizens of the United States, may incorporate a bank or trust company in the manner herein prescribed. No bank or trust company shall incorporate for less amount nor commence business unless it have a paid-in capital as follows:

~~((In cities having a population of less than 5,000, \$25,000.00  
In cities having a population of 5,000 and less than 25,000, 50,000.00~~

~~In cities having a population of 25,000~~

~~and less than 100,000.....100,000.00~~

~~In cities having a population of 100,000 or more.....150,000.00))~~

In cities, villages or communities having a population

of less than 25,000.....\$ 50,000.00

In cities having a population of 25,000 and less than

100,000..... 100,000.00

In cities having a population of 100,000 or more..... 200,000.00

PROVIDED, That on request of any persons desiring to incorporate a bank in a city having a population of twenty-five thousand or over, the supervisor shall make an order defining the boundaries of the central business district of such city, which shall include the district in which is carried on the principal retail, financial and office business of such city and banks may be incorporated with a paid-up capital of not less than fifty thousand dollars to be located in such city outside of the central business district of such city as defined by the order of the supervisor, which shall be stated in its articles of incorporation, but any such bank which shall be hereafter incorporated to be located outside such central business district, which shall thereafter change its location into such central business district without increasing its capital stock and surplus to the amount required by then existing laws to incorporate a bank within such central business district, shall forfeit its charter and right to do business. The supervisor may from time to time change the boundaries of said central business district, if, in his judgment, such action is proper.

~~((No trust company shall incorporate for a less amount, nor commence business unless it has a paid-in capital as follows:~~

~~In cities, villages or communities having a population of~~

~~less than 25,000.....\$-50,000.00~~

~~In cities having a population of 25,000 and less than~~

~~100,000.....100,000.00~~

~~In cities having a population of 100,000 or more.....200,000.00))~~

In addition to the foregoing, each bank and trust company shall before commencing business have subscribed and paid into it in the same manner as is required for capital stock, an additional amount equal to at least ten percent of the capital stock above required. Such additional amount shall be carried in the undivided profit account and may be used to defray organization and operating expenses of the company. Any sum not so used shall be transferred to the surplus fund of the company before any dividend shall be declared to the stockholders.

Sec. 4. Section 30.08.095, chapter 33, Laws of 1955 and RCW 30.08.095 are each amended to read as follows:

The supervisor shall collect in advance ~~((the following fees))~~ fees for the following services:

For filing application for certificate of authority and attendant investigation as outlined in the law ~~((the cost thereof, but not less than \$100.00 (if the cost of such attendant examination shall exceed \$100.00, the applicant shall pay such excess when ascertained by the supervisor)))~~;

For filing application for certificate conferring trust powers upon a state or national bank ~~(( \$100.00 ))~~;

For filing articles of incorporation, or amendments thereof, or other certificates required to be filed in his office ~~(( \$10.00 ))~~;

For issuing a certificate of increase or decrease of capital stock ~~(( \$10.00 ))~~;

For issuing each certificate of authority ~~(( \$10.00 ))~~;

For furnishing copies of papers filed in his office, per ~~((folio))~~ page ~~(( \$ .20 ))~~.

The supervisor shall establish the amount of the fee for each of the above transactions by rules and regulations promulgated pursuant to the Administrative Procedure Act, chapter 34.04 RCW, as now or hereafter amended.

Every bank or trust company shall also pay to the secretary of state or county auditor for filing any instrument with him the same fees as are required of general corporations for filing corresponding instruments, and also the same license fees as are required of general corporations.

Sec. 5. Section 30.12.060, chapter 33, Laws of 1955, as amended by section 1, chapter 165, Laws of 1959 and RCW 30.12.060 are each amended to read as follows:

Any bank or trust company shall be permitted to make loans to any employee of such corporation, or to purchase, discount or acquire, as security or otherwise, the obligation or debt of any employee to any other person, to the same extent as if the employee were in no way connected with the corporation. Any bank or trust company shall be permitted to make loans to any officer of such corporation, or to purchase, discount or acquire, as security or otherwise, the obligation or debt of any officer to any other person: PROVIDED, That the total value of the loans made and obligation acquired for any one officer shall not exceed (~~twenty-five-hundred-dollars~~) such amount as shall be prescribed by the supervisor of banking pursuant to regulations adopted in accordance with the Administrative Procedure Act, chapter 34.04 RCW, as now or hereafter amended: AND PROVIDED FURTHER, That no such loan shall be made, or obligation acquired, unless a resolution authorizing the same shall be adopted by a vote of a majority of the board of directors of such corporation, at a meeting of the board of directors of such corporation held within thirty days (~~next~~) prior to the making of such loan or discount, and such vote and resolution shall be entered in the corporate minutes. No loan shall be made by any bank or trust company to any director of such corporation nor shall the note or obligation of such director be discounted by any such corporation, or by any officer or employee thereof in its behalf, unless a resolution authorizing the same shall be adopted by a vote of a majority of the entire board of directors of such corporation exclusive of the vote of such interested director, at a meeting

of the board of directors of such corporation held within ninety days ((next)) prior to the making of such loan or discount, and such vote and resolution shall be entered in the corporate minutes.

Each bank or trust company shall at such times and in such form as may be required by the supervisor, report to the supervisor all outstanding loans to directors of such bank or trust company.

The amount of any endorsement or agreement of suretyship or guaranty of any such director to the corporation shall be construed to be a loan within the provisions of this section. Any modification of the terms of an existing obligation (excepting only such modifications as merely extend or renew the indebtedness) shall be construed to be a loan within the meaning of this section.

