

## SIXTY SIXTH LEGISLATURE - REGULAR SESSION

## SIXTY EIGHTH DAY

House Chamber, Olympia, Friday, March 22, 2019

The House was called to order at 9:55 a.m. by the Speaker (Representative Lovick presiding).

Reading of the Journal of the previous day was dispensed with and it was ordered to stand approved.

**RESOLUTION**

**HOUSE RESOLUTION NO. 2019-4628**, by Representatives Jinkins and Fey

WHEREAS, The House of Representatives, on behalf of the people, recognize and honor the life and work of Helen Engle, a woman who dedicated her life to advocating for and preserving Washington state's ecosystems, habitats, and wild places; and

WHEREAS, Helen was born February 18, 1926, in Tacoma, Washington and grew up on her family's homestead in Grays Harbor county. She married her husband, Stan Engle with whom she had seven children and who was by her side through many of her life's adventures until his death in 2009; and

WHEREAS, Helen studied to be a nurse at the University of Puget Sound during World War II before eventually leaving the profession to raise her children and then found her true passion in environmental activism; and

WHEREAS, Helen and Stan were avid hikers and skiers, were members of the Mountaineers, and Helen was also known to many as an artist, a knitter, and a voracious reader; and

WHEREAS, Helen helped save Point Defiance Park, a Tacoma landmark visited by more than three million people every year. Other lands she helped save or preserve include Billy Frank Jr. Nisqually National Wildlife Refuge, Snake lake, Swan creek, China Lake Park, Chambers creek canyon and many others; and

WHEREAS, Helen co-founded many environmental organizations, including the Tahoma Audubon Society, People for Puget Sound, the Washington Environmental Council, and Citizens for a Healthy Bay. She served on numerous commissions, task forces and councils that fought to save the diverse habitats and natural resources of our state; and

WHEREAS, Helen was never afraid to speak her mind or stand up for what she believed was right, and was also known for her skills in coalition building, networking, and negotiation, which helped her achieve many successes on behalf of the causes she took up; and

WHEREAS, In the words of her daughter Gretchen, "A mighty oak has fallen," with the passing of Helen, and she leaves behind an incredible legacy of activism, conservationism, and deep love for Washington's natural environment and the outdoor spaces we all share;

NOW, THEREFORE, BE IT RESOLVED, That the House of Representatives, on behalf of the people of the State of Washington, recognize and honor the life and work of Helen Engle.

There being no objection, HOUSE RESOLUTION NO. 4628 was adopted.

There being no objection, the House advanced to the fifth order of business.

**REPORTS OF STANDING COMMITTEES**

April 6, 2019

SB 5000 Prime Sponsor, Senator Palumbo: Concerning online access to health care resources for veterinarians and veterinary technicians. Reported by Committee on

MAJORITY recommendation:

Referred to Committee on Appropriations.

March 20, 2019

SSB 5010 Prime Sponsor, Committee on Local Government: Concerning protected lands not being assessed local fire district levies. Reported by Committee on Local Government

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) On September 13, 2017, the joint legislative audit and review committee distributed the 17-06 final report: Fees assessed for forest fire protection. The report identified more than twenty thousand parcels of land that do not pay the forest fire protection assessment or a local fire district levy but are likely still protected by the department of natural resources or a local fire district.

The legislature finds that fire protection services at the state and local level are vital to the preservation of public

and personal property throughout the state. The legislature further finds that fire protection resources are very limited in carrying out the substantial duties that fire protection services are asked to perform. Therefore, properties that benefit from fire protection should be required to contribute to the operation and maintenance of such essential services.

(2)(a) A local fire district may propose to annex any parcel or parcels having all boundaries of the property wholly within the external boundary of the requesting local fire district if such parcel or parcels are not presently being assessed a local fire district levy.

(b) Prior to annexing a parcel or parcels under this section the local fire district must:

(i) Verify with the county assessor that the parcel or parcels have all boundaries of the property wholly within the external boundary of the requesting local fire district and are not presently assessed a local fire district levy;

(ii) Notify the owner of record of each parcel in writing no less than sixty days prior to conducting a public hearing that the local fire district is seeking to annex the parcel; and

(iii) Hold at least one public hearing on the proposed annexation.

(3) Following the hearing, the local fire district must determine by resolution whether any parcel will be annexed. After adoption of the resolution, the local fire district must send a copy to the county legislative authority, the county assessor, and the owner of record of any parcel proposed to be annexed. The resolution must include a list of all parcels proposed to be annexed.

(4) Within thirty days of notification of the resolution, the owner of record of a parcel proposed to be annexed may appeal the proposed annexation to the county legislative authority. Issues raised under appeal may include compliance with the process established under this section, whether the parcel is presently being assessed a local fire district levy, whether the levied amount is consistent with local fire district levy amounts, whether the local fire district actually has the resources to provide the parcel or parcels with timely service. The county legislative authority may address multiple appeals at the same hearing. The decision of the county legislative authority or its designee is not appealable.

(5) If the proposed annexation is upheld or no appeal is made within thirty days of notification of the resolution, the county legislative authority must approve the proposed annexation of any parcel or parcels of land submitted under subsection (3) of this section into the local fire district. The order must include a description of the property to be annexed and the effective date of the annexation. The order is not subject to referendum.

(6) A notice of intention must be filed with the boundary review board created under RCW 36.93.030. However, the jurisdiction of the board may not be invoked as described in RCW 36.93.100 for annexations under this section.

(7) Any local fire district levy to be imposed on a parcel annexed in accordance with this section may not be assessed until the next tax assessment cycle following the annexation.

(8) Annexations of a parcel or parcels of land under this section must be completed by January 1, 2021.

(9) For the purposes of this section, "local fire district" means a fire district, regional fire protection service authority, city, town, or port district.

(10) The annexation process established under this section is not exclusive and does not limit annexation through other statutory authorities.

(11) Any port district that decides to annex a parcel or parcels under this section must:

(a) Be providing fire services at the time of the annexation; and

(b) Confirm that the parcel or parcels are not already serviced by a fire protection district, regional fire protection service authority, city, or town."

Correct the title.

Signed by Representatives Pollet, Chair; Peterson, Vice Chair; Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Goehner and Senn.

Referred to Committee on Rules for second reading.

March 20, 2019

SB 5032

Prime Sponsor, Senator Cleveland: Concerning medicare supplemental insurance policies. Reported by Committee on Health Care & Wellness

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger; Thai; Stonier; Robinson; Riccelli; Maycumber; Jinkins; Harris; DeBolt; Davis; Chambers; Caldier, Assistant Ranking Minority Member; Schmick, Ranking Minority Member; Macri, Vice Chair Cody, Chair.

Referred to Committee on Rules for second reading.

March 20, 2019

SB 5107

Prime Sponsor, Senator Das: Addressing trust institutions. Reported by Committee on Consumer Protection & Business

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 7.60.025 and 2011 c 214 s 27 and 2011 c 34 s 1 are each reenacted and amended to read as follows:

(1) A receiver may be appointed by the superior court of this state in the following instances, but except in any case in which a receiver's appointment is expressly required by statute, or any case in which a receiver's appointment is sought by a state agent whose authority to seek the appointment of a receiver is expressly conferred by statute, or any case in which a receiver's appointment with respect to real property is sought under (b)(ii) of this subsection, a receiver shall be appointed only if the court

additionally determines that the appointment of a receiver is reasonably necessary and that other available remedies either are not available or are inadequate:

(a) On application of any party, when the party is determined to have a probable right to or interest in property that is a subject of the action and in the possession of an adverse party, or when the property or its revenue-producing potential is in danger of being lost or materially injured or impaired. A receiver may be appointed under this subsection (1)(a) whether or not the application for appointment of a receiver is combined with, or is ancillary to, an action seeking a money judgment or other relief;

(b) Provisionally, after commencement of any judicial action or nonjudicial proceeding to foreclose upon any lien against or for forfeiture of any interest in real or personal property, on application of any person, when the interest in the property that is the subject of such an action or proceeding of the person seeking the receiver's appointment is determined to be probable and either:

(i) The property or its revenue-producing potential is in danger of being lost or materially injured or impaired; or

(ii) The appointment of a receiver with respect to the real or personal property that is the subject of the action or proceeding is provided for by agreement or is reasonably necessary to effectuate or enforce an assignment of rents or other revenues from the property. For purposes of this subsection (1)(b), a judicial action is commenced as provided in superior court civil rule 3(a), a nonjudicial proceeding is commenced under chapter 61.24 RCW upon the service of notice of default described in RCW 61.24.030(8), and a proceeding for forfeiture is commenced under chapter 61.30 RCW upon the recording of the notice of intent to forfeit described in RCW 61.30.060;

(c) After judgment, in order to give effect to the judgment;

(d) To dispose of property according to provisions of a judgment dealing with its disposition;

(e) To the extent that property is not exempt from execution, at the instance of a judgment creditor either before or after the issuance of any execution, to preserve or protect it, or prevent its transfer;

(f) If and to the extent that property is subject to execution to satisfy a judgment, to preserve the property during the pendency of an appeal, or when an execution has been returned unsatisfied, or when an order requiring a judgment debtor to appear for proceedings supplemental to judgment has been issued and the judgment debtor fails to submit to examination as ordered;

(g) Upon an attachment of real or personal property when the property attached is of a perishable nature or is otherwise in danger of waste, impairment, or destruction, or where the abandoned property's owner has absconded with, secreted, or abandoned the property, and it is necessary to collect, conserve, manage, control, or protect it, or to dispose of it promptly, or when the court determines that the nature of the property or the exigency of the case otherwise provides cause for the appointment of a receiver;

(h) In an action by a transferor of real or personal property to avoid or rescind the transfer on the basis of fraud, or in an action to subject property or a fund to the payment of a debt;

(i) In an action against any person who is not an individual if the object of the action is the dissolution of that person, or if that person has been dissolved, or if that person is insolvent or is not generally paying the person's debts as those debts become due unless they are the subject of bona fide dispute, or if that person is in imminent danger of insolvency;

(j) In accordance with RCW 7.08.030 (4) and (6), in cases in which a general assignment for the benefit of creditors has been made;

(k) In quo warranto proceedings under chapter 7.56 RCW;

(l) As provided under RCW 11.64.022;

(m) In an action by the department of licensing under RCW 18.35.220(3) with respect to persons engaged in the business of dispensing of hearing aids, RCW 18.85.430 in the case of persons engaged in the business of a real estate broker, associate real estate broker, or real estate salesperson, or RCW 19.105.470 with respect to persons engaged in the business of camping resorts;

(n) In an action under RCW 18.44.470 or 18.44.490 in the case of persons engaged in the business of escrow agents;

(o) Upon a petition with respect to a nursing home in accordance with and subject to receivership provisions under chapter 18.51 RCW;

(p) ~~((Under RCW 19.40.071(3),))~~ In connection with a proceeding for relief with respect to a voidable transfer ((fraudulent)) as to a present or future creditor ((or creditors)) under RCW 19.40.041 or a present creditor under RCW 19.40.051;

(q) Under RCW 19.100.210(1), in an action by the attorney general or director of financial institutions to restrain any actual or threatened violation of the franchise investment protection act;

(r) In an action by the attorney general or by a prosecuting attorney under RCW 19.110.160 with respect to a seller of business opportunities;

(s) In an action by the director of financial institutions under RCW 21.20.390 in cases involving actual or threatened violations of the securities act of Washington or under RCW 21.30.120 in cases involving actual or threatened violations of chapter 21.30 RCW with respect to certain businesses and transactions involving commodities;

(t) In an action for or relating to dissolution of a business corporation under RCW 23B.14.065, 23B.14.300, 23B.14.310, or 23B.14.320, for dissolution of a nonprofit corporation under RCW 24.03.271, for dissolution of a mutual corporation under RCW 24.06.305, or in any other action for the dissolution or winding up of any other entity provided for by Title 23, 23B, 24, or 25 RCW;

(u) In any action in which the dissolution of any public or private entity is sought, in any action involving any dispute with respect to the ownership or governance of such an entity, or upon the application of a person having an interest in such an entity when the appointment is reasonably necessary to protect the property of the entity or its business or other interests;

(v) Under RCW 25.05.215, in aid of a charging order with respect to a partner's interest in a partnership;

(w) Under and subject to RCW ~~((30.44.100, 30.44.270, and 30.56.030))~~ 30A.44.100, 30A.44.270, and

30A.56.030, in the case of a state commercial bank, section 71 of this act, in the case of a ((bank or)) state trust company ((or, under and subject to)), RCW 32.24.070 ((through)), 32.24.073, 32.24.080, and 32.24.090, in the case of a ((mutual)) state savings bank;

(x) Under and subject to RCW 31.12.637 and 31.12.671 through 31.12.724, in the case of credit unions;

(y) Upon the application of the director of financial institutions under RCW 31.35.090 in actions to enforce chapter 31.35 RCW applicable to agricultural lenders, under RCW 31.40.120 in actions to enforce chapter 31.40 RCW applicable to entities engaged in federally guaranteed small business loans, under RCW 31.45.160 in actions to enforce chapter 31.45 RCW applicable to persons licensed as check cashers or check sellers, or under RCW 19.230.230 in actions to enforce chapter 19.230 RCW applicable to persons licensed under the uniform money services act;

(z) Under RCW 35.82.090 or 35.82.180, with respect to a housing project;

(aa) Under RCW 39.84.160 or 43.180.360, in proceedings to enforce rights under any revenue bonds issued for the purpose of financing industrial development facilities or bonds of the Washington state housing finance commission, or any financing document securing any such bonds;

(bb) Under and subject to RCW 43.70.195, in an action by the secretary of health or by a local health officer with respect to a public water system;

(cc) As contemplated by RCW 61.24.030, with respect to real property that is the subject of nonjudicial foreclosure proceedings under chapter 61.24 RCW;

(dd) As contemplated by RCW 61.30.030(3), with respect to real property that is the subject of judicial or nonjudicial forfeiture proceedings under chapter 61.30 RCW;

(ee) Under RCW 64.32.200(2), in an action or proceeding commenced under chapter 61.12 or 61.24 RCW to foreclose upon a lien for common expenses against a dwelling unit subject to the horizontal property regimes act, chapter 64.32 RCW. For purposes of this subsection (1)(ee), a judicial action is commenced as provided in superior court civil rule 3(a) and a nonjudicial proceeding is commenced under chapter 61.24 RCW upon the service of notice of default described in RCW 61.24.030(8);

(ff) Under RCW 64.34.364(10), in an action or proceeding commenced under chapter 61.12 or 61.24 RCW by a unit owners' association to foreclose a lien for nonpayment of delinquent assessments against condominium units. For purposes of this subsection (1)(ff), a judicial action is commenced as provided in superior court civil rule (3)(a) and a nonjudicial proceeding is commenced under chapter 61.24 RCW upon the service of notice of default described in RCW 61.24.030(8);

(gg) Upon application of the attorney general under RCW 64.36.220(3), in aid of any writ or order restraining or enjoining violations of chapter 64.36 RCW applicable to timeshares;

(hh) Under RCW 70.95A.050(3), in aid of the enforcement of payment or performance of municipal bonds issued with respect to facilities used to abate, control, or prevent pollution;

(ii) Upon the application of the department of social and health services under RCW 74.42.580, in cases involving nursing homes;

(jj) Upon the application of the utilities and transportation commission under RCW 80.28.040, with respect to a water company or wastewater company that has failed to comply with an order of such commission within the time deadline specified therein;

(kk) Under RCW 87.56.065, in connection with the dissolution of an irrigation district;

(ll) Upon application of the attorney general or the department of licensing, in any proceeding that either of them are authorized by statute to bring to enforce Title 18 or 19 RCW; the securities act of Washington, chapter 21.20 RCW; the Washington commodities act, chapter 21.30 RCW; the land development act, chapter 58.19 RCW; or under chapter 64.36 RCW relating to the regulation of timeshares;

(mm) Upon application of the director of financial institutions in any proceeding that the director of financial institutions is authorized to bring to enforce chapters 31.35, 31.40, and 31.45 RCW; or

(nn) In such other cases as may be provided for by law, or when, in the discretion of the court, it may be necessary to secure ample justice to the parties.

(2) The superior courts of this state shall appoint as receiver of property located in this state a person who has been appointed by a federal or state court located elsewhere as receiver with respect to the property specifically or with respect to the owner's property generally, upon the application of the person or of any party to that foreign proceeding, and following the appointment shall give effect to orders, judgments, and decrees of the foreign court affecting the property in this state held by the receiver, unless the court determines that to do so would be manifestly unjust or inequitable. The venue of such a proceeding may be any county in which the person resides or maintains any office, or any county in which any property over which the receiver is to be appointed is located at the time the proceeding is commenced.

(3) At least seven days' notice of any application for the appointment of a receiver must be given to the owner of property to be subject thereto and to all other parties in the action, and to other parties in interest as the court may require. If any execution by a judgment creditor under Title 6 RCW or any application by a judgment creditor for the appointment of a receiver, with respect to property over which the receiver's appointment is sought, is pending in any other action at the time the application is made, then notice of the application for the receiver's appointment also must be given to the judgment creditor in the other action. The court may shorten or expand the period for notice of an application for the appointment of a receiver upon good cause shown.

(4) The order appointing a receiver in all cases must reasonably describe the property over which the receiver is to take charge, by category, individual items, or both if the receiver is to take charge of less than all of the owner's property. If the order appointing a receiver does not expressly limit the receiver's authority to designated property or categories of property of the owner, the receiver is a general receiver with the authority to take charge over all of the owner's property, wherever located.

(5) The court may condition the appointment of a receiver upon the giving of security by the person seeking the receiver's appointment, in such amount as the court may specify, for the payment of costs and damages incurred or suffered by any person should it later be determined that the appointment of the receiver was wrongfully obtained.

**Sec. 2.** RCW 30B.04.005 and 2014 c 37 s 302 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this title.

The definitions in this section shall be liberally construed to accomplish the purposes of this title. Additional definitions, as applicable, are contained elsewhere in this title. The department may adopt by rule other definitions to accomplish the purposes of this title.

(1) "Account" means the client relationship established with a trust company involving the transfer of funds or property to the trust company, including a relationship in which the trust company acts as trustee, executor, administrator, guardian, custodian, conservator, bailee, receiver, registrar, or agent, but excluding a relationship in which the trust company acts solely in an advisory capacity.

(2) "Administer" with respect to real or tangible personal property means, as an agent or in another representative capacity, to possess, purchase, sell, lease, insure, safekeep, or otherwise manage the property.

(3) "Affiliate" means a company that (~~directly or indirectly~~) controls, is controlled by, or is under common control with a trust institution (~~or other company~~).

(4) "Authorized trust institution" means a trust institution with authority to engage in trust business in Washington state pursuant to (~~statute~~) federal or state law.

(5) "Bank" has the meaning set forth in 12 U.S.C. Sec. 1813(h); provided that the term "bank" does not include any "foreign bank" as defined in 12 U.S.C. Sec. 3101(7), except for any such foreign bank organized under the laws of a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands, the deposits of which are insured by the federal deposit insurance corporation.

(6) "Bank supervisory agency" means:

(a) Any agency of another state with primary responsibility for chartering and supervising a trust institution; and

(b) The office of the comptroller of the currency, the federal deposit insurance corporation, the board of governors of the federal reserve system, and any successor to these agencies.

(7) "Capital" has the meaning ascribed to that term by generally accepted accounting principles and applicable rules of the financial accounting standards board, and includes surplus and undivided profits.

(8) "Charter," (~~means~~) "chartered," and "chartering" mean a charter or other certificate of authority issued by (~~the director or~~) a (~~bank~~) financial services supervisory agency of an applicable governmental entity authorizing a trust institution to engage in business in its home state or other jurisdiction, or the act of granting or having had granted such a charter.

(9) "Client" means a person to whom a trust institution owes a duty or obligation under a trust or other account administered by the trust institution or as an advisor or agent, regardless of whether the trust institution owes a fiduciary duty to the person. The term includes the noncontingent beneficiaries of an account.

(10) "Company" includes a bank, trust company, corporation, limited liability company, partnership, association, business trust, or another trust.

(11) "Conservator" means the director or an agent of the director exercising the powers and duties provided (~~by RCW 30B.46.010~~) in section 85 of this act.

(12) "Control," (~~means~~) "controls," "controlled," and "controlling," except as defined in RCW 30B.53.005 and as used in RCW 30B.04.040(12), 30B.08.030, 30B.12.020 (1) and (2), and 30B.38.080(1), mean and refer to:

(a) The ownership of or ability or power to vote, directly, acting through one or more other persons, or otherwise indirectly, more than (~~twenty-five~~) fifty percent of the outstanding shares of a class of voting securities of a state trust company or other company;

(b) The ability to control the election of a majority of the board of a state trust company or other company;

(c) The power to exercise, directly or indirectly, a controlling influence over the management or policies of the state trust company or other company as determined by the director after notice and an opportunity for hearing; or

(d) The conditioning of the transfer of more than (~~twenty-five~~) fifty percent of the outstanding shares or participation shares of a class of voting securities of a state trust company or other company on the transfer of more than (~~twenty-five~~) fifty percent of the outstanding shares of a class of voting securities of another state trust company or other company.

(13) "Custodial account" means an account, established by a person with a bank as defined in 26 U.S.C. Sec. 408(n), or with another person approved by the internal revenue service as satisfying the requirements to be a nonbank trustee or a nonbank passive trustee set forth in United States treasury regulations under 26 U.S.C. Sec. 408, that is governed by an instrument concerning the establishment or maintenance, or both, of an individual retirement account, qualified retirement plan, Archer medical savings account, health savings account, Coverdell education savings account, any similar retirement or savings vehicle permitted under the internal revenue code of 1986, or as otherwise defined by the director by rule.

(14) "Department" means the Washington state department of financial institutions.

(15) "Depository institution" means any company chartered to act as a fiduciary and included for any purpose within any of the definitions of "insured depository institution" as set forth in 12 U.S.C. Sec. 1813(c)(2) and (3).

(16) "Director" means the director of the Washington state department of financial institutions.

(17) "Fiduciary record" means a matter written, transcribed, recorded, received, or otherwise in the possession or control of a trust company, whether in physical or electronic form, that is necessary to preserve information concerning an act or event relevant to an account or a client of a trust company.

(18) "Foreign bank" means a foreign bank, as defined in section 1(b)(7) of the international banking act of 1978, chartered to act as a fiduciary in a state other than Washington state. As used in this title, "foreign bank" excludes an alien bank authorized to do business in ~~((this))~~ Washington state under chapter 30A.42 RCW.

(19) "Home state" means:

(a) With respect to a federally chartered trust institution and a foreign bank, the state in which such institution maintains its principal office; and

(b) With respect to any other trust institution, the state which chartered such institution.

(20) "Home state regulator" means the trust institutions supervisory agency with primary responsibility for chartering and supervising an out-of-state trust institution.

(21) "Host state" means a state, other than the home state of a trust institution, or a foreign country in which the trust institution maintains or seeks to acquire or establish an office.

(22) "Insolvent" means a circumstance or condition in which a state trust company:

(a) Has actual cash market value of its assets which are insufficient to pay its liabilities to its creditors;

(b) Is unable or lacks the means to meet its current obligations as they come due in the regular and ordinary course of business, even if the value of its assets exceeds its liabilities;

(c) Sells or attempts to sell substantially all of its assets other than as provided in RCW 30B.44A.050 or merges or attempts to merge substantially all of its assets or business with another entity other than as provided by chapter 30B.53 RCW; or

(d) Attempts to dissolve or liquidate without approval of the director under chapter 30B.44A RCW;

(e) After demand in writing by the director, fails to cure any deficiency in its reserves as required by statute or rule;

(f) After written demand by the director, the stockholders fail to cure within the time prescribed by the director an impairment of the state trust company's capital or surplus; or

(g) Is insolvent within the meaning of the United States bankruptcy code.

(23) "Instrument" means a revocable or irrevocable trust document created inter vivos or testamentary or any custodial account agreement.

(24) "Internet trust business" means a trust business that holds itself out as a trustee or fiduciary to the general public of ~~((this))~~ Washington state by means of the internet or other electronic means.

(25) "Law firm" means a professional service corporation, professional limited liability company, or limited liability partnership, that is duly organized under the laws of ~~((this))~~ Washington state and whose shareholders, members, or partners, respectively, are exclusively attorneys.

(26) "Limited liability trust company" means an entity organized or reorganized under the ~~((limited liability company act of this state that is chartered as a trust company under this title))~~ provisions of RCW 30B.08.020 to operate as a state trust company in limited liability company form

pursuant to the authority of the director under chapter 30B.08 RCW.

(27) "Loans and extensions of credit" means direct or indirect advances of funds by a state trust company to a person that are conditioned on the obligation of the person to repay the funds or that are repayable from specific property pledged by or on behalf of the person.

(28) "Manager" means a person elected to the board of a limited liability trust company.

(29) "Officer" means the presiding officer of the board, the principal executive officer, or another officer appointed by the board of a state trust company or other company, or a person or group of persons acting in a comparable capacity for the state trust company or other company.

(30) "Out-of-state trust institution" means a trust institution that is not a state trust company under this title.

(31) "Person" means an individual, a company, or any other legal entity.

(32) "Principal shareholder" means a person who owns or has the ability or power to vote, directly, acting through one or more other persons, or otherwise indirectly, ten percent or more of the outstanding shares or participation shares of any class of voting securities of a state trust company or other company.

(33) "Private trust" has the meaning set forth in RCW 30B.64.005.

(34) "Private trust company" has the meaning set forth in RCW 30B.64.005.

~~((35))~~ ~~("Savings association" means a depository institution, other than a credit union, that is not a bank.~~

~~((36))~~ ~~"Share((s))" means ((the)) a unit((s)) into which ((the)) a proprietary interest((s)) of a ((state)) trust ((company are)) institution is divided or subdivided by means of class((es)), series, relative rights, or preferences, and includes beneficial interests in a state trust company organized as a corporation or limited liability company.~~

~~((37))~~ ~~(36) "State" means a state of the United States, the District of Columbia, a territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.~~

~~((38))~~ ~~(37) "State bank" means a bank authorized under Title 30A or 32 RCW to engage in trust business or an alien bank chartered or authorized under chapter 30A.42 RCW to ((engage in)) exercise trust ((business)) powers in ((this)) Washington state.~~

~~((39))~~ ~~"State savings association" means a savings association chartered or otherwise authorized under Title 33 RCW to act as a fiduciary by Washington state.~~

~~((40))~~ ~~(38) "State trust company" means a corporation or a limited liability company organized or reorganized under this title, including a trust company organized under the laws of Washington state before January 5, 2015.~~

~~((41))~~ ~~(39) "State trust institution," as used in chapter 30B.10 RCW, means a state trust company or an out-of-state trust institution engaged in trust business in ((this)) Washington state.~~

~~((42))~~ ~~"Subsidiary" means a company that is controlled by another person. Subsidiary includes a subsidiary of a subsidiary and a lower tier subsidiary.~~

~~((43))~~ (40) "Trust business" means the performance of, or holding out by, a person to the public by advertisement, solicitation, or other means that the person is available to perform ~~((the powers of a state trust company))~~ one or more of the essential functions of trust business set forth in RCW 30B.08.080(1) ((b) through (k), together with any other activity authorized for a state trust company by the director pursuant to RCW 30B.08.080(1)(q) that the director designates as trust business).

~~((44))~~ (41) "Trust company" means a state trust company or any other company chartered to act as a fiduciary that is neither a depository institution nor a foreign bank.

~~((45))~~ (42) "Trust department" means ~~((that))~~ a division, subdivision, department, or group ((or groups)) of officers and employees of a ((trust company organized under the supervision of officers or employees to whom are designated)) state bank authorized by the board of directors ((the performance of the fiduciary responsibilities of the trust company, whether or not the group or groups are so named)) of the state bank to exercise trust powers pursuant to authority of the director granted pursuant to RCW 30A.08.150 or 32.08.210, as applicable.

~~((46))~~ (43) "Trust deposits" means the client funds held by a state trust company and authorized to be deposited with itself pending investment, distribution, or payment of debts on behalf of the client.

~~((47))~~ (44) "Trust institution" means a depository institution~~(s)~~ or foreign bank engaged in trust business, or a trust company.

~~((48))~~ (45) "Unauthorized trust activity" means to engage in trust business in ~~((this))~~ Washington state without authority or exemption under this title.

(46) "Agent" has the same meaning as an agent at common law.

(47) "Federal trust institution" means a special purpose national banking association authorized by the office of the comptroller of the currency, pursuant to the national bank act, 12 U.S.C. Sec. 92a, whose charter is granted for the purpose of it engaging primarily or solely in trust or other fiduciary activities.

(48) "Shareholder" means the holder of a share as defined in this section.

(49) "Third-party service provider" includes an independent contractor or other person, which a trust institution has engaged to perform services to facilitate the conduct of its business as a trust institution or affiliate, to perform the following functions:

- (a) Noninternet-based data storage;
- (b) Internet-related services, mobile applications, system and software development and maintenance, and security architecture, maintenance, and monitoring;
- (c) Data processing services;
- (d) Fiduciary activities or other contracted-for services constituting "trust business" under RCW 30B.04.005;

(e) Activities related to the trading of securities, derivatives, and other commodities;

(f) Bookkeeping, accounting, or similar functions; or

(g) Data analytics with respect to customers or prospective customers, or use of algorithmic technology by the trust institution in the conduct of fiduciary management.

**Sec. 3.** RCW 30B.04.010 and 2014 c 37 s 303 are each amended to read as follows:

(1) A state trust company or out-of-state trust institution may register any name with the department in connection with establishing an office or otherwise engaged in trust business in ~~((this))~~ Washington state pursuant to this title, except that the director may determine that a name proposed to be registered is potentially misleading to the public and require the registrant to select a name which is not potentially misleading.

(2) Use of "trust" as part of a person's name or fictitious trade name, or as part of a trademark~~(s)~~ or service mark in connection with transacting business with the public, or as part of advertising by any person to the public, is subject to the prohibitions and restrictions under RCW 30A.04.020.

**Sec. 4.** RCW 30B.04.040 and 2014 c 37 s 306 are each amended to read as follows:

~~((Notwithstanding any other provision of this title,))~~ A person is exempt from the requirement of a certificate of authority or approval under this title~~(s or from regulation by the director pursuant to this title,))~~ if the person is:

(1) An individual, sole proprietor, or general partnership or joint venture composed of individuals;

(2) Engaging in business in ~~((this))~~ Washington state (a) as a national banking association or (b) as a federal mutual savings bank, federal stock savings bank, or federal savings and loan association under authority of the office of the comptroller of the currency;

(3) Acting in a manner otherwise authorized by law and within the scope of authority as an agent of a trust institution with respect to an activity which is not an unauthorized trust activity;

(4) Acting as a fiduciary solely by reason of being appointed by a court to perform the duties of a trustee, guardian, conservator, or receiver;

(5) While holding oneself out to the public as an attorney-at-law, law firm, or limited license legal technician, performing a service customarily performed as an attorney-at-law, law firm, or limited license legal technician in a manner approved and authorized by the supreme court of the state of Washington;

(6) Acting as an escrow agent pursuant to the escrow agent registration act, chapter 18.44 RCW, or in one's capacity as an authorized title agent under Title 48 RCW;

(7) Acting as trustee under a deed of trust delivered only as security for the payment of money or for the performance of another act;

(8) Receiving and distributing rents and proceeds of sale as a licensed real estate broker on behalf of a principal in a manner authorized by the Washington department of licensing;

(9) Engaging in a commodities or securities transaction or providing an investment advisory service in the capacity of a ~~((licensed and))~~ registered broker-dealer, investment advisor, or registered representative thereof, provided the activity is regulated by the department, the United States commodities futures trading commission, or the United States securities and exchange commission;

(10) Engaging in the sale and administration of an insurance product by an insurance company or agent licensed by the office of the insurance commissioner to the extent that the activity is regulated by the office of the insurance commissioner;

(11) Acting as trustee under a voting trust as provided by Washington state law;

(12) Acting as trustee by a public, private, or independent institution of higher education or a university system authorized under Washington state law, including its affiliated foundations or corporations, with respect to endowment funds or other funds owned, controlled, provided to, or otherwise made available to such institution with respect to its educational or research purposes;

(13) Acting as a private trust or private trust company to the extent exempt from regulation of the department as set forth in chapter 30B.64 RCW; or

(14) Engaging in other activities expressly excluded from the application of this title by rule of the director.

**Sec. 5.** RCW 30B.04.110 and 2014 c 37 s 313 are each amended to read as follows:

A state trust company may not pledge or create a lien on any of its assets except to secure the repayment of money borrowed or as ~~((otherwise))~~ specifically authorized ~~((or required by rules adopted under this chapter))~~ by RCW 30B.20.010, or by rule, or by a finding of the director that such conduct does not violate any other applicable law and serves the convenience of the state trust company and the public. An act, deed, conveyance, pledge, or contract in violation of this section is void.

**Sec. 6.** RCW 30B.08.020 and 2014 c 37 s 323 are each amended to read as follows:

~~(1) ((The provisions of RCW 30A.08.025 shall govern the organization, conversion, approval of the director, and other matters incidental to the formation and operation of a state trust company as a limited liability company.~~

~~(2) The director may adopt rules necessary to clarify, interpret, and implement this section.))~~ If the conditions of this section are met, an applicant to become a state trust company may organize as a limited liability trust company pursuant to this chapter. An applicant to become a state trust company, which is already organized as a limited liability company pursuant to chapter 25.15 RCW, may reorganize as and convert to a limited liability trust company under this title and be granted a certificate of authority pursuant to this chapter to operate as a state trust company if all conditions of this title are met.

(2)(a) Before a state trust company organized as a corporation may reorganize and convert to a limited liability trust company, the state trust company must obtain approval of the director.

(b)(i) To obtain approval under this subsection from the director, the state trust company must file a request for approval with the director at least sixty days before the day on which the state trust company becomes a limited liability trust company.

(ii) If the director does not disapprove the request for approval within sixty days from the day on which the director receives the request, the request is considered approved.

(iii) When taking action on a request for approval filed pursuant to this subsection, the director may:

(A) Approve the request;

(B) Approve the request subject to terms and conditions the director considers necessary; or

(C) Disapprove the request.

(3) To approve a request, the director must find that:

(a) The state trust company will operate in a safe and sound manner under a limited liability trust company structure; and

(b) The state trust company as a limited liability trust company has the characteristics set forth in subsections (4) and (5) of this section.

(4) Notwithstanding any provision to the contrary contained in chapter 25.15 RCW, a state trust company organized as or reorganized and converted to a limited liability trust company must be perpetual.

(5)(a) All rights, privileges, powers, duties, and obligations of a state trust company, which is organized as a limited liability trust company, and its members and managers shall be consistent with chapter 25.15 RCW, except the following:

(i) Permitting automatic dissolution or suspension of a limited liability company as set forth in RCW 25.15.265(1), pursuant to a statement of limited duration in a certificate of formation;

(ii) Permitting automatic dissolution or suspension of a limited liability company, pursuant to the limited liability company agreement, as set forth in RCW 25.15.265(2);

(iii) Permitting dissolution of the limited liability company agreement based upon agreement of all the members, as set forth in RCW 25.15.265(3);

(iv) Permitting dissociation of all the members of the limited liability company, as set forth in RCW 25.15.265(4); and

(v) Permitting automatic dissolution or suspension of a limited liability company, pursuant to operation of law, as otherwise set forth in chapter 25.15 RCW.

(b) Notwithstanding (a) of this subsection:

(i) For purposes of transferring a member's interests in the state trust company, a member's interest is treated like a share of stock in a corporation; and

(ii) If a member's interest is transferred voluntarily or involuntarily to another person, the person who receives the member's interest obtains the member's entire rights associated with the member's interest, including all economic rights and all voting rights.

(6)(a) Notwithstanding any provision of chapter 25.15 RCW or this section to the contrary, all voting members remain liable and responsible as fiduciaries of the limited liability trust company, regardless of resignation, dissociation, or disqualification, to the same extent that directors of a state trust company organized as a corporation would be or remain liable or responsible to the department.

(b) If death, incapacity, or disqualification of all members of the limited liability trust company would result in a complete dissociation of all members, then the state trust

company is deemed nonetheless to remain in existence for purposes of the department having standing under chapter 30B.44B RCW to exercise the powers and authorities of a liquidating agent for the state trust company.

**Sec. 7.** RCW 30B.08.030 and 2014 c 37 s 324 are each amended to read as follows:

(1) An application ~~((to organize))~~ for a certificate of authority to become a state trust company ~~((charter))~~ must be made under oath and in the form required by the director and must be supported by information, data, records, and opinions of counsel that the director requires including, without limitation and as requested by the department, authorizations by the incorporators and any proposed officer, director, manager, or managing participant to perform third-party background checks on them, plus fingerprints of these persons obtained from acceptable fingerprinting authorities.