Sec. 6. Section 30.40.020, chapter 33, Laws of 1955 and RCW 30.40.020 are each amended to read as follows:

A bank or trust company having a paid-in capital of not less than five hundred thousand dollars may, with the approval of the supervisor, establish and operate branches in any city or town within the state. A bank or trust company having a paid-in capital of not less than two hundred thousand dollars may, with the approval of the supervisor, establish and operate branches within the limits of the county in which its principal place of business is located. The supervisor's approval shall be conditioned on a finding that the resources in the neighborhood of the proposed location and in the surrounding country offer a reasonable promise of adequate support for the proposed branch and that the proposed branch is not being formed for other than the legitimate objects covered by this title.

The aggregate paid-in capital stock of every bank or trust company operating branches shall at no time be less than the aggregate of the minimum capital required by law for the establishment of an equal number of banks or trust companies in the cities or towns wherein the principal office or place of business of such bank or trust company and its branches are located.

No bank or trust company shall establish or operate any branch

in any city or town outside the city or town in which its principal place of business is located in which any bank, trust company or national banking association regularly transacts a banking or trust business, except by taking over or acquiring an existing bank, trust company or national banking association or the branch of any bank, trust company or national banking association operating in such city or town.

NEW SECTION. Sec. 7. There is added to chapter 33, Laws of 1955 and to chapter 30.04 RCW a new section to read as follows:

In addition to all powers previously enumerated by this title a bank may engage in other business activity: PROVIDED, That a bank, which desires to perform an activity which is not expressly authorized by the powers enumerated in this section, shall first apply to the supervisor for authorization to conduct such activity. Within thirty days of the receipt of this application, the supervisor shall determine whether the activity is an appropriate adjunct to the business of banking, whether the public convenience and advantage will be promoted, whether the activity is apt to create an unsafe or unsound practice by the bank and whether the applicant is capable of performing such an activity. If the supervisor finds the activity to be an appropriate adjunct to the business of banking and the bank is otherwise qualified, he shall forthwith inform the applicant that the activity is authorized. If the supervisor determines that such activity is not an appropriate adjunct to the business of banking or the bank is not otherwise qualified, he shall forthwith inform the applicant. The applicant shall have the right to appeal from an unfavorable determination in accordance with the procedures of the Administrative Procedure Act, chapter 34.04 RCW, as now or hereafter amended. In determining whether a particular activity is an appropriate adjunct to the business of banking, the supervisor shall be guided by whether national banks under federal laws and administrative regulations and rulings have the authority to perform such activity.

Sec. 8. Section 30.12.010, chapter 33, Laws of 1955 as amend-

ed by section 1, chapter 190, Laws of 1957 and RCW 30.12.010 are each amended to read as follows:

Every bank and trust company shall be managed by not less than five directors, excepting that a bank having a capital of fifty thousand dollars or less may have only three directors. Directors shall be elected by the stockholders and hold office for one year and until their successors are elected and have qualified. In the first instance the directors shall be ~~((elected-at-a-meeting-held-before-the-bank-or-trust-company-is-authorized-to-do-business-by-the-supervisor-and-afterwards))~~ those named in the articles of incorporation and afterwards, those elected at the annual meeting of the stockholders to be held ~~((on-a-day-in-the-month-of-January-of-each-year-to-be-specified-by-the-bank's-bylaws))~~ at least once each year on a day to be specified by the bank's or trust company's bylaws but not later than March 15th of each year. If for any cause no election is held at that time, it may be held at an adjourned meeting or at a subsequent meeting called for that purpose in the manner prescribed by the corporation's bylaws. The directors shall meet at least once each month and whenever required by the supervisor. A majority of the board of directors shall constitute a quorum for the transaction of business. At all stockholders' meetings, each share shall be entitled to one vote. Any stockholder may vote in person or by written proxy. Every director must own in his own right shares of the capital stock of the bank or trust company of which he is a director the aggregate par value of which shall not be less than four hundred dollars, unless the capital of the bank or trust company shall not exceed fifty thousand dollars, in which case he must own in his own right shares of such capital stock the aggregate par value of which shall not be less than two hundred dollars. Any director who ceases to be the owner of the required number of shares of the stock, or who becomes in any other manner disqualified, shall thereby vacate his place.

Immediately upon election, each director shall take, subscribe, swear to and file with the supervisor an oath that he will, so far as

the duty devolves upon him, diligently and honestly administer the affairs of such corporation and will not knowingly violate or willingly permit to be violated any provision of law applicable to such corporation and that he is the beneficial owner in good faith of the number of shares of stock required by this section, and that the same is fully paid, is not hypothecated or in any way pledged as security for any loan or debt. Vacancies in the board of directors shall be filled by the board.

Sec. 9. Section 30.12.020, chapter 33, Laws of 1955 and RCW 30.12.020 are each amended to read as follows:

All meetings of the (~~directors~~) stockholders of any bank or trust company, except organization meetings, must be held in the town or city in which the corporation is located. Meetings of the directors of any bank or trust company may be held either within or without this state. Every such corporation shall keep a book in which shall be recorded the names and residences of the stockholders thereof, the number of shares held by each, when each person became a stockholder and also the transfers of stock, showing the time when made, the number of shares and by whom transferred. In all actions, suits and proceedings, said book shall be prima facie proof of the facts shown therein. All of the corporate books, including the certificate book, stockholders' ledger and minute book shall be kept at the corporation's principal place of business and not elsewhere.

Whenever in the opinion of the supervisor the condition of any bank or trust company is such that any transfer of the capital stock of such bank or trust company would be detrimental to the interests of its depositors, the supervisor may, by written order served upon the directors of such bank or trust company, direct that no transfer of stock shall be made until further order of the supervisor.

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Passed the Senate March 11, 1969  
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