(2) Consistent with RCW 30B.12.020(1), the application to organize a state trust company must propose as members of the board of directors not less than five directors, managers, or managing participants, at least two of whom shall not be officers, employees, or agents of the state trust company, or otherwise in control of the state trust company, either as a principal or in a representative capacity, as "control" is defined in RCW 30B.53.005.

(3) Prior to issuance of a certificate of authority by the department, the proposed members of the board of directors, as approved by the department, must each submit a declaration in conformity with RCW 30B.12.020(5).

(4) The application must be accompanied by all fees and deposits required by statute or by rule of the director.

~~((3))~~ (5) The director shall issue a certificate of authority to a state trust company ~~((charter))~~ only on proof that one or more viable markets exist within or outside of ~~((this))~~ Washington state that may be served in a profitable manner by the establishment of the proposed state trust company. In making such a determination, the director shall:

(a) Examine the business plan which shall be submitted as part of the application for a certificate of authority to become a state trust company ~~((charter))~~; and

(b) Consider:

(i) The market or markets to be served;

(ii) Whether the proposed organizational and capital structure and amount of initial capitalization is adequate for the proposed business and location;

(iii) Whether the anticipated volume and nature of business indicates a reasonable probability of success and profitability based on the market sought to be served;

(iv) Whether the proposed officers, directors, and managers, or managing participants, as a group, have sufficient fiduciary experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the proposed state trust company will operate in compliance with law and that success of the proposed state trust company is probable;

(v) Whether each principal shareholder or participant has sufficient experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the proposed state trust company will be free from improper or unlawful influence or interference with respect

to the state trust company's operation in compliance with law; and

(vi) Whether the organizers are acting in good faith.

~~((4))~~ (6) The failure of an applicant to furnish required information, data, opinions of counsel, other material, or the required fee is considered an abandonment of the application.

**Sec. 8.** RCW 30B.08.040 and 2014 c 37 s 325 are each amended to read as follows:

(1) The director shall notify the organizers when the application is complete and accepted for filing and all required fees and deposits have been paid. ~~((Promptly after this notification, the organizers shall publish notice of the application and solicit comments in a form specified by the director at locations reasonably necessary to solicit the views of potentially affected persons specified by the director by rule.))~~

(2) At the expense of the organizers, the director shall investigate the application and inquire into the identity and character of each proposed director, manager, officer, managing participant, and principal shareholder or participant. ~~((The director shall prepare a written report of the investigation, and any person may request a copy of the nonconfidential portions of the application and written report under chapter 42.56 RCW.))~~

(3) ~~((Rules adopted under this chapter may specify the confidential or nonconfidential character of information obtained by the department under this section.))~~

~~(4))~~ The financial statement of a proposed officer, director, manager, or managing participant is confidential and not subject to public disclosure under chapter 42.56 RCW.

**Sec. 9.** RCW 30B.08.070 and 2014 c 37 s 328 are each amended to read as follows:

(1) ~~((Notwithstanding any other provision of this title.))~~ A state trust company shall be deemed a distinct ~~((species))~~ type of corporation or limited liability trust company whose ~~((charter))~~ certificate of authority may be granted, conditioned, canceled, or revoked only by the department.

(2) Title 23B RCW applies to a state trust company in corporation form and chapter 25.15 RCW in limited liability company form to the extent not inconsistent with this title or the business of a state trust company, except that:

(a) Any reference to the secretary of state means the director unless the context requires otherwise; and

(b) The right of shareholders or participants to cumulative voting in the election of directors or managers exists only if granted by the state trust company's articles of ~~((association))~~ incorporation or limited liability company agreement.

(3) Unless expressly authorized by this title or a rule of the department, a state trust company may not take an action authorized by Title 23B RCW or chapter 25.15 RCW regarding its corporate status, capital structure, or a matter of corporate governance, of the type for which Title 23B RCW or chapter 25.15 RCW would require a filing with the secretary of state if the state trust company were a business

corporation, without first submitting the filing to the director for the same purposes for which it otherwise would be required to be submitted to the secretary of state.

(4) The department may adopt rules to limit or refine the applicability of subsection (2) of this section to a state trust company or to alter or supplement the procedures and requirements of Title 23B RCW or chapter 25.15 RCW applicable to an action taken under this chapter.

**Sec. 10.** RCW 30B.08.080 and 2014 c 37 s 329 are each amended to read as follows:

(1) Upon the issuance of a certificate of authority to a state trust company as prescribed in this chapter and its commencement of business pursuant to such certificate of authority, ~~((the persons named in the articles of incorporation and their successors))~~ it shall ~~((thereupon become))~~ be a corporation or limited liability company ~~((and may engage in trust business and other business, including without limitation:~~

~~(a) Subject to RCW 30B.08.070, exercising the powers of a Washington business corporation under Title 23B RCW or a Washington limited liability company under chapter 25.15 RCW reasonably necessary or helpful to enable exercise of its specific powers under this title;~~

~~(b) Receiving for safekeeping personal property of every description;~~

~~(c) Acting as assignee, bailee, conservator, custodian, recordkeeper, escrow agent, registrar, receiver, or transfer agent;~~

~~(d) Acting as financial advisor, investment advisor or manager, agent, or attorney in fact in any agreed upon capacity;~~

~~(e) Accepting or executing trusts, including:~~

~~(i) Acting as trustee under a written agreement;~~

~~(ii) Receiving money or other property in its capacity as trustee for investment in real or personal property;~~

~~(iii) Acting as trustee and performing the fiduciary duties committed or transferred to it by a valid and applicable court order;~~

~~(iv) Acting as trustee of the estate of a deceased person;~~

~~(v) Acting as trustee for a minor or incapacitated person;~~

~~(vi) Acting as a trustee of collective investment funds or common trust funds; or~~

~~(vii) Acting as a trustee of statutory or similar trusts;~~

~~(f) Administering in any other fiduciary capacity real or tangible personal property;~~

~~(g) Acting as an executor, administrator, guardian, or conservator;~~

~~(h) Acting as an assignee, receiver, agent, or custodian;~~

~~(i) Acting pursuant to valid and applicable court order as executor or administrator of the estate of a deceased person or as a guardian or conservator for a minor or incapacitated person;~~

~~(j) Acting in any capacity in which one exercises investment discretion on behalf of another;~~

~~(k) Exercising any incidental power or ancillary that is reasonably necessary to enable it to fully exercise,~~

~~according to commonly accepted fiduciary customs and usages, the trust powers authorized by this title;~~

~~(l) Acting as a manager of a limited liability company, limited liability partnership, or similar entity;~~

~~(m) Acting as the registrar of stocks and bonds;~~

~~(n) Acting as an escrow agent, escrow holder, or managing agent;~~

~~(o) Acting as a corporate bond and transfer paying agent;~~

~~(p) Acting as a sponsoring or other member of any clearing corporation with respect to securities or other property; or~~

~~(q) Acting in any other capacity or for any other activity as determined or approved by the director)) for the purpose of engaging in trust business under this title, including:~~

~~(a) Accepting or executing trusts, including:~~

~~(i) Acting as trustee under a written agreement;~~

~~(ii) Receiving money or other property in its capacity as trustee for investment in real or personal property;~~

~~(iii) Acting as trustee and performing the fiduciary duties committed or transferred to it by a valid and applicable court order;~~

~~(iv) Acting as trustee of the estate of a deceased person;~~

~~(v) Acting as trustee for a minor or incapacitated person;~~

~~(vi) Acting as a trustee of collective investment funds or common trust funds; or~~

~~(vii) Acting as a trustee of statutory or similar trusts;~~

~~(b) Acting as an attorney-in-fact in any agreed upon capacity;~~

~~(c) Acting pursuant to court order as executor, administrator, guardian, or conservator of an estate; or~~

~~(d) Regularly engaging in any other activity that the director determines by rule to be an essential function of a trust business in Washington state upon his or her finding that (i) the proposed activity of the applicant is closely akin to acting as a fiduciary, (ii) the proposed activity cannot be more effectively regulated under a statute of Washington state other than this title, and (iii) the exercise of such powers by the applicant in Washington state (A) would serve the convenience and advantage of trustors and beneficiaries, or the general public, and (B) would maintain the fairness of competition and parity between state trust companies and, as applicable, federal trust institutions or out-of-state trust institutions.~~

~~(2) The state trust company also shall be a corporation or limited liability company for the purposes of engaging in trust business under this title if the director otherwise issues a written finding, pursuant to a specific application for a certificate of authority to do business as a state trust institution in Washington state pursuant to this chapter or chapter 30B.38 RCW, that all of the criteria set forth in subsection (1)(d) of this section exist in relation to the applicant.~~

~~(3) Pursuant to such certificate of authority, a state trust company may also perform incidental activities, other than trust business, which include:~~

(a) Acting as a bailee or receiving for safekeeping personal property;

(b) Acting as a custodian for money or its equivalent, or for other personal property, which conduct has not otherwise been determined by rule to be trust business pursuant to subsection (1)(d) of this section;

(c) Acting as a recordkeeper for a retirement plan;

(d) Acting as the registrar of or transfer agent for stocks and bonds;

(e) Acting as a sponsoring or other member of any clearing corporation with respect to securities or other property;

(f) Acting as an escrow agent, escrow holder, or managing agent;

(g) Acting as a receiver;

(h) Acting as a manager of a limited liability company, limited liability partnership, or similar entity; or

(i) Conducting such other incidental activities permissible for a state trust company as the director shall prescribe by rule.

(4) The director may prescribe rules for the safe and sound exercise of the powers enumerated in subsections (1) and (3) of this section.

~~((3))~~ (5) A trust department of a state commercial bank, to the extent authorized under ~~((Title 30A or 32))~~ RCW 30A.08.150, ~~((as applicable,))~~ or a trust department of a state savings ~~((association))~~ bank, to the extent authorized under ~~((Title 33))~~ RCW 32.08.210, may exercise all of the powers and authorities of a state trust company under this title ~~((including in relation to corporate governance matters)).~~

(6) A state trust company, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual or individuals, who are hereby authorized to give such consent, cause any stocks, securities, or other property held or acquired to be registered and held in the name of a nominee or nominees of the state trust company without mention of the fiduciary relationship. Any such fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities, or other property so registered.

**Sec. 11.** RCW 30B.08.090 and 2014 c 37 s 330 are each amended to read as follows:

(1) Notwithstanding any restrictions, limitations, and requirements of law, in addition to all powers, express or implied, that a state trust company has under the laws of ~~((this))~~ Washington state, a state trust company has the powers and authorities conferred as of ~~((January 5, 2015))~~ the effective date of this section, upon a ~~((federally chartered trust company doing business in this state))~~ federal trust institution. A state trust company may exercise the powers and authorities conferred on a ~~((federally chartered trust company))~~ federal trust institution after this date only if the director finds that the exercise of such powers and authorities:

(a) Serves the convenience and advantage of trustors and beneficiaries, or the general public; and

(b) Maintains the fairness of competition and parity between state trust companies and federally chartered trust companies.

(2) Notwithstanding any other provisions of law, a state trust company has the trust-related and fiduciary-related powers and authorities of an out-of-state trust institution ~~((approved by the director under chapter 30B.38 RCW))~~ that is not a functionally unregulated out-of-state institution under RCW 30B.38.090.

(3) As used in this section, "powers and authorities" include without limitation powers and authorities in corporate governance and operational matters.

(4) The restrictions, limitations, and requirements applicable to specific powers and authorities of federally chartered trust companies and out-of-state ~~((state))~~ trust institutions, as applicable, shall apply to state trust companies exercising those powers or authorities permitted under this section but only insofar as the restrictions, limitations, and requirements relate to exercising the powers or authorities granted trust companies solely under this section.

(5) Notwithstanding any other provisions of law, in addition to all powers enumerated by this title, and those necessarily implied therefrom, a state trust company may engage in other business activities that have been determined by the board of governors of the federal reserve system or by the United States congress to be closely related to the business of banking, as of ~~((January 5, 2015))~~ the effective date of this section.

(6) A state trust company that desires to perform an activity that is not authorized by subsection (5) of this section shall first apply to the director for authorization to conduct such activity. Within thirty days of the receipt of this application, the director shall determine whether the activity is closely related to the business of banking, whether the public convenience and advantage will be promoted, whether the activity is apt to create an unsafe and unsound practice by the state trust company, and whether the applicant is capable of performing such an activity. If the director finds the activity to be closely related to the business of banking and the state trust company is otherwise qualified, he or she shall immediately inform the applicant that the activity is authorized. If the director determines that such activity is not closely related to the business of banking or that the state trust company is not otherwise qualified, he or she shall promptly inform the applicant in writing. The applicant shall have the right to appeal from an unfavorable determination in accordance with the procedures of the administrative procedure act, chapter 34.05 RCW. In determining whether a particular activity is closely related to the business of banking, the director shall ~~((be guided))~~ consider but is not bound by the rulings of the board of governors of the federal reserve system and the comptroller of the currency ~~((in making determinations in connection with the powers exercisable by bank holding companies, and the activities performed by other commercial banks or their holding companies)).~~

(7) Notwithstanding any of the powers and authorities granted to a state trust company under this section, the director may, upon written notice to a state trust company, disallow any such power or authority if the director finds that such power and authority cannot be

exercised by the state trust company in a safe or sound manner.

**NEW SECTION. Sec. 12.** A new section is added to chapter 30B.10 RCW to read as follows:

**SCOPE OF CHAPTER—NONEXCLUSIVE REMEDIES.**

(1) This chapter sets forth the authority of the department to supervise and examine state trust institutions and to seek adjudicative enforcement remedies against persons, and their affiliates, officers, directors, managers, employees, and agents, engaged in authorized or nonauthorized and nonexempt trust business in Washington state.

(2) None of the provisions in this chapter shall be deemed to be an exclusive remedy of the department, and the department may, as applicable, exercise other remedies set forth elsewhere in this title and in other Washington law including, without limitation:

(a) The issuance of a supervisory directive, nonadjudicative corrective action order, or nonadjudicative order of conservatorship pursuant to chapter 30B.46 RCW; and

(b) The issuance of nonadjudicative orders for involuntary dissolution and liquidation of a state trust company pursuant to chapter 30B.44B RCW.

**NEW SECTION. Sec. 13.** A new section is added to chapter 30B.10 RCW to read as follows:

**DEFINITIONS.**

As used in this chapter, unless the context clearly appears otherwise, the terms in this section mean:

(1) "Affiliate" means the same as defined in RCW 30B.04.005.

(2) "Agent" means the same as defined in RCW 30B.04.005.

(3) "Cause of action" means any of the acts or omissions giving rise to a violation under this chapter for which the department can pursue administrative remedies.

(4) "Presiding officer" means a person who qualifies as a presiding officer under RCW 34.05.425 and has been authorized to act as presiding officer in an administrative proceeding under this chapter.

(5) "Respondent" means a person against whom the director has issued a notice and statement of charges pursuant to this chapter.

(6) "Third-party service provider" means the same as in RCW 30B.04.005.

**Sec. 14.** RCW 30B.10.005 and 2014 c 37 s 333 are each amended to read as follows:

(1) ~~((In addition to his or her supervision authority over the trust business of state banks and state savings associations,))~~ The director shall exercise supervision authority over state trust companies and also over out-of-state trust institutions as set forth in this chapter or to the extent provided for in cooperative agreements made by the director with the home states of out-of-state trust institutions pursuant to RCW 30B.38.060.

(2) The director shall execute and enforce through the department and such other agents as exist on or after January 5, 2015, all laws which exist on or after January 5, 2015, relating to state trust companies and out-of-state trust institutions engaged in trust business in ~~((this))~~ Washington state.

(3) For the more complete and thorough enforcement of the provisions of this title, the department is authorized to adopt rules not inconsistent with the provisions of this title, as may, in its opinion, be necessary to carry out the provisions of this title and as may be further necessary to insure safe and sound management of trust institutions under its supervision taking into consideration the appropriate interest of the creditors, stockholders, participants, and the public in their relations with such trust institutions.

(4) A state trust company shall conduct its business in a manner consistent with all laws relating to trust companies, and all rules, regulations, and instructions that may be adopted or issued by the department.

**NEW SECTION. Sec. 15.** A new section is added to chapter 30B.10 RCW to read as follows:

**EXAMINATIONS—REQUIREMENTS FOR DIRECT EXAMINATION OF THIRD-PARTY SERVICE PROVIDERS.**

(1) The director shall visit each state trust company at least once every twenty-four months, and more often as determined by the director, for the purpose of making a full investigation into the condition of such state trust company.

(2) The director may make such other full or partial examinations as deemed necessary and may visit and examine any affiliate of a state trust company, obtain reports of condition for any such affiliate, and shall have full access to all the books, records, papers, securities, correspondence, bank accounts, and other papers of such business for such purposes.

(3) Before the director may issue notice of its intent to visit and directly examine a third-party service provider without a subpoena pursuant to RCW 30B.10.120, the director must find:

(a) That the third-party service provider either:

(i) Performs services for the state trust company that appear to be necessary for the state trust company to meet its fiduciary duty, operate in a safe and sound manner, or otherwise comply with this title and other applicable law; or

(ii) Appears that the state trust company cannot extricate itself from its client-vendor relationship without adverse material consequences or prolonged delay, including inability to timely find a replacement vendor as third-party service provider;

(b) That either:

(i) The information sought by the director cannot be otherwise accessed or verified by the records of the state trust company without direct examination of the records of the third-party service provider that relate to the state trust company; or

(ii) The third-party service provider manages an application, process, or system for the benefit of the state trust company, the integrity of which cannot be evaluated without direct examination; and

(c) That it appears prior to direct examination of the third-party service provider that an act or omission of the third-party service provider sought to be examined has resulted in a significant heightened risk of the state trust company not meeting its fiduciary duty, committing an unsafe practice or operating in an unsafe or unsound manner, or otherwise violating a provision of this title or other applicable law.

(4) Subject to notice to a state trust company and its third-party service provider accompanied by a written finding by the director that the conditions of subsection (3) of this section have been met, the director may visit and directly examine a third-party service provider of a state trust company in order to determine whether the state trust company, on account of an act or omission of the third-party service provider, is in compliance with this title and other applicable law including, without limitation, the provisions of chapter 30B.24 RCW. If prerequisites for direct examination of such third-party service provider conform to this subsection, then a subpoena pursuant to RCW 30B.10.120 shall not be required prior to a visitation and examination of such third-party service provider.

(5) Any willful false swearing in any examination is perjury in the second degree.

(6) The director may enter into cooperative and reciprocal agreements with the trust institution regulatory authorities of the United States and other states and United States territories, for the periodic examination of state trust institutions and their affiliates. The director may accept reports of examination and other records from such authorities in lieu of conducting his or her own examinations. The director may enter into joint actions with other regulatory bodies having concurrent jurisdiction or may enter into such actions independently to carry out his or her responsibilities under this title and assure compliance with the laws of Washington state.

(7) Copies from the records, books, and accounts of a state trust institution or its affiliate shall be competent evidence in all cases, equal with originals thereof, if there is attached to such copies ~~((an affidavit taken before a notary public or clerk of a court under seal,))~~ a declaration under penalty of perjury stating that the ~~((affiant))~~ declarant is the officer of the state trust institution or its affiliate having charge of the original records, and that the copy is true and correct and is full so far as the same relates to the subject matter therein mentioned.

**Sec. 16.** RCW 30B.10.040 and 2014 c 37 s 337 are each amended to read as follows:

(1) The director is authorized to adopt rules governing the examination standards for a state trust ~~((companies))~~ company, trust department, third-party service provider, and other persons subject to investigation and examination under this title, including the application by rule of examination standards of other federal and state financial institutions regulators and standards adopted ~~((incident to))~~ from cooperative agreements made by the director under RCW 30B.38.060.

(2) Subject to subsection (3) of this section, such rules shall not be inconsistent with the uniform interagency trust rating system, or its equivalent, of the federal financial

institutions examination council or its successor agency; and subject to subsection (3) of this section, the director shall apply the standards of the uniform interagency trust rating system, or its equivalent, in its examination and rating of state trust companies and other persons subject to investigation and examination under this title to the extent that the department has not adopted applicable rules.

(3) Notwithstanding subsection (2) of this section, the director may, in lieu of or in addition to applicable rules, prescribe special conditions for a new state trust company or an out-of-state trust company doing business in Washington state, to the extent that such special conditions contain standards of examination and rating for the state trust company or out-of-state trust company that the director deems necessary to address circumstances including, without limitation, an emerging business model, which do not appear to the director to be contemplated or adequately addressed by the uniform interagency trust rating system, or its equivalent, of the federal financial institutions examination council or its successor agency.

**Sec. 17.** RCW 30B.10.050 and 2014 c 37 s 338 are each amended to read as follows:

(1) Each person subject to the requirement of a certificate of authority ~~((or))~~ or approval from the director ~~((, its subsidiaries,))~~ pursuant to RCW 30B.04.050, and ~~((their respective))~~ any director~~((s)),~~ officer~~((s)),~~ manager, employee~~((s)),~~ ~~((and))~~ or agent~~((s))~~ of such person, shall not engage in any unauthorized trust activity and shall comply with:

(a) This title and Title 11 RCW;

(b) The rules adopted by the director pertaining to this title and compliance with Title 11 RCW;

(c) Any condition in the department's certificate of authority of a state trust company or in the department's approval of an out-of-state trust company doing business in Washington state including, without limitation, any condition of certificate of authority or approval made pursuant to RCW 30B.10.040(3);

(d) Any lawful ~~((directive or))~~ order of the director;

~~((e))~~ (e) Any lawful supervisory agreement with the director or supervisory directive of the director; and

~~((f))~~ (f) All applicable federal laws and regulations affecting trust institutions subject to the authority of the director.

(2) Each ~~((holding company))~~ affiliate of a person subject to the authority of the director under this title, and ~~((its))~~ any director~~((s)),~~ officer~~((s)),~~ manager, employee~~((s)),~~ ~~((and))~~ or agent~~((s))~~ of such affiliate, shall not engage in any unauthorized trust activity and shall comply with:

(a) The provisions of this title ~~((that are applicable to each of them))~~ and Title 11 RCW, to the extent that any act or omission of the affiliate, or a director, officer, manager, employee, or agent of such affiliate, affects the safety and soundness and compliance with the law of a person subject to the authority of this title;

(b) The rules adopted by the director with respect to such ~~((holding companies))~~ affiliate;

(c) Any lawful ~~((direction or))~~ order of the director;

(d) Any lawful supervisory agreement with the director or supervisory directive of the director; and

(e) All applicable federal laws and regulations affecting a trust institution((s)) or its affiliate subject to the authority of the director.

(3) The violation of any supervisory agreement, supervisory directive, order, statute, rule, or regulation referenced in this section, in addition to any other penalty provided in this title, shall, at the option of the director, subject the offender to a penalty of up to ten thousand dollars for each offense, payable upon issuance of any order or directive of the director, which may be recovered by the attorney general in a civil action in the name of the department.

**Sec. 18.** RCW 30B.10.060 and 2014 c 37 s 339 are each amended to read as follows:

The powers and duties of the director and required practices and procedures of the department with respect to all enforcement authority conferred by this title shall be subject to the Washington administrative procedure act, chapter 34.05 RCW, consistent with the administrative procedures applicable to ~~((enforcement actions against banks, their holding companies, and their officers, directors, employees, and agents, as set forth in Title 30A RCW, including but not limited to the following:~~

~~(1) Notice of administrative charges under RCW 30A.04.450;~~

~~(2) The provisions relating to grounds for, procedure for obtaining, and the effective date of emergency temporary orders under RCW 30A.04.455 through 30A.04.465, inclusive;~~

~~(3) Enforcement of department orders under RCW 30A.04.470 and 30A.04.475;~~

~~(4) Grounds for removal of officers, directors, and employees under RCW 30A.12.040;~~

~~(5) Procedure for suspension of an officer, director, or employee under RCW 30A.12.0401; and~~

~~(6) Notice of charges for removal of officers, directors, and employees under RCW 30A.04.042)) this chapter.~~

**Sec. 19.** RCW 30B.10.070 and 2014 c 37 s 340 are each amended to read as follows:

In addition to any other powers conferred by this title, the director shall have the power, consistent with the requirements of ~~((RCW 30B.10.060)) this chapter, to order:~~

~~(1) ((Order)) Any person ((under authority of the director under this title)), its ((holding company, its subsidiary)) affiliate, or any ((of their)) director((s)), officer((s)), manager, employee((s)), or agent((s)) of such person or its affiliate, subject to the authority of RCW 30B.10.050, to cease and desist engaging in any unauthorized trust activity or violating any provision of this title or any lawful rule;~~

~~(2) ((Order)) Any ((authorized)) state trust institution, its ((holding company, its subsidiary)) affiliate, or any ((of their)) director((s)), officer((s)), manager, employee((s)), or agent((s)) of the state trust institution or its affiliate to cease and desist from a course of conduct that is unsafe or unsound ((and)) or which is likely to cause insolvency or dissipation of assets or is likely to jeopardize~~

or otherwise seriously prejudice the interests of the public in their relationship with the ~~((authorized)) state trust institution;~~

~~(3) ((Order any person to cease engaging in an unauthorized trust activity; and~~

~~(4) Enter any order pursuant to RCW 30B.38.070.)) Any person, its affiliate, or any director, officer, manager, employee, or agent of such person or its affiliate, subject to the authority of RCW 30B.10.050, to take affirmative action to avoid or refrain from unauthorized trust activity, an unsafe or unsound practice, or other violation of this title;~~

~~(4) The imposition of fines;~~

~~(5) Restitution to beneficiaries, trustors, or other aggrieved persons;~~

~~(6) Costs and expenses related to investigation and enforcement, including attorney fees; and~~

~~(7) Other remedies authorized by law.~~

**NEW SECTION. Sec. 20.** A new section is added to chapter 30B.10 RCW to read as follows:

HEARING—WHO MAY CONDUCT—AUTHORITY.

(1) A hearing pursuant to a notice of charges under this chapter must be conducted in accordance with chapter 34.05 RCW, except to the extent otherwise provided in this chapter.

(2) Such hearing may be held at a place designated by the director and, at the option of the director, may be conducted by a delegated presiding officer whom the director appoints without referral to the office of administrative hearings.

(3) The hearing shall be conducted in accordance with this chapter, chapter 34.05 RCW, and chapters 10-08 and 208-08 WAC.

(4) If the department elects to conduct a hearing as permitted by subsection (2) of this section, the director must appoint a presiding officer from outside the division of banks, who may be either an employee from another division, an independent contractor, or an administrative law judge of the office of administrative hearings.

(5) Such hearing shall be private unless the director determines that a public hearing is necessary to protect the public interest upon good cause shown in a motion by the respondent, if any, to make the hearing public.

(6) The director may elect to either retain authority to issue a final order or may delegate such authority to the presiding officer appointed pursuant to subsection (2) of this section.

**NEW SECTION. Sec. 21.** A new section is added to chapter 30B.10 RCW to read as follows:

NOTICE OF CHARGES—REASONS FOR ISSUANCE—GROUNDS—CONTENTS OF NOTICE.

(1) The director may issue and serve a notice of charges upon:

(a) A state trust institution;

(b) An affiliate of a state trust institution;

(c) A director, officer, manager, employee, or agent of a state trust institution or its affiliate; or

(d) Any other person subject to the jurisdiction of the department under this title including, without limitation, a person engaged in unauthorized trust activity.

(2) Such notice of charges may be issued to and served upon any person or entity described in subsection (1) of this section whenever such person or entity:

- (a) Has engaged in an unsafe or unsound practice;
- (b) Has violated any provision of RCW 30B.10.050;

or

(c) Is planning, attempting, or currently conducting any act prohibited in (a) or (b) of this subsection.

(3) The notice shall contain a statement of the facts constituting the acts or omissions specified in subsection (2) of this section.

(4) The notice shall set a time and place at which a hearing will be held to determine whether the following remedies should be granted:

- (a) An order to cease and desist any of the acts or omissions specified in subsection (2) of this section;
- (b) An order compelling affirmative action to redress any of the acts or omissions specified in subsection (2) of this section;
- (c) An order imposing fines as authorized by RCW 30B.10.070;
- (d) Restitution to beneficiaries, trustors, or other aggrieved persons;
- (e) Costs and expenses related to investigation and enforcement, including attorney fees; and
- (f) Other remedies authorized by law.

**NEW SECTION. Sec. 22.** A new section is added to chapter 30B.10 RCW to read as follows:

TIME FOR HEARING—DEFAULT.

(1) The hearing shall be held not earlier than ten days or later than thirty days after service of the notice set forth in section 21 of this act, unless a later date is set by the director for good cause as requested by the respondent.

(2) Unless the respondent appears at the hearing set forth in subsection (1) of this section, a default order granting any of the remedies or sanctions set forth in the notice and statement of charges may be issued by the presiding officer, consistent with RCW 34.05.440(2).

(3) A respondent may file with the presiding officer, within seven days of service of the default order, a motion to set aside a default order consistent with RCW 34.05.440(3). If the presiding officer does not issue a ruling within five business days of the motion being filed, then the motion to set aside is denied.

**NEW SECTION. Sec. 23.** A new section is added to chapter 30B.10 RCW to read as follows:

ADMINISTRATIVE HEARING—  
PROCEDURE—ORDER—NO STAY ON JUDICIAL  
REVIEW.

(1) The presiding officer shall have sixty days after the hearing to issue an order, including findings of fact and conclusions of law, consistent with RCW 34.05.461(3).

(2) If the director has not delegated his or her authority to a presiding officer to issue a final order, a party may bring a petition for review of the presiding officer's

initial order before the director, consistent with RCW 34.05.464.

(3) If the director has previously delegated his or her authority for the presiding officer to issue a final order, then the order of such presiding officer shall be final and may be appealable to the superior court of Washington, consistent with RCW 34.05.514.

(4) The commencement of proceedings for judicial review shall not operate as a stay of any order issued by the director unless specifically ordered by the court.

**Sec. 24.** RCW 30B.10.080 and 2014 c 37 s 341 are each amended to read as follows:

~~((The director has the power to require the suspension and removal from office of any officer, director, or employee of any trust institution subject to the director's authority, its holding company, or its subsidiary, who shall be found to be dishonest, incompetent, or reckless in the management of the affairs of the institution, or who persistently violates the laws of this state or the lawful orders, instructions, and rules issued or adopted by the department.))~~ (1) In addition to the remedies set forth in RCW 30B.10.070, the director may, as applicable, issue and serve a current or former director, officer, manager, or employee of a state trust company or its affiliate with written notice of intent to remove such person from office or employment, or to prohibit such person from participating in the conduct of the affairs of the state trust company, its affiliate, or any depository institution, trust company, or affiliate of such depository institution or trust company, doing business in Washington state, whenever:

(a) Such person has committed an unsafe or unsound practice or a violation or practice involving a breach of fiduciary duty, personal dishonesty, recklessness, or incompetence; and

(b)(i) The state trust company has suffered or is likely to suffer substantial financial loss or other damage as a result of the person's acts or omissions as set forth in (a) of this subsection; or

(ii) The interests of beneficiaries, trustors, shareholders, or the general public could be seriously prejudiced by reason of the person's acts or omissions as set forth in (a) of this subsection.

(2) The director may also serve upon the same respondent a written notice and order suspending the respondent from further participation in any manner in the conduct of the affairs of the state trust company, its affiliate, or any depository institution, trust company, or affiliate of such depository institution or trust company, doing business in Washington state, pending resolution of the charges made pursuant to subsection (1) of this section, if the director determines that such an action is necessary for the protection of: The state trust company or its affiliate; the interests of beneficiaries, trustors, or shareholders of the state trust company or its affiliate; the interests of any depository institution or its depositors, trust beneficiaries, borrowers, or shareholders; or the general public.

(3) A suspension order issued by the director is effective upon service and, unless the superior court issues a stay of such order, such order shall remain in effect and enforceable until:

(a) The director dismisses the charges contained in the notice served on the person; or

(b) The effective date of a final order for removal of such person.

**NEW SECTION. Sec. 25.** A new section is added to chapter 30B.10 RCW to read as follows:

**EMERGENCY ORDER—ISSUANCE—DIRECT JUDICIAL REVIEW ONLY—LIMITATION OR TIME—STANDARD OF JUDICIAL REVIEW.**

(1) When the director finds it necessary for one or more of the purposes set forth in subsection (2) of this section, the director may issue and serve an emergency order upon:

(a) A state trust institution, its affiliate, a director, officer, manager, employee, or agent of such state trust institution or its affiliate, or any person subject to the authority of this title, requiring the respondent to take immediate affirmative action or immediately cease and desist from any act, practice, or omission or failure to act; or

(b) A director, officer, manager, or employee of a state trust company or its affiliate to suspend or remove such person from his or her office or employment with the state trust company or its affiliate pursuant to RCW 30B.10.080.

(2) Such emergency order may be issued to:

(a) Ensure the safety or soundness of the authorized trust institution;

(b) Prevent the state trust institution's insolvency or inability to pay its obligations in the ordinary course of business;

(c) Prevent significant or critical undercapitalization or substantial dissipation of assets;

(d) Compel timely compliance with a supervisory agreement, supervisory directive, or order of the director;

(e) Compel production of or access to its books, papers, records, or affairs as directed by the department or other applicable financial services regulator;

(f) Prevent immediate and irreparable harm to the public interest, interests of the trustors or beneficiaries, or condition of the state trust institution; or

(g) Prevent fraudulent activity.

(3) The emergency order must:

(a) Be served upon each entity or person subject to the order by personal delivery or registered or certified mail, return receipt requested, to the entity or person's last known address;

(b) State the specific acts or omissions at issue and require the entity or person to immediately comply with the order; and

(c) Contain a notice that a request for hearing may be filed by the respondent within ten days of service with the superior court, as set forth in subsection (5) of this section.

(4) Unless a respondent against whom the order is directed files a petition for judicial review with the court within ten days after the order is served under this section, the order is nonappealable and any right to a hearing is deemed conclusively waived as to that respondent.

(5) A petition for judicial review must:

(a) Be filed with the superior court of the county of the principal place of business of the respondent or, in the

case of the respondent not being domiciled in Washington state, the Thurston county superior court;

(b) State the specific respondents seeking review of the order; and

(c) State the specific grounds and authority to set aside or modify the order.

(6) Upon receipt of a timely filed petition for review, the court shall set the time and place of a hearing, no later than ten business days after the petition for review is filed, unless otherwise agreed by the parties.

(7) The department shall bear the burden of proof by a preponderance of evidence.

(8) Pending judicial review, the emergency order shall continue in full force and effect unless the order is stayed by the department.

**NEW SECTION. Sec. 26.** A new section is added to chapter 30B.10 RCW to read as follows:

**ORDER OF PROHIBITION AGAINST THIRD-PARTY SERVICE PROVIDERS—GROUNDS—NOTICE.**

(1) The director may issue and serve a state trust institution, or its affiliate, with written notice of intent to prohibit it from permitting a third-party service provider of such state trust institution or affiliate from participating in the conduct of the affairs of the state trust institution, whenever:

(a) The third-party service provider commits an unsafe or unsound practice, or a violation or practice involving a breach of fiduciary duty, personal dishonesty, recklessness, or incompetence; and

(b)(i) The state trust institution or its affiliate has suffered or is likely to suffer substantial financial loss or other damage; or

(ii) The interests of the state trust institution, or its affiliate, or their beneficiaries, trustors, shareholders, or the general public in Washington state could be seriously prejudiced by reason of the violation or practice of the third-party service provider.

(2) The director shall also serve any affected third-party service provider with the notice described in subsection (1) of this section, and such third-party service provider shall be deemed a real party in interest with the same right to notice and right to intervene in the administrative action and defend against it as if the third-party service provider were the respondent.

**NEW SECTION. Sec. 27.** A new section is added to chapter 30B.10 RCW to read as follows:

**NOTICE OF INTENTION TO REMOVE OR PROHIBIT PARTICIPATION IN CONDUCT OF AFFAIRS—HEARING—ORDER OF REMOVAL AND/OR PROHIBITION.**

(1) A notice pursuant to RCW 30B.10.080 or section 26 of this act shall:

(a) Contain a statement of the facts that constitute grounds for removal or prohibition; and

(b) Set a time and place at which a hearing will be held.

(2) The hearing shall be set not earlier than ten days or later than thirty days after the date of service of the notice unless an earlier or later date is set by the director at the request of the board trustee or director, officer, or employee for good cause shown or at the request of the attorney general of the state.

(3) Unless the respondent appears at the hearing personally or by a representative authorized under WAC 208-08-030, the respondent shall be deemed to have consented to the issuance of an order of removal or prohibition or both. In the event of such consent or if upon the record made at the hearing the director finds that any of the grounds specified in the notice have been established, the director may issue such order of removal or prohibition from participation in the conduct of the affairs of the state trust company, out-of-state trust company doing business in Washington state, or affiliate, as the director may consider appropriate.

(4) Any order under this section shall become effective at the expiration of ten days after service upon the respondent, except that an order issued upon consent shall become effective at the time specified in the order.

(5) An order shall remain effective except to the extent it is stayed, modified, terminated, or set aside by the director or a reviewing court.

NEW SECTION. Sec. 28. A new section is added to chapter 30B.10 RCW to read as follows:

**AUTHORITY OF DIRECTOR TO SEEK REMOVAL BY THE BOARD OF A STATE TRUST COMPANY.**

(1) In addition to any other remedy set forth in this chapter, the director may notify, in writing, the board of directors of any state trust company that the director has information that any member of the board of directors, officer, manager, employee, or agent of the state trust company or affiliate of the state trust company is dishonest, reckless, or incompetent, or is failing to perform any duty required of the state trust company or such affiliate.

(2) The board shall then meet to consider such matter as soon as reasonably feasible, but no later than thirty calendar days of the director's notice.

(3) The director shall have notice of the time and place of such meeting and an opportunity to appear at such meeting and address the board of directors concerning the director's information.

(4) If the board finds the director's information to be well-founded, and the affected member of the board of directors, officer, employee, or agent of the state trust company or such affiliate is working under an employment contract or independent contractor agreement that prohibits termination without cause, the board shall notify such member of the board of directors, officer, employee, or agent of the board's intent to remove him or her from the position, or to otherwise instruct such affiliate to do so, as applicable. Such notice shall be in writing and include:

- (a) Notice of the allegations;
- (b) Specific facts supporting the allegations; and

(c) A time and place at which such member of the board of directors, officer, employee, or agent will have an opportunity to be heard before a final action is taken by the board.

(5) Pursuant to subsection (4) of this section, the board shall set the time and place of the meeting no sooner than ten business days after such member of the board of directors, officer, employee, or agent receives notice of the board's intent to remove or terminate the contract.

(6) If the board finds the director's information to be well-founded, and the affected member of the board of directors, officer, manager, employee, or agent may be terminated without cause, such director, officer, manager, employee, or agent may be removed by the state trust company or such affiliate, or their contract may be terminated, at the option of the board.

(7) If the board does not remove such director, officer, employee, or agent, or if the board fails to meet, consider, or act upon the director's information within twenty days after receiving the same, then the director may within twenty days after, or earlier in the case of the necessity of an emergency order under RCW 30B.10.070, seek removal of such person by complying with the applicable provisions of this chapter.

(8) This section shall not be deemed to be an exclusive remedy of the department. The department may exercise any other remedies available to it under this chapter.

NEW SECTION. Sec. 29. A new section is added to chapter 30B.10 RCW to read as follows:

**JURISDICTION OF COURTS AS TO THE DEPARTMENT'S ENFORCEMENT ORDERS.**

(1) The director may apply to a superior court of Washington for the enforcement of any effective and outstanding final order issued pursuant to this chapter, and the superior court shall have jurisdiction to order compliance with such final order.

(2) No court shall have jurisdiction to affect by injunction or otherwise the department's issuance or enforcement of any order pursuant to this chapter, or to review, modify, suspend, terminate, or set aside such order, except as provided in this chapter.

(3) The venue for enforcement of a final order by the department under this chapter shall be the superior court in the county of the principal place of business of the person upon whom the order is imposed or, in the case of such person not being domiciled in Washington state, the venue shall be Thurston county superior court.

**Sec. 30.** RCW 30B.10.100 and 2014 c 37 s 343 are each amended to read as follows:

~~((Any))~~ A present or former director, officer, ~~((or))~~ manager, employee, or agent of a state trust institution or ((holding company under authority of the director)) affiliate, or any other person against whom there is outstanding an effective final order under authority of this chapter which has been duly served ((upon the)) is guilty of a gross misdemeanor punishable under chapter 9A.20 RCW, if such person ((and who)) thereafter:

(1) Participates in any manner in the conduct of the affairs of a state trust institution (~~((involved, or who))~~) or affiliate;

(2) Directly or indirectly solicits or procures, transfers or attempts to transfer, or votes or attempts to vote any proxies, consents, or authorizations with respect to any voting rights in the state trust institution(~~(, or who,))~~ or affiliate;

(3) Without the prior approval of the (~~((director))~~) department, votes for a director (~~((or))~~);

(4) Serves or acts as a director, officer, manager, employee, or agent of any (~~((bank, savings association))~~) depository institution, trust company, or (~~((holding company))~~) shall upon conviction for a violation of any order, be guilty of a gross misdemeanor punishable as prescribed under chapter 9A.20 RCW) affiliate of a depository institution or trust company doing business in Washington state.

**Sec. 31.** RCW 30B.10.110 and 2014 c 37 s 344 are each amended to read as follows:

(1) Notwithstanding any other provision of this title, the director may by rule or order prohibit any person from engaging in a trust business in (~~((this))~~) Washington state contrary to the requirements of this title if the conduct of the trust business in (~~((this))~~) Washington state by such person harms or is likely to harm the general public, or if it adversely affects the business of state trust institutions.

(2) The director may issue (~~((a temporary))~~) an emergency cease and desist order against such person in the manner provided for in (~~((this chapter))~~) section 25 of this act if the general public or state trust institutions are likely to be substantially injured by delay in issuing a cease and desist order.

(3) An order or rule made by the director pursuant to this section may require that any applicable person obtain a certificate of authority under chapter 30B.08 RCW as a condition of continuing to engage in a trust business in (~~((this))~~) Washington state, subject to meeting all qualifications for grant of a state trust company certificate of authority under this title.

(4) This section does not apply to a person conducting business pursuant to RCW 30B.04.040, except for a person identifiable solely by reason of RCW 30B.04.040(1).

**NEW SECTION. Sec. 32.** A new section is added to chapter 30B.10 RCW to read as follows:

GENERAL PENALTY—EFFECT OF CONVICTION.

(1) A person who shall knowingly violate or knowingly aid or abet the violation of any provision of RCW 30B.10.050 shall be guilty of a misdemeanor.

(2) A director, officer, manager, employee, or agent of a state trust institution or affiliate who has had imposed upon him or her a criminal conviction for the violation of this title or any other financial services law of this or any other state or of the United States shall not be permitted to engage in or become or remain a board director, officer, manager, employee, or agent of any state trust company or its affiliate doing business in Washington state.

**NEW SECTION. Sec. 33.** A new section is added to chapter 30B.10 RCW to read as follows:

STATUTE OF LIMITATIONS.

(1) An action seeking any remedy under RCW 30B.10.070, 30B.10.080, or section 26 of this act shall commence no later than five years after the cause of action accrued.

(2) A cause of action under this section is deemed to have accrued at the later of the following events:

(a) The occurrence of the act or omission;

(b) When the department discovers or should have discovered that the act or omission has occurred;

(c) When the department discovers or should have discovered that the act or omission has negatively impacted the capital status or other element of safety or soundness of a state trust company or out-of-state trust company doing business in Washington state; or

(d) Where an act or omission is part of a pattern or practice, upon the occurrence of the most recent act or omission comprising the pattern or practice. A cause of action under this subsection may include all acts or omissions comprising the pattern or practice if the cause of action is timely as to the most recent act or omission.

**Sec. 34.** RCW 30B.12.020 and 2014 c 37 s 348 are each amended to read as follows:

(1) The board of a state trust company must consist of not fewer than five directors, managers, or managing participants, at least two of whom shall not be officers, managers, employees, or agents of the state trust company, or otherwise in control of the state trust company, either as a principal or in a representative capacity, as "control" is defined in RCW 30B.53.005. Except for a limited liability trust company in which management has been retained by its participants, the principal executive officer of the state trust company is a member of the board. The principal executive officer acting in the capacity of board member is the board's presiding officer unless the board elects a different presiding officer to perform the duties as designated by the board.

(2) Unless the director consents otherwise in writing, a person may not serve as director, manager, or managing participant of a state trust company if:

(a) The state trust company incurs an unreimbursed loss attributable to a charged-off obligation of or holds a judgment against the person or an entity that was controlled by the person at the time of funding and at the time of default on the loan that gave rise to the judgment or charged-off obligation as determined by the definition of "control" set forth in RCW 30B.53.005;

(b) The person has been convicted of a felony or a crime involving personal dishonesty; or

(c) The person has violated a provision of Washington state law, relating to loan of trust funds and purchase or sale of trust property by the trustee, and the violation has not been corrected.

(3) If a state trust company other than a limited liability trust company operated by managing participants does not elect directors or managers before the sixty-first day after the date of its regular annual meeting, the director may appoint a conservator under this title to operate the state trust company and elect directors or managers, as appropriate. If

the conservator is unable to locate or elect persons willing and able to serve as directors or managers, the director may close the state trust company for liquidation.

(4) A vacancy on the board that reduces the number of directors, managers, or managing participants to fewer than five must be ~~((filed))~~ filled not later than the thirtieth day after the date the vacancy occurs. A limited liability trust company with fewer than five managing participants must add one or more new participants or elect a board of managers of not fewer than five persons to resolve the vacancy. After thirty days after the date the vacancy occurs, the director may appoint a conservator under this title to operate the state trust company and elect a board of not fewer than five persons to resolve the vacancy. If the conservator is unable to locate or elect five persons willing and able to serve as directors or managers, the director may close the state trust company for liquidation.

(5) Before each term to which a person is elected to serve as a director or manager of a state trust company, or annually for a person who is a managing participant, the person shall submit ~~((an affidavit))~~ a declaration under penalty of perjury for filing in the minutes of the state trust company stating that the person, to the extent applicable:

(a) Accepts the position and is not disqualified from serving in the position;

(b) Will not violate or knowingly permit an officer, director, manager, managing participant, or employee of the state trust company to violate any law applicable to the conduct of business of the state trust company; and

(c) Will diligently perform the duties of the position.

(6) An advisory director or manager is not considered a director if the advisory director or manager:

(a) Is not elected by the shareholders or participants of the state trust company;

(b) Does not vote on matters before the board or a committee of the board and is not counted for purposes of determining a quorum of the board or committee; and

(c) Provides solely general policy advice to the board.

(7) Notwithstanding any other provision of this section to the contrary, a state trust company shall have directors, managers, or managing participants, and committees or subcommittees composed of such directors, managers, or managing participants, consistent with the requirements of section 42 of this act and in conformity with the contents of the state trust company's written statement of principles of trust management, pursuant to section 43 of this act, as adopted by the board and subject to approval of the department.

**Sec. 35.** RCW 30B.12.040 and 2014 c 37 s 350 are each amended to read as follows:

(1) The board shall annually appoint the officers of the state trust company, who serve at the pleasure of the board. The state trust company must have a principal executive officer primarily responsible for the execution of board policies and operation of the state trust company and an officer responsible for the maintenance and storage of all corporate books and records of the state trust company and for required attestation of signatures. These positions may not be held by the same person. The board may appoint other

officers of the state trust company as the board considers necessary.

(2) Unless expressly authorized by a resolution of the board recorded in its minutes, an officer, manager, or employee may not create or dispose of a state trust company asset or create or incur a liability on behalf of the state trust company.

(3) Unless otherwise approved by the director, the chief executive officer, the president, the chief operating officer, or the chief financial officer of a state trust company, or an officer of the state trust company with an equivalent function, must be a Washington state resident.

(4) Notwithstanding any other provision of this section to the contrary, the board of a state trust company shall designate officers and committees or subcommittees composed of such officers, consistent with the requirements of section 42 of this act and in conformity with the contents of the state trust company's written statement of principles of trust management, pursuant to section 43 of this act, as adopted by the board and subject to approval of the department.

**Sec. 36.** RCW 30B.12.060 and 2014 c 37 s 352 are each amended to read as follows:

The board of a state trust company is responsible for the proper exercise of fiduciary powers by the state trust company and each matter pertinent to the exercise of fiduciary powers, including:

(1) The determination of policies;

(2) The investment and disposition of property held in a fiduciary capacity; ~~((and))~~

(3) The direction and review of the actions of each officer, manager, employee, ~~((and))~~ committee, and agent used by the state trust company in the exercise of its fiduciary powers; and

(4) Every other requirement of the board as set forth in section 42 of this act and in conformity with the contents of the state trust company's written statement of principles of trust management, pursuant to section 43 of this act, as adopted by the board and subject to approval of the department.

**Sec. 37.** RCW 30B.12.090 and 2014 c 37 s 355 are each amended to read as follows:

(1)(a) The board of directors is responsible for the proper exercise of fiduciary powers by the trust company. All matters pertinent thereto, including the determination of policies, the investment and disposition of property held in a fiduciary capacity, and the direction and review of the actions of all officers, employees, and committees utilized by the trust company in the exercise of its fiduciary powers, are the responsibility of the board. In discharging this responsibility, the board of directors may assign, by action duly entered in the minutes, the administration of such of the trust company's fiduciary powers as it may consider proper to assign to such directors, officers, employees, or committees as it may designate.

(b) A fiduciary account may not be accepted without the prior approval of the board, or of the directors, officers,

or committees to whom the board may have designated the performance of that responsibility.

(c) A written record shall be made of such acceptances and of the relinquishment or closing out of all fiduciary accounts. Upon the acceptance of an account for which the trust company has investment responsibilities a prompt review of the assets shall be made. The board shall also ensure that at least once during every calendar year thereafter, all the assets held in or for each fiduciary account where the bank has investment responsibilities are reviewed to determine the advisability of retaining or disposing of such assets.

(2) All officers and employees taking part in the operation of the state trust institution shall be adequately bonded.

(3) Every qualified fiduciary subject to this section and exercising fiduciary powers in ~~((this))~~ Washington state shall designate, employ, or retain legal counsel who shall be readily available to pass upon fiduciary matters and to advise the trust company and its state trust institution.

(4)(a) The state trust institution may utilize personnel and facilities of other departments of the trust company or its affiliates, and other departments of the trust company may utilize the personnel and facilities of the state trust institution or its affiliates only to the extent not prohibited by law and as long as the separate identity of the state trust institution is preserved.

(b) Pursuant to a written agreement, a trust company exercising fiduciary powers may perform services related to the exercise of fiduciary powers for another trust company or other entity, and may purchase services related to the exercise of fiduciary powers from another trust company or other entity.

(5) Fiduciary records shall be kept separate and distinct from other records of the trust company and maintained in compliance with RCW 30B.04.130. All fiduciary records shall be kept and retained for such time as to enable the fiduciary to furnish such information or reports with respect thereto as may be required by the director.

(6) Every such fiduciary shall keep an adequate record of all pending litigation to which it is a party in connection with its exercise of fiduciary powers.

(7) Notwithstanding any other provision of this section to the contrary, a state trust company and its directors, officers, managers, employees, and committees shall exercise administration of fiduciary powers consistent with the requirements of section 42 of this act and in conformity with the contents of the state trust company's written statement of principles of trust management, pursuant to section 43 of this act, as adopted by the board and subject to approval of the department.

**Sec. 38.** RCW 30B.12.100 and 2014 c 37 s 356 are each amended to read as follows:

~~(A committee of directors, exclusive of any active officers of the trust company, shall at least once during each calendar year make suitable audits of the state trust institution or cause suitable audits to be made by auditors responsible only to the board of directors, and at such time shall ascertain whether the department has been administered in accordance with law, this section, and sound~~

~~fiduciary principles. The board of directors may elect, in lieu of such periodic audits, to adopt an adequate continuous audit system. A report of the audits and examination required under this section, together with the action taken thereon, shall be noted in the minutes of the board of directors.)~~ (1) A state trust company shall have a fiduciary audit committee, which shall exercise fiduciary responsibilities, administer fiduciary powers, and report to the board of directors consistent with the requirements of this section, section 42 of this act, and in conformity with the contents of the state trust company's written statement of principles of trust management, pursuant to section 43 of this act.

(2) At least once during each calendar year, a state trust company shall arrange for a suitable audit by internal or external auditors of all significant fiduciary activities, under the direction of its fiduciary audit committee, unless the state trust company adopts a continuous audit system in accordance with subsection (3) of this section. The state trust company shall note the results of the audit, including significant actions taken as a result of the audit, in the minutes of the board of directors.

(3) In lieu of performing annual audits under subsection (2) of this section, a state trust company may adopt a continuous audit system under which the state trust company arranges for a discrete audit by internal or external auditors of each significant fiduciary activity on an activity-by-activity basis, under the direction of its fiduciary audit committee, at an interval commensurate with the nature and risk of that activity. Under such a system, certain fiduciary activities may receive audits at intervals greater or less than one year, as appropriate. A state trust company that adopts a continuous audit system pursuant to this subsection shall note the results of all discrete audits performed since the last audit report, including significant actions taken as a result of the audits, in the minutes of the board of directors at least once during each calendar year.

(4) A state trust company's fiduciary audit committee may consist of the entire board of directors, or it may comprise either a committee of the bank's directors or an audit committee of an affiliate of the state trust company. However, in either case, the committee:

(a) Must not include any officers of the state trust company or an affiliate who participate significantly in the administration of the state trust company's fiduciary activities; and

(b) Must consist of a majority of members who are not also members of any committee to which the board of directors has delegated power to manage and control the fiduciary activities of the state trust company.

(5) The requirements of subsections (1) through (4) of this section shall be separate from and in addition to any audits of the nonfiduciary operations of the state trust company, if any.

**NEW SECTION. Sec. 39.** A new section is added to chapter 30B.12 RCW to read as follows:

**FIDELITY BONDS—LIABILITY INSURANCE.**

(1) Except as otherwise permitted by the director under specified terms and conditions, the board of directors of a state trust company shall direct and require good and sufficient fidelity bonds and liability insurance, issued by a

company authorized to engage in the insurance business in the state of Washington, covering the state trust company and all of its active directors, officers, managers, and employees. Bonds or coverage shall provide for indemnity to the state trust company on account of any losses sustained by it as the result of any dishonest, fraudulent, or criminal act or omission committed or omitted by directors, officers, managers, and employees, acting independently or in collusion or combination with any person. Such bonds or coverage may be individual, schedule, or blanket form, and premiums shall be paid by the state trust company.

(2) Except as otherwise permitted by the director under specified terms and conditions, the board of directors of a state trust company shall direct and require good and sufficient liability insurance, including errors and omissions coverage, for the negligent or reckless acts and omissions of directors, officers, fiduciary managers, and employees. Such coverage shall be paid by the state trust company.

(3) Except as otherwise permitted by the director under specified terms and conditions, the directors shall also direct and require suitable insurance protection to the state trust company, as necessary, against burglary, robbery, theft, and other similar insurance hazards to which the state trust company may be exposed in the operations of its business on the premises or elsewhere.

(4) The directors shall be responsible for prescribing at least once in each year the amount of such bonds or policies and the sureties or underwriters to be engaged, after giving due consideration to all known elements and factors constituting known risks or hazards. Such action of the directors shall be recorded in the board minutes.

(5) The director may by rule prescribe requirements for bond and insurance coverage that are more specific and derogation of the provision of subsections (1) through (4) of this section if the director determines that such a rule is necessary to conform to the market availability of certain bond and insurance coverages.

**Sec. 40.** RCW 30B.20.020 and 2014 c 37 s 362 are each amended to read as follows:

(1) Consistent with RCW 11.102.010, a state trust company may establish common trust funds to provide investment to itself as a fiduciary.

(2) The director may adopt rules to administer and carry out this section and RCW 11.102.010, including but not limited to rules to establish investment and participation limitations, disclosure of fees, audit requirements, limit or expand investment authority for particular classes or categories of securities or other property, advertising, exemptions, and other requirements that may be necessary to carry out this section.

(3) A state trust company that invests in a collective investment fund shall make investments as required by section 42 of this act and in conformity with the contents of the state trust company's written statement of principles of trust management, pursuant to section 43 of this act, as adopted by the board and subject to approval of the department. A state trust company shall also comply with RCW 30B.24.020 in avoiding conflicts of interest and self-dealing in relation to a collective investment fund.

(4) Unless otherwise prescribed by the director by rule, a state trust company shall be required to establish and maintain collective investment funds the same as required for a federally insured state bank with authorized trust powers, taking into account federal rules applicable to a federally insured state bank in relation to a collective trust fund that require a written plan and specific requirements for fund management including, without limitation, provision for proportionate interests, methods and frequency of valuation of all or portions of the fund, admission and withdrawal of accounts, methods of distribution, segregation of investments, audit and financial reports related to the collective investment fund, advertising restrictions, management fees, expenses, and prohibition against certificates.

(5) Notwithstanding the general use of the term "affiliate" in this title as defined in RCW 30B.04.005, nothing in this chapter shall be construed as exempting or modifying a requirement of a state trust institution with respect to RCW 11.102.010.

**Sec. 41.** RCW 30B.24.005 and 2014 c 37 s 363 are each amended to read as follows:

(1) Except to the extent federal preemption of state law is applicable in relation to trusts governed under the federal employment retirement income security act, a state trust company (~~(acting as a trustee or other fiduciary)~~) shall comply with all applicable provisions of this title and with applicable provisions of Title 11 RCW including, without limitation, chapters 11.97, 11.98, 11.98A, 11.100, 11.102, 11.104A, 11.106, 11.107, and 11.108 RCW, and with chapter 11.110 RCW, in the case of a charitable trust.

(2) The director has broad administrative authority to establish by rule or interpretation principles-based standards for examination, supervision, and enforcement of a state trust company by the department in relation to compliance with this title, including subsection (1) of this section.

(3) A state bank, in relation to its trust department and its exercise of trust powers, shall comply with:

(a) Title 30A RCW, if a state commercial bank, and Title 32 RCW, if a state savings bank;

(b) The applicable provisions of Title 11 RCW including, without limitation, chapters 11.97, 11.98, 11.98A, 11.100, 11.102, 11.104A, 11.106, 11.107, and 11.108 RCW, and with chapter 11.110 RCW, in the case of a charitable trust;

(c) If the state bank is federally insured, any applicable rules and guidance of the federal deposit insurance corporation or other applicable federal law or regulation related to such state bank's exercise of trust powers; and

(d) If the state bank is a member of the federal reserve system, any rules and guidance of the board of governors of the federal reserve system related to such state bank's exercise of trust powers.

**NEW SECTION. Sec. 42.** A new section is added to chapter 30B.24 RCW to read as follows:

COMPLIANCE WITH FIDUCIARY ACTIVITIES  
STANDARDS EQUIVALENT TO THAT OF NATIONAL  
BANKS—STATEMENT OF PRINCIPLES OF TRUST  
MANAGEMENT—MANAGEMENT OF THIRD-PARTY  
RISK.

(1) Unless the director shall otherwise set forth by rule, a state trust company and, to the extent applicable, its affiliates, and their respective directors, officers, managers, employees, and agents, shall comply with such federal regulations applicable to the fiduciary activities of a federally insured state bank.

(2) The requirements of subsection (1) of this section, as applicable to a state trust company, shall be at least partially contained in the state trust company's written statement of principles of trust management, the contents of which shall be subject to examination and approval by the department, and upon which the department may further examine a state trust company as to whether it is in compliance with such statement.

(3) A state trust company and, to the extent applicable, its affiliate, shall comply with standards for prudent management of third-party risk under applicable law or as the director may otherwise adopt by rule or by a written interpretive statement including, without limitation, management of third-party risk pursuant to section 46 of this act.

**NEW SECTION. Sec. 43.** A new section is added to chapter 30B.24 RCW to read as follows:

CONTENTS OF STATEMENT OF PRINCIPLES  
OF TRUST MANAGEMENT.

(1) The board of directors of a state trust company shall adopt a written statement of principles of trust management at its first organizational meeting or at a meeting of the board called for that purpose, which it must annually reaffirm by written vote, whether or not such statement is sought to be amended.

(2) The statement of principles of trust management shall set forth the minimum requirements for sound fiduciary management in the operation of a state trust company. Such minimum requirements shall provide for sound fiduciary practices in the operation of a state trust company and provide safeguards for the protection of fiduciary beneficiaries, principals of agency relationships, creditors, stockholders, and the public, and shall provide for:

(a) Involvement by the board of directors in providing for the establishment and continuing fiduciary operations;

(b) Operation of fiduciary activities separate and apart from every other activity of the state trust company, with trust assets separated from other assets owned by the state trust company, and the assets of each trust account separated from the assets of every other trust account; and

(c) Maintenance of separate books and records for the fiduciary business in sufficient detail to properly reflect all fiduciary activities.

(3) The statement of principles of trust management shall provide that the board of directors, by resolution included in its minutes:

(a) Designate a competent and qualified officer or manager to be responsible for and administer the fiduciary activities of the state trust company;

(b) Define such officer's or manager's duties;

(c) Name a trust committee consisting of at least three directors to be responsible for and supervise the fiduciary activities of the state trust company or state banking institution, which shall include, if feasible, one or more directors who are not officers of the state trust company or state banking institution;

(d) Receive reports from such trust committee and record actions taken in its minutes;

(e) Review the examination reports of the state trust company by the department or other applicable financial services regulatory authority having jurisdiction over the state trust company; and

(f) Record all actions taken in its minutes.

(4) Nothing in this section is intended to prohibit the board of directors from authorizing itself to act as the trust committee, or from authorizing itself to appoint additional committees and officers to oversee account administration and the operation of the state trust company and its fiduciary activities.

(5) When such statement provides for delegating duties to a subcommittee or officers, the statement shall indicate that the board and the trust committee remain responsible for the oversight of all trust company and fiduciary activities. Such statement shall also reflect that sufficient reporting and monitoring procedures are required to fulfill this responsibility.

(6) The statement of principles of trust management shall provide that the trust committee:

(a) Meet at least quarterly, and more frequently if considered necessary and prudent to fulfill its supervisory responsibilities;

(b) Approve and document:

(i) The opening of all new fiduciary accounts;

(ii) Purchases and sales of, and changes in, trust assets; and

(iii) The closing of trust and agency relationship accounts;

(c) Provide for a comprehensive review of all new accounts, for which the state trust company or trust department has investment responsibility, promptly following acceptance;

(d) Provide for a review of each fiduciary and agency account, including collective investment funds, at least once during each calendar year, the scope, frequency, and level of review of which should be addressed in appropriate written policies that give consideration to the state trust company's fiduciary responsibilities, type and size of account, and other relevant factors, including coverage of both administration of the account and suitability of the account's investments, distinguishing as between the scope and components of discretionary and nondiscretionary reviews;

(e) Keep comprehensive minutes of meetings held and actions taken; and

(f) Make periodic reports to the board of directors of its actions.

(7) The statement of principles of trust management shall also require:

(a) Comprehensive written policies which address all important areas of the state trust company's fiduciary activities;

(b) Competent legal counsel to advise trust officers and the trust committee on legal matters pertaining to fiduciary activities;

(c) Adequate internal controls, including appropriate controls over fiduciary assets; and

(d) An adequate annual audit of all fiduciary activities by an internal or external auditor, as required by the department, the findings of which, including actions taken as a result of the audit, must be recorded in its minutes.

(8) Notwithstanding subsection (7)(d) of this section, the statement of principles of trust management may provide that, if a state trust company adopts a continuous audit process instead of performing annual audits, such audits may be performed, on an activity-by-activity basis, at intervals commensurate with the level of risk associated with that activity. In such case, the statement must reflect that audit intervals are to be supported and reassessed regularly to ensure appropriateness, given the current risk and volume of the activity.

**Sec. 44.** RCW 30B.24.020 and 2014 c 37 s 365 are each amended to read as follows:

(1) In addition to the provisions set out in RCW 11.98.078, if a conflict of interest may reasonably be expected to have a material adverse impact on the trustee's judgment in its provision of services to such client, the trustee must provide a reasonable disclosure of such conflict to such client.

(2) Unless authorized by other law, a state trust company may not invest funds of a fiduciary account over which it has investment discretion in the shares or obligations of, or in assets acquired from: The state trust company or any of its directors, officers, managers, or employees; affiliates of the state trust company or any of their directors, officers, managers, or employees; or individuals or organizations with whom there exists an interest that might affect the exercise of the best judgment of the state trust company.

(3) If retention of shares or obligations of the state trust company or its affiliates in a fiduciary account is consistent with applicable law, the state trust company may:

(a) Exercise rights to purchase additional shares, or securities convertible into additional shares, when offered pro rata to shareholders; and

(b) Purchase fractional shares to complement fractional shares acquired through the exercise of rights or the receipt of a share dividend resulting in fractional share holdings.

(4) A state trust company may not lend, sell, or otherwise transfer assets of a fiduciary account for which a state trust company has investment discretion to itself or any of its directors, officers, managers, or employees, or to affiliates of the state trust company or any of their directors, officers, managers, or employees, or to individuals or organizations with whom there exists an interest that might affect the exercise of the best judgment of the state trust company, unless:

(a) The transaction is authorized by other applicable law;

(b) Legal counsel advises the state trust company in writing that the state trust company has incurred, in its fiduciary capacity, a contingent or potential liability, in which case the state trust company, upon the sale or transfer of assets, shall reimburse the fiduciary account in cash at the greater of book or market value of the assets;

(c) In the case of a collective investment fund, the state trust company purchases for its own account any defaulted investment held by the fund if, in the judgment of the state trust company, the cost of segregating the investment is excessive in light of the market value of the investment: PROVIDED, That the state trust company purchases the defaulted investment at the greater of market value or the sum of cost and accrued unpaid interest; or

(d) Required in writing by the director.

(5) Notwithstanding any other provision of this section, a state trust company may not lend to any of its directors, officers, managers, or employees any funds held in trust, except with respect to employee benefit plans in accordance with the exemptions found in section 408 of the employee retirement income security act of 1974, 29 U.S.C. Sec. 1108.

(6) A state trust company may make a loan to a fiduciary account and may hold a security interest in assets of the account if the transaction is fair to the account and is not prohibited by applicable law.

(7) A state trust company may sell assets between any of its fiduciary accounts if the transaction is fair to both accounts and is not prohibited by applicable law.

(8) A state trust company may make a loan between any of its fiduciary accounts if the transaction is fair to both accounts and is not prohibited by applicable law.

**NEW SECTION. Sec. 45.** A new section is added to chapter 30B.24 RCW to read as follows:

QUARTERLY FILING WITH THE DEPARTMENT OF STATEMENT OF CONDITION—CONFIDENTIALITY.

(1) A state trust company shall file no later than forty-five days after the end of each calendar quarter a statement of its financial condition and a summary of the condition of its fiduciary accounts, known as a call report, in a form and content as prescribed by the director by rule or written policy from which at least ninety days' advance written notice has been given.

(2) Unless otherwise established by rule, such call report shall be deemed confidential examination information and shall be subject to RCW 30A.04.075.

**NEW SECTION. Sec. 46.** A new section is added to chapter 30B.24 RCW to read as follows:

COMPLIANCE WITH THE BANK SECRECY ACT—MANAGEMENT OF THIRD-PARTY RISK—CYBERSECURITY—EXAMINATION.

(1) A state trust institution and its affiliate or third-party service provider, if applicable, shall comply with the federal financial recordkeeping and reporting of currency and foreign transactions act, 31 U.S.C. Sec. 5311 et seq., also

known as the bank secrecy act, and with associated federal regulations including, without limitation, any requirements under 31 C.F.R. Part 103.

(2) A state trust institution and its affiliate or third-party service provider, if applicable, shall maintain the federal standards for safeguarding customer information, required pursuant to Title V of the federal Gramm-Leach-Bliley act, P.L. 106-10, 113 Stat. 1338, as amended, and shall comply with applicable federal and state laws and rules related to cybersecurity, or written interpretive statement of the department to which the state trust institution, affiliate, or third-party service provider has been furnished notice.

(3) A state trust company shall be subject to examination by the department for compliance with subsections (1) and (2) of this section. An affiliate of a state trust company may be subject to examination for compliance with subsections (1) and (2) of this section upon notice to the state trust company and to the applicable affiliate. A third-party service provider may be subject to direct examination in relation to compliance with subsections (1) and (2) of this section as may be required pursuant to section 15 (3) and (4) of this act.

**Sec. 47.** RCW 30B.38.005 and 2014 c 37 s 366 are each amended to read as follows:

(1) An out-of-state trust institution that meets the requirements of this chapter is not required to maintain a physical trust office in ~~((this))~~ Washington state.

(2) An out-of-state trust institution that does not operate a trust office in ~~((this))~~ Washington state and that meets the requirements of this chapter may establish and maintain a new trust office in ~~((this))~~ Washington state.

(3) As used in this chapter, "doing business in Washington state," with reference to an out-of-state trust institution, means purposely availing oneself of regularly transacting trust business with the public in Washington state, or otherwise seeking to regularly transact trust business with the public in Washington state by means of solicitation, which the director may so determine if all or part of the administration of any trust or other agreement to conduct trust business is administered or sought to be administered in Washington state, or if a trust or other trust business agreement, with the assent of the out-of-state trust institution, specifies Washington state as the situs of the trust or situs of the tangible or intangible property covered by the trust business agreement.

**Sec. 48.** RCW 30B.38.020 and 2014 c 37 s 368 are each amended to read as follows:

(1) Except as authorized by federal law ~~((or))~~, by another law of ~~((this))~~ Washington state, or by a written finding of the director waiving some or all of the requirements of this section in the interest of facilitating financial interstate commerce, an out-of-state trust institution shall not be permitted to engage in a trust business in ~~((this))~~ Washington state ~~((on more favorable terms and conditions than the terms and conditions on which state trust companies incorporated under this title and savings banks engaged in trust business under RCW 32.08.140, 32.08.142, 32.08.210, and 32.08.215 are permitted to engage in trust~~

business in such other state)) unless the director has approved an out-of-state trust institution's written application to do business in Washington state in accordance with this section.

(2) In order for the director to approve an out-of-state trust institution's written application to do business in Washington state, the director must determine in writing that all of the following conditions have been met, or otherwise in his or her discretion waive or modify one or more of such conditions in writing:

(a) That the out-of-state trust institution is authorized to do business in its home state, is in good standing with its home state regulator, is not subject to a supervisory directive, corrective action order, conservatorship, or the equivalent, from its home state regulator, and has not had its authority to do business in its home state, any other state, or a foreign jurisdiction suspended or revoked;

(b) That a state trust company with the same activities as the out-of-state trust institution would be able to do business in the home state of the out-of-state trust institution on the same or more favorable terms as in Washington state, when considering such home state's laws and its supervision, examination, or other safety and soundness oversight of a state trust company seeking to do business in such home state;

(c) That the out-of-state trust institution has secured or will secure as of the effective date of the department's certificate of authority a fidelity bond or equivalent insurance coverage for directors, officers, managers, or employees satisfactory to the director; and

(d) That as long as the out-of-state trust institution maintains a trust office or otherwise conducts trust business in Washington state, it will comply with all laws of Washington state that are applicable to an out-of-state trust institution doing business in Washington state.

(3) The director shall deny an application filed under this section or suspend or revoke the approval of an application, if the director finds that the standards of organization, supervision, examination, or other safety and soundness oversight of the out-of-state trust institution do not conform to the standards for a state trust company under this title. In considering the standards of organization, supervision, examination, or other safety and soundness oversight of the out-of-state trust institution, the director may also consider the laws of the state in which the applicant is organized.

(4) In implementing this section, the director may cooperate with trust institution regulators in other states and may share with such regulators the information received in the administration of this chapter.

(5) The director may enter into supervisory agreements with out-of-state trust institutions or their regulators to prescribe the applicable laws and rules governing the powers and authorities of out-of-state trust institutions seeking to or doing business in Washington state. Such agreements may address, but are not limited to, corporate governance and operational matters. Such agreements may resolve any conflict of laws and further specify the manner in which examination, supervision, and application processes must be coordinated between the home state regulator and host state regulator.

(6) The out-of-state trust institution may exercise additional powers and authorities that are authorized under the laws of its home state if the director determines in writing that the exercise of the additional powers and authorities in ~~(this)~~ Washington state will not threaten the safety and soundness of trust institutions in ~~(this)~~ Washington state and serves the convenience and needs of Washington state consumers.

**Sec. 49.** RCW 30B.38.030 and 2014 c 37 s 369 are each amended to read as follows:

An out-of-state trust institution desiring to engage in trust business in ~~(this)~~ Washington state shall provide, or cause its home state regulator to provide, written notice to the director of its intent to engage in trust business in ~~(this)~~ Washington state, accompanied by a written application containing:

(1) Satisfactory ~~(written)~~ evidence of a certificate of authority to engage in trust business in its home state, or equivalent, from its home state regulator;

(2) A copy of the resolution adopted by the board of directors of such out-of-state trust institution authorizing the out-of-state trust institution to engage in trust business in ~~(this)~~ Washington state;

(3) ~~(Written)~~ Evidence of compliance with the requirements of the director set forth in ~~(subsection (1) of this section)~~ RCW 30B.38.020 or a request for waiver of certain requirements of RCW 30B.38.020 satisfactory to the director; and

(4) A filing fee, if any, as prescribed by the director under authority of RCW 30A.04.070.

**Sec. 50.** RCW 30B.38.040 and 2014 c 37 s 370 are each amended to read as follows:

(1) ~~(Except as authorized by RCW 30B.72.010, an out-of-state trust institution may not engage in trust business in this state unless:~~

~~(a) The out-of-state trust institution has confirmed in writing to the director that for as long as it maintains a trust office in this state, it will comply with all applicable laws of this state.~~

~~(b) The out-of-state trust institution has provided satisfactory evidence to the director of compliance with (i) any applicable requirements of chapter 23B.15 or 25.15 RCW and (ii) the applicable requirements of its home state regulator for engaging in trust business in both its home state and this state.~~

~~(c)) The director must, ~~(acting)~~ within sixty days after receiving ~~(notice)~~ a complete written application under RCW 30B.38.030, ~~(has certified to)~~ including any waiver request, notify the home state regulator ~~(that the requirements of this chapter have been met and the notice has been approved or, if applicable, that any conditions imposed by the director pursuant to subsection (2) of this section have been satisfied.~~~~

~~(2) The out-of-state trust institution may commence engaging in trust business in this state on the sixty-first day after the date the director receives the notice unless the director specifies an earlier or later date)) and the out-of-state trust institution of the director's approval or denial of~~

the written application or waiver request, including any other conditions for approval that the director may require.

~~((3))~~ (2) The sixty-day period of review ~~(in subsection (2) of this section))~~ may be extended by the director on a determination that the written notice raises issues that require additional information or additional time for analysis. If the period of review is extended, the out-of-state trust institution may engage in trust business in ~~(this)~~ Washington state only on prior written approval by the director.

**Sec. 51.** RCW 30B.38.070 and 2014 c 37 s 373 are each amended to read as follows:

(1) Consistent with ~~(the Washington administrative procedure act, chapter 34.05 RCW, and in the manner provided for enforcement action against a state trust company under this title, after notice and opportunity for hearing))~~ chapter 30B.10 RCW, the director may determine an out-of-state trust institution engaging in trust business in ~~(this)~~ Washington state, or its affiliate, is in violation of any provision of ~~(the laws of this state)~~ this title or is operating in an unsafe and unsound manner.

(2) The director shall have the authority to take all such enforcement actions against an out-of-state trust institution or its affiliate as he or she ~~(would be)~~ is empowered to take ~~(if the out-of-state trust institution were a state trust company))~~ under chapter 30B.10 RCW, including but not limited to issuing an order temporarily or permanently prohibiting the out-of-state trust institution or its affiliate from engaging in trust business in ~~(this)~~ Washington state.

(3) The director may make a written finding that an out-of-state trust institution engaging in or proposing to engage in a trust business in ~~(this)~~ Washington state does not meet the requirements for engaging in trust business in ~~(this)~~ Washington state pursuant to this chapter or RCW 30B.72.010, which finding shall be effective on the date of issuance or such other date as the director shall determine.

(4) In cases involving extraordinary circumstances requiring immediate action, the director may issue ~~(a temporary))~~ pursuant to section 25 of this act an emergency order without advance notice or opportunity for hearing, subject to the right of the out-of-state trust institution ~~(is right))~~ or, as applicable, its affiliate, to petition for judicial review in the same manner as a state trust company under this title.

(5) The director will give notice to the home state regulator of each enforcement action taken against an out-of-state trust institution or its affiliate and, to the extent practicable, will consult and cooperate with the home state regulator in pursuing and resolving such enforcement action.

**Sec. 52.** RCW 30B.38.080 and 2014 c 37 s 374 are each amended to read as follows:

Each out-of-state trust institution that maintains an office in ~~(this)~~ Washington state or otherwise conducts trust business in Washington state pursuant to this chapter, or the home state regulator of such trust institution, shall give at least thirty days' prior written notice, or in the case of an

emergency transaction, such shorter notice as is consistent with applicable state or federal law, to the director of:

(1) Any merger, consolidation, or other transaction that would cause a change of control with respect to such out-of-state trust institution or any bank holding company that controls such trust institution, ~~((with the result that an application would be required to be filed pursuant to the federal change in bank control act of 1978, 12 U.S.C. Sec. 1817(j), or the federal bank holding company act of 1956, 12 U.S.C. Sec. 1841 et seq., or any successor statutes thereto))~~ as determined by the definition of "control" set forth in RCW 30B.53.005;

(2) Any transfer of all or substantially all of the trust accounts or trust assets of the out-of-state trust institution to another person; or

(3) The closing or disposition of any office in ~~((this))~~ Washington state.

**NEW SECTION. Sec. 53.** A new section is added to chapter 30B.38 RCW to read as follows:

STATE TRUST COMPANY OPERATING IN ANOTHER STATE—APPROVAL OF DIRECTOR.

(1) Upon written approval of the director, a state trust company may conduct the business of a trust company in a host state, subject to the authority, requirements, and restrictions of the host state, or as otherwise directed by a cooperative agreement between the department and the host state.

(2) The director may enter into a cooperative agreement with the host state regulator of the host state in which a state trust company is permitted to and conducts the business of a trust company and may permit the host state regulator to periodically examine the affairs of the state trust company in the host state.

(3) The director may rely upon the examination of the host state regulator in lieu of the department itself conducting an examination of the state trust company's conduct in the host state.

**Sec. 54.** RCW 30B.38.090 and 2014 c 37 s 375 are each amended to read as follows:

Notwithstanding any other provision of this chapter, an out-of-state trust institution engaging in trust business in ~~((this))~~ Washington state, which is not an exempt person under RCW 30B.04.040 and which by reason of the laws of its home state is not, in the opinion of the director, subject to ~~((any))~~ supervision, examination, or other safety and soundness oversight by a home state regulator, shall be subject to all the requirements of a state trust company under this title.

**Sec. 55.** RCW 30B.44A.005 and 2014 c 37 s 376 are each amended to read as follows:

A state trust company may go into voluntary liquidation and be closed, and may surrender its ~~((charter))~~ certificate of authority and franchise as a corporation or limited liability company of ~~((this))~~ Washington state by the affirmative votes of its shareholders owning two-thirds of its ~~((stock or participation))~~ shares.

**Sec. 56.** RCW 30B.44A.010 and 2014 c 37 s 377 are each amended to read as follows:

(1) Shareholder action to liquidate a state trust company shall be taken at a meeting of the shareholders ~~((or participants))~~ duly called ~~((by resolution of the board of directors or members, written notice of which, stating the purpose of the meeting, shall be mailed to each shareholder or participant, or in case of a shareholder's or participant's death, to such shareholder's or participant's legal representative or heirs at law, addressed to the shareholder's or participant's last known residence ten days previous to the date of such meeting))~~ and noticed as provided for in Title 23B RCW, if the state trust company is a corporation, and as provided in chapter 25.15 RCW, if the state trust company is a limited liability company.

(2) If ~~((stockholders or participants))~~ the shareholders shall, by the required vote, elect to liquidate ~~((a))~~ the state trust company, a ~~((certified))~~ copy of all proceedings of the meeting at which such action shall have been taken, verified by the oath of the president or manager and the secretary, shall be transmitted to the director for approval.

**Sec. 57.** RCW 30B.44A.020 and 2014 c 37 s 378 are each amended to read as follows:

(1) If the director approves the liquidation, the director shall issue to the state trust company ~~((a permit))~~ written notice of approval for such purpose.

~~((A permit))~~ (2) Such approval shall ~~((not))~~ be ~~((issued by the director until))~~ deemed granted unless the director ~~((is satisfied))~~ issues a written determination, no later than sixty days from notice by the state trust company to voluntarily liquidate, that adequate provision has not been made ~~((by the state trust company))~~ to satisfy ~~((and pay off))~~ all allowable creditors and further provide for successor trustees or other disposition of all trust assets under management.

(3) If ~~((not so satisfied,))~~ the director ~~((shall refuse to issue a permit, and))~~ has made such a determination within the time set forth in subsection (2) of this section, the director is authorized to take possession of the state trust company and its assets and business ~~((, and hold the same))~~ and liquidate ~~((the state trust company))~~ it in the manner provided for in ~~((this title))~~ chapter 30B.44B RCW.

~~((When))~~ (4) If the director approves the voluntary liquidation of a state trust company under this chapter, the ~~((directors of that))~~ state trust company shall ~~((cause to be published in a newspaper in the county in which the same is located, or if no newspaper is published in such county, then in a newspaper having a general circulation in such county, a notice that the state trust company is closing down its affairs and going into liquidation, and notify its creditors to present their claims for payment. Such notice shall be published once a week for four consecutive weeks))~~ provide notice to creditors and the public of voluntary dissolution in the manner provided for in Title 23B RCW, if the state trust company is a corporation, and chapter 25.15 RCW, if the state trust company is a limited liability company.

**Sec. 58.** RCW 30B.44A.030 and 2014 c 37 s 379 are each amended to read as follows:

~~((When any))~~ While a state trust company is in process of voluntary liquidation under this chapter, it is subject to examination by the director and shall continue to furnish to the director such reports (from time to time as may be called for by the director) as required of a state trust company.

**NEW SECTION. Sec. 59.** A new section is added to chapter 30B.44A RCW to read as follows:

**PROCEDURES FOR VOLUNTARY LIQUIDATION.**

Except as set forth in this chapter to the contrary, the procedures for voluntary liquidation of a state trust company shall be consistent with Title 23B RCW, if the state trust company is a corporation, and chapter 25.15 RCW, if the state trust company is a limited liability company.

**Sec. 60.** RCW 30B.44A.040 and 2014 c 37 s 380 are each amended to read as follows:

(1) All unclaimed property remaining in the ~~((hands))~~ possession of a (liquidated) state trust company that has been voluntarily liquidated according to this chapter is subject to the provisions of chapter 11.08 RCW, except to the extent set forth in this section.

(2) Any funds, less outstanding fees and assessments owed to the director under RCW 30A.04.070, payment of allowable third-party claims, and disposition of fiduciary assets in compliance with this title, which remain uncalled for and unpaid at the conclusion of the state trust company's voluntary liquidation, shall be transmitted to the director and shall be deposited by him or her in a bank to the director's credit in trust for the benefit of any persons entitled thereto, and shall be paid by the director to such persons upon receipt of evidence, reasonably satisfactory to the director, of such persons' rights to such funds.

(3) All moneys so deposited remaining unclaimed for two years after deposit shall escheat to the state for the benefit of the state financial literacy and education programs as authorized by RCW 43.320.150 and administered by the department or, in the absence of such programs, as otherwise directed by the state treasurer.

(4) It shall not be necessary to have the escheat adjudged in a suit or action.

**NEW SECTION. Sec. 61.** A new section is added to chapter 30B.44A RCW to read as follows:

**NAMING OF SUCCESSOR TRUSTEE UPON DISSOLUTION OF STATE TRUST COMPANY—CONTINGENCY FOR DIRECTOR AS STATUTORY CUSTODIAN.**

(1) In the event of a voluntary dissolution of a trust company pursuant to this chapter, the provisions of RCW 11.98.039 (1), (2), and (3) shall apply, if applicable, to the selection of a successor trustee, subject to the director's option to approve a successor trustee as part of the director's approval of a voluntary liquidation under RCW 30B.44A.020.

(2) If, however, RCW 11.98.039(4) is applicable but a trust beneficiary, trustor, if alive, or trustee does not petition the superior court for appointment of successor trustee within thirty days of the last publication of notice of the voluntary dissolution of the trust company pursuant to RCW 30B.44A.020, then the director may:

(a) Appoint himself or herself as a custodian of any affected trust until such time as the superior court makes a determination of successor trustee; or

(b) At his or her option, bring before the superior court a petition for appointment of a successor trustee, other than an employee or independent contractor of the department, pursuant to chapter 11.96A RCW.

(3) In no event may the director or any employee or independent contractor of the department serve as a successor trustee under chapter 11.98 RCW or as a receiver of trust assets under chapter 7.60 RCW.

**Sec. 62.** RCW 30B.44A.050 and 2014 c 37 s 381 are each amended to read as follows:

(1) Any state trust company may sell and transfer to any other trust institution ~~((, whether state or federally chartered,))~~ all of its assets of every kind upon such terms as may be agreed upon and approved by the director and by two-thirds vote of its ~~((board of directors or members))~~ shareholders.

(2) A ~~((certified))~~ copy of the minutes of any meeting at which such action is taken ~~((, under the oath of the president and secretary,))~~, together with a copy of the ~~((contract of sale and transfer))~~ asset purchase agreement, shall be filed with the director. ~~((Whenever voluntary liquidation shall be approved by the director or the sale and transfer of the assets of any state trust company shall be approved by the director, a certified copy of such approval, filed in the office of the secretary of state, shall authorize the cancellation of the charter of such state trust company, subject, however, to its continued existence, as provided by this title and the general law relative to corporations.))~~

(3) Notwithstanding any other provision of this title, the board of a state trust company, with the director's approval, may cause a state trust company to sell all or substantially all of its assets, including the right to control accounts established with the trust company, without shareholder or participant approval if the director finds:

(a) The interests of the state trust company's clients and creditors are jeopardized because of insolvency or imminent insolvency of the state trust company; and

(b) The sale is in the best interest of the state trust company's clients and creditors.

(4) A sale under this section must include an assumption and promise by the buyer to pay or otherwise discharge:

(a) All of the state trust company's liabilities to clients and depositors;

(b) All of the state trust company's liabilities for salaries of the state trust company's employees incurred before the date of the sale;

(c) Obligations incurred by the director arising out of the supervision or sale of the state trust company; and

(d) Fees and assessments due the department.

(5) This section does not limit the incidental power of a state trust company to buy and sell assets in the ordinary course of business.

(6) This section does not affect the director's authority to take action under state law.

NEW SECTION. Sec. 63. A new section is added to chapter 30B.44A RCW to read as follows:

**CANCELLATION OF STATE TRUST COMPANY'S CERTIFICATE OF AUTHORITY.**

Whenever voluntary liquidation is approved by the director or the sale and transfer of the assets of any state trust company is approved by the director pursuant to this chapter, a certified copy of such approval, filed in the office of the secretary of state, shall authorize the cancellation of the certificate of authority of such state trust company, subject, however, to its continued existence, as either a general corporation under Title 23B RCW or a general limited liability company under chapter 25.15 RCW.

NEW SECTION. Sec. 64. A new section is added to chapter 30B.44B RCW to read as follows:

**POSSESSION OF TRUST ASSETS AND COMPANY ASSETS AND PROPERTY WITH THE DIRECTOR—BAR AGAINST ATTACHMENT PROCEEDINGS.**

The taking of possession of any state trust company by the director pursuant to RCW 30B.44B.005 or 30B.44B.010 is sufficient to place all of the state trust company's fiduciary assets in the custody of the director and all of the nonfiduciary assets and property of every nature in the director's possession and bar all attachment proceedings.

NEW SECTION. Sec. 65. A new section is added to chapter 30B.44B RCW to read as follows:

**DIRECTOR'S RIGHT TO TAKE POSSESSION MAY BE CONTESTED.**

(1) Within ten days after the director takes possession of a state trust company pursuant to RCW 30B.44B.005, the state trust company may serve a notice upon the director to appear before the superior court of the county where the headquarters of the state trust company is located and at a time to be fixed by the court, which shall not be less than five nor more than fifteen days from the date of the service of such notice, to show cause why the director's action taking possession of the state trust company should not be affirmed.

(2) Upon the return day of such notice, or such further day as the matter may be continued to, the court shall summarily hear the show-cause petition and shall dismiss it, if the court finds that possession of the state trust company was taken by the director in good faith and for cause. If, however, the court finds that no cause existed for taking possession of the state trust company, the court shall require the director to restore the state trust company to possession of its assets and enjoin the director from further interference with the state trust company without cause.

NEW SECTION. Sec. 66. A new section is added to chapter 30B.44B RCW to read as follows:

**POWERS AND DUTIES OF DIRECTOR—PROHIBITION AGAINST LIENS.**

(1) Upon issuance of an order taking possession of a state trust company pursuant to RCW 30B.44B.005 or 30B.44B.010, the director must:

(a) Take custody of the assets of the state trust company and preserve, administer, and liquidate the business and assets of the state trust company as statutory liquidation agent;

(b) Furnish written notice:

(i) To all persons having possession of any assets of the state trust company; and

(ii) To beneficiaries, trustees, if alive, and appointed advisers in relation to trust assets that were under management by the state trust company as of the date and time that the director took possession of the state trust company, to the extent that the state trust company has not given prior notice to such beneficiaries or trustees, if alive, pursuant to RCW 11.98.039, or to such appointed advisers;

(c) Make provision as custodian under authority of this chapter for the preservation of the trust or other fiduciary assets of the state trust company while they are in the department's custody; and

(d) Upon notice from a trustor or beneficiary, or the like, of a trust agreement or other fiduciary contract directing the department to transfer the trust or other fiduciary assets of the state trust company, or as otherwise provided for by the terms of a trust agreement or other fiduciary contract, by Title 11 RCW, or by court order, make provision as custodian under this chapter for the transfer of trust or other fiduciary assets from the department's custody to applicable third parties.

(2) No person knowing of the taking of such possession by the director shall have a lien or charge for any payment advanced or cleared or liability incurred against any of the assets of the state trust company or any trust assets under management.

(3) With the approval of the superior court of the county in which the headquarters of the state trust company was located, the director may sell, compound, or compromise bad or doubtful debts, and upon such terms as the court shall direct, the director may borrow, mortgage, pledge, or sell all or any part of the real estate and personal property of the state trust company. The director shall deliver to each purchaser or lender an appropriate deed, mortgage, agreement of pledge, or other instrument of title or security. If real estate is situated outside of the county where the headquarters of the state trust company was located, a certified copy of the orders authorizing and confirming the sale or mortgage shall be filed for record in the county in which such property is situated.

(4) The director may appoint special assistants and other necessary agents to assist in the administration and liquidation of the state trust company, a certificate of such appointment to be filed with the clerk of the county where the headquarters of the state trust company was located.

(5) Except for a special assistant who is an employee of the department, the director shall require such special assistant or agent to give a surety company bond, conditioned as the director shall provide, the premium of

which shall be paid out of the assets of the state trust company.

(6) The director may also request legal assistance from the Washington attorney general in such administration and liquidation; provided, however, that with permission of the Washington attorney general, the director may employ an attorney in private practice to perform such delegated functions.

**NEW SECTION. Sec. 67.** A new section is added to chapter 30B.44B RCW to read as follows:

**NOTICE TO CREDITORS—CLAIMS.**

(1) The director shall publish on the department's public web site and also once a week for four consecutive weeks in a newspaper of general circulation, which the director shall select, a notice requiring all persons having claims against the dissolved state trust company to make proof of claim to the department as specified in the notice not later than ninety days from the date of the first publication of such notice.

(2) The director shall mail similar notices to all persons whose names appeared as creditors upon the books of the state trust company as of the date and time of the director taking possession pursuant to RCW 30B.44B.005 or 30B.44B.010.

(3) The director may approve or reject any claims, but shall serve notice of rejection upon the claimant by mail or personally. A declaration of service of such notice, signed under penalty of perjury, shall be deemed a rebuttable presumption that notice has been given pursuant to this section.

(4) No action shall be brought on any claim after ninety days from the date of service of notice of rejection.

(5) After the expiration of the time fixed in the notice, the director shall have no power to accept any claim.

(6) Any claim that has not been filed with the department as required by this section is barred as a matter of law.

**NEW SECTION. Sec. 68.** A new section is added to chapter 30B.44B RCW to read as follows:

**ASSUMPTION OR REJECTION OF EXECUTORY CONTRACTS.**

Upon issuance of an order taking possession of a state trust company, the director may assume or reject any executory contract or unexpired lease of the state trust company upon written notice to the parties to such contract.

**NEW SECTION. Sec. 69.** A new section is added to chapter 30B.44B RCW to read as follows:

**INVENTORY—LIST OF CLAIMS.**

(1) Upon taking possession of the dissolved state trust company, the director shall make an inventory of the nonfiduciary assets in duplicate, filing one with the department and one in the office of the superior court clerk.

(2) Upon the expiration of the time fixed for the presentation of claims, the director shall make a duplicate list of claims presented, segregating those approved and

those rejected, and file this list with the clerk of the superior court.

**NEW SECTION. Sec. 70.** A new section is added to chapter 30B.44B RCW to read as follows:

**OBJECTIONS TO APPROVED CLAIMS.**

Objection may be made by any interested person to any claim approved by the director, which objection shall be determined by the superior court upon notice to the claimant and objector as the superior court shall prescribe.

**NEW SECTION. Sec. 71.** A new section is added to chapter 30B.44B RCW to read as follows:

**TEMPORARY RECEIVER PROHIBITED EXCEPT IN EMERGENCY.**

(1) A receiver shall not be appointed by any court for any state trust company, nor shall any assignment of any state trust company for the benefit of creditors be valid, except that, in addition to the director's authority to take possession of a state trust company pursuant to RCW 30B.44B.005 or 30B.44B.010, the superior court otherwise having jurisdiction may in case of imminent necessity appoint a temporary receiver to take possession of and preserve the assets of such state trust company.

(2) Immediately upon appointment of a person as temporary receiver, the clerk of the superior court shall notify the director in writing of such appointment and the director shall then take possession of the state trust company, as in case of insolvency, and the temporary receiver shall, upon demand of the director, surrender to the director possession of the state trust company and all assets which shall have come into the possession of such temporary receiver.

(3) The director shall in due course pay such temporary receiver out of the assets of the state trust company.

**NEW SECTION. Sec. 72.** A new section is added to chapter 30B.44B RCW to read as follows:

**PREFERENCES PROHIBITED—PENALTY.**

(1) Any transfer of its property or assets by a state trust company, made (a) in contemplation of insolvency or after it shall have become insolvent, (b) within ninety days before the date the director takes possession of such state trust company, and (c) with a view to the preference of one creditor over another or to prevent the equal distribution of its property and assets among its creditors, shall be void.

(2) Every director, officer, or employee of a state trust company making any such transfer of assets is guilty of a class B felony punishable according to chapter 9A.20 RCW.

**NEW SECTION. Sec. 73.** A new section is added to chapter 30B.44B RCW to read as follows:

**EXPENSE OF LIQUIDATION—DETERMINATION OF SUPERIOR COURT—PRIORITY OVER THIRD-PARTY CLAIMS.**

(1) All expenses incurred by the director in taking possession, administering, and resolving any state trust company dissolved pursuant to this chapter, including the expenses of assistants or agents and reasonable fees for any attorney who may be employed in connection with such administration and resolution, and the reasonable compensation of any special assistant or agent placed in charge of such dissolved state trust company, shall be a priority charge upon the assets of the dissolved state trust company and shall be senior to any approved third-party claims.

(2) Such charges for expenses as set forth in subsection (1) of this section shall be fixed by the director, subject to the approval of the superior court.

**NEW SECTION. Sec. 74.** A new section is added to chapter 30B.44B RCW to read as follows:

**LIQUIDATION AFTER CLAIMS ARE PAID.**

When all proper claims of creditors, excluding shareholders, have been paid, as well as all expenses of administration and liquidation, and proper provision has been made for unclaimed or unpaid property and dividends, and assets still remain in the director's possession, the director shall furnish written notice to all shareholders of record of the state trust company, as of the date and time the director took possession of the state trust company pursuant to RCW 30B.44B.005 or 30B.44B.010, of the existence of any remaining funds according to each shareholder's proportional beneficial interest in the state trust company.

**NEW SECTION. Sec. 75.** A new section is added to chapter 30B.44B RCW to read as follows:

**DISPOSITION OF UNCLAIMED PERSONAL PROPERTY—TRUST ASSETS—OTHER PERSONAL PROPERTY HELD FOR SAFEKEEPING.**

(1) If, at the conclusion of the liquidation of a state trust company, there remains unclaimed personal property, other than monetary deposit accounts, which had previously been left with it for safekeeping, including unclaimed trust assets, such property shall be inventoried by the director or his or her special assistant or agent and segregated and identified by the name and last known address of the person who appears on the books of the state trust company, as of the date and time of its closure, as being entitled to the property.

(2) Upon receiving possession of such unclaimed personal property, the director shall hold it for safekeeping. The liquidated state trust company, its directors, officers, managers, managing principals, and shareholders, and the director's special assistant or agent, if any, shall be relieved of responsibility and liability for the property so delivered to and received by the director.

(3) The director shall then send to each person who appears on the books and records of the liquidated state trust company as having the right to such property, at his or her last known address, a notice that the property listed will be held in his or her name for a period of not less than one year.

(4) At any time after the mailing of such notice, and before the expiration of one year, such person may require the delivery of the property so held, by properly identifying

himself or herself and offering evidence of his or her right to such property, to the satisfaction of the director. The director may condition delivery of such property upon prior payment to the director of all storage costs and reasonable costs associated with such delivery.

**NEW SECTION. Sec. 76.** A new section is added to chapter 30B.44B RCW to read as follows:

**FINAL NOTICE AFTER ONE YEAR—SALE AT AUCTION.**

(1) After the expiration of one year from the time of giving notice under section 75(3) of this act, the director shall issue and serve by mail a final notice stating that one year has elapsed since the sending of the notice referred to in section 75(3) of this act, and that the director will sell all the property or articles of value set out in the notice, at a specified time and place, not less than thirty days after the time of the final notice. Unless the person shall, on or before such time and to the satisfaction of the director, claim the property, identify himself or herself, offer evidence of his or her right to such property, and remit payment to the director of all storage costs and reasonable costs associated with delivery to such person, the director may sell all the property or articles of value listed in the notice, at public auction, at the time and place stated in the final notice: PROVIDED, That a notice of the time and place of such sale has been published once within ten days prior to the sale in a newspaper of general circulation in the county where the headquarters of the state trust company was located.

(2) In addition to subsection (1) of this section, any such property held by the director, the owner of which is not known, may be sold at public auction after it has been held by the director for one year: PROVIDED, That a notice of the time and place of sale has been published once within ten days prior to the sale in a newspaper of general circulation in the county where the headquarters of the state trust company was located.

**NEW SECTION. Sec. 77.** A new section is added to chapter 30B.44B RCW to read as follows:

**DISPOSITION OF UNCLAIMED PERSONAL PROPERTY—MONETARY FUNDS.**

(1) Any monetary funds, including funds obtained from sale of personal property at auction pursuant to this section, remaining unclaimed and unpaid in the possession of the director for six months after the superior court's order of final distribution, shall be deposited by the director in a bank to his or her credit, in trust for the benefit of the persons entitled to such funds and subject to the supervision of the superior court.

(2) Such monetary funds shall be paid by the director to the entitled persons upon receipt of satisfactory evidence of their right to such funds.

(3) All moneys so deposited remaining unclaimed for one year after deposit shall escheat to the state for the benefit of the state financial literacy and education programs as authorized by RCW 43.320.150 and administered by the department, or, in the absence of such programs, as otherwise directed by the state treasurer.

(4) It shall not be necessary to have the escheat adjudged in a suit or action.

**NEW SECTION. Sec. 78.** A new section is added to chapter 30B.44B RCW to read as follows:

**DESTRUCTION OF RECORDS AFTER LIQUIDATION.**

(1) Where any records of the state trust company have been taken over and are in the possession of the director in connection with the involuntary liquidation of a state trust company, the director may, in his or her discretion at any time after an order of final liquidation, or equivalent, by the superior court, destroy any of such records which may appear to the director to be obsolete or unnecessary for future reference as part of the liquidation and as files of the department.

(2) Such records are exempt from public disclosure, consistent with RCW 42.56.400(6), 30A.04.075, and 30B.04.060.

**NEW SECTION. Sec. 79.** A new section is added to chapter 30B.44B RCW to read as follows:

**REOPENING—CONDITIONS.**

(1) Notwithstanding any other provision of this chapter, the director may, at any time within ninety days after taking possession of a state trust company under RCW 30B.44B.005 or 30B.44B.010, permit such state trust company to reopen upon such terms and conditions as the director shall prescribe, if he or she has determined that:

(a) Sufficient remedy has been made of the state trust company's impairment and delinquencies; and

(b) It is in the best interest of trustors, beneficiaries, creditors, shareholders, and the general public that the state trust company be reopened rather than be liquidated.

(2) Before being permitted to reopen pursuant to this section, a state trust company shall pay all of the outstanding fees, assessment, and expenses of the director as provided for in this title.

**NEW SECTION. Sec. 80.** A new section is added to chapter 30B.46 RCW to read as follows:

**DEFINITIONS.**

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Corrective action measures" refers collectively to supervisory agreements, memoranda of understanding, supervisory directives, corrective action orders, and orders of conservatorship.

(2) "Corrective action order" means a cease and desist order, consent order, order compelling action, or order of conservatorship, as prescribed by this chapter.

(3) "Exceeded its powers" includes, without limitation, the following circumstances:

(a) If a state trust company has engaged in unauthorized trust activity;

(b) If a state trust company has refused to permit examination of its books, papers, accounts, records, or affairs by the director, assistant director, or examiners; or

(c) If a state trust company has neglected or refused to observe an order of the director including, without limitation, an order to make good, within the time prescribed, any capital deficiency.

(4) "Order of conservatorship" means an order specifically authorized under this chapter for the appointment for a conservator of a state trust company.

(5) "Supervisory agreement" or "memorandum of understanding" means a supervisory directive in which a state trust company has given its prior consent.

(6) "Supervisory directive" means a supervisory directive in which the state trust company has not given its prior consent.

(7) "Unsafe condition" shall mean and include, but not be limited to, any one or more of the following circumstances:

(a) If a state trust company is less than adequately capitalized as determined by the director;

(b) If a state trust company violates the applicable provisions of this title or any other law or regulation applicable to a state trust company in a manner that results or is likely to result in a significant increase in the state trust company's legal or operational risk;

(c) If a state trust company conducts a fraudulent or questionable practice in the conduct of its business that endangers its reputation, beneficiaries, shareholders, or trustors, or threatens its solvency;

(d) If a state trust company conducts its business in an unsafe or unsound manner;

(e) If a state trust company engages in unauthorized trust activity;

(f) If a state trust company violates any conditions of its certificate of authority or any agreement entered with the director; or

(g) If a state trust company willfully fails to carry out any authorized instruction or direction of the director.

**NEW SECTION. Sec. 81.** A new section is added to chapter 30B.46 RCW to read as follows:

**SCOPE OF CHAPTER—SAFETY AND SOUNDNESS AUTHORITY OF DIRECTOR IN LIEU OF ADMINISTRATIVE PROCEEDINGS—CORRECTIVE ACTION MEASURES—JUDICIAL REVIEW.**

(1) The purpose of this chapter is to provide expeditious methods for the department to exercise proper supervision over the safety and soundness of state trust companies in the interest of Washington state's fiduciary industry and the general public. To that end, this chapter prescribes a series of progressive corrective action measures available to the director, as necessary and in connection with the exercise of his or her examination authority, the ultimate object of which is to restore a state trust company to a state of safe and sound condition and practices and to prevent, if possible, involuntary dissolution of the state trust company under chapter 30B.44B RCW.

(2) In order of progression, these corrective action measures include:

(a) The supervisory directive, which may be issued with the consent of a state trust company as a supervisory agreement or memorandum of understanding or without the state trust company's consent;

(b) The corrective action order, which may be issued with or without the consent of a state trust company; and

(c) The order of conservatorship, which may be issued with or without the consent of a state trust company.

(3) The director may issue and impose upon a state trust company, in lieu of or in addition to his or her authority to issue and serve a notice and statement of charges pursuant to chapter 30B.10 RCW, the following:

(a) A supervisory agreement or memorandum of understanding;

(b) A supervisory directive without the state trust company's consent;

(c) A corrective action order, with or without its consent; and

(d) An order of conservatorship, with or without its consent.

(4) A supervisory agreement or memorandum of understanding, or corrective action order or order of conservatorship consented to by a state trust company, shall not be subject to review except upon a claim by the state trust company or other person with standing under RCW 34.05.530, made in good faith, that the terms and conditions of the supervisory agreement or memorandum of understanding, corrective action order, or order of conservatorship exceed the authority of the director under this title and that consent to the supervisory agreement or memorandum of understanding was unreasonably coerced.

(5) A supervisory directive issued and imposed without the consent of the state trust company shall not be subject to review except by petition for judicial review in the manner provided by the Washington administrative procedure act, RCW 34.05.510 through 34.05.598, inclusive.

(6) A corrective action order or order of conservatorship issued and imposed against a state trust company without its consent shall be deemed an emergency order under section 25 of this act, subject only to judicial review as permitted by section 25 of this act.

(7) No provision in this title shall preclude the director from issuing a corrective action order without having issued a supervisory directive, or issuing an order of conservatorship without having issued a supervisory directive or corrective action order.

(8) No provision in this title shall preclude the director from issuing an order for involuntary dissolution of a state trust company without first having issued corrective action measures if:

(a) Pursuant to RCW 30B.44B.005, the director has determined there is no reasonable likelihood that a state trust company can be restored to a safe and sound condition in the foreseeable future; or

(b) The state trust company gives its consent pursuant to RCW 30B.44B.010.

**NEW SECTION. Sec. 82.** A new section is added to chapter 30B.46 RCW to read as follows:

GROUND FOR DETERMINING NEED FOR SUPERVISORY DIRECTIVE—ABATEMENT OF DETERMINATION—SUPERVISORY DIRECTIVE—COMPLIANCE—DIRECTOR'S AUTHORITY UPON NONCOMPLIANCE.

(1) If, upon examination or investigation, or at any other time, it appears to the director that a state trust company is in an unsafe condition and its condition is such as to render the continuance of its business, without the director's supervisory directive, harmful to the public or to its beneficiaries, shareholders, or trustees, then the director may either negotiate and enter into a supervisory agreement or memorandum of understanding with the state trust company, or issue and deliver a supervisory directive or corrective action order without its consent, the contents of which shall contain:

(a) Notice to the state trust company of the director's supervisory determination; and

(b) A written list and description of the requirements necessary to abate the director's determination.

(2) If placed under a supervisory directive, with or without its consent, the state trust company shall comply with the director's lawful requirements as contained in the supervisory directive and within such time as provided in the supervisory directive.

(3) If the state trust company fails to comply with the supervisory directive within the time provided, the director may issue and deliver to the state trust company, with or without its consent, a corrective action order or an order of conservatorship.

**NEW SECTION. Sec. 83.** A new section is added to chapter 30B.46 RCW to read as follows:

APPOINTMENT OF REPRESENTATIVE TO SUPERVISE.

During the period of a supervisory directive or corrective action order, the director may appoint a representative to supervise the state trust company.

**NEW SECTION. Sec. 84.** A new section is added to chapter 30B.46 RCW to read as follows:

SUPERVISORY DIRECTIVE OR CORRECTIVE ACTION ORDER—RESTRICTIONS ON OPERATIONS—OTHER REQUIREMENTS.

A supervisory directive or corrective action order may provide that the state trust company not do any of the following during the period of supervisory direction, without the prior approval of the director or the appointed representative:

(1) Dispose of, convey, or encumber any of its assets;

(2) Acquire new trust assets under management;

(3) Dispose of existing trust assets under management;

(4) Withdraw any of its own funds from bank accounts;

(5) Lend any of its funds;

(6) Invest any of its funds;

(7) Transfer any of its property;

(8) Incur any debt, obligation, or liability;

(9) Change the composition of the board of directors or management; or

(10) Any other written restriction or requirement as determined by the director.

NEW SECTION. Sec. 85. A new section is added to chapter 30B.46 RCW to read as follows:

CONSERVATOR—APPOINTMENT—  
 GROUNDS—POWERS, DUTIES, AND FUNCTIONS—  
 IMMUNITY.

(1) If the director determines that a state trust company has failed to comply with the lawful requirements imposed by such supervisory directive or corrective action order, the director may by order, with or without consent of the state trust company, appoint a conservator for the state trust company, who shall immediately take charge of such state trust company and all of its property, books, records, and effects.

(2) The conservator shall conduct the business of the state trust company and take such steps toward the removal of the causes and conditions which necessitated such order of conservatorship, as the director may specify in the order.

(3) During the pendency of the conservatorship, the conservator shall make such reports to the director from time to time as may be required by the director, and shall be empowered to take all necessary measures to preserve, protect, and recover any assets or property of such state trust company, including claims or causes of actions belonging to or which may be asserted by such state trust company, and to deal with the same in his or her own name as conservator, and shall be empowered to file, prosecute, and defend any suit and suits which have been filed or which may be filed by or against such state trust company that are deemed by the conservator to be necessary to protect all of the interested parties for a property affected thereby.

(4) The director, an assistant director or other officer of the department, or an independent contractor appointed by the director may be appointed to serve as conservator.

(5) If, after issuance of the order of conservatorship, the director determines, after consultation with the conservator, that the state trust company is in an unsafe and unsound condition and ought not to continue business, the director may proceed to give advance notice to and take possession of the state trust company for involuntary liquidation pursuant to chapter 30B.44B RCW.

(6) The director, in his or her capacity as a conservator, or any other person appointed as conservator by the director, pursuant to this chapter is immune from criminal, civil, and administrative liability for any act done in good faith in the performance of the duties of conservator.

NEW SECTION. Sec. 86. A new section is added to chapter 30B.46 RCW to read as follows:

COSTS AS CHARGE AGAINST ASSETS.

(1) All costs incident to supervisory direction and the conservatorship shall be fixed and determined by the director and shall be a charge against the assets of the state trust company to be allowed and paid as the director may determine.

(2) A member of the board of directors of a state trust company or, in the case of a limited liability trust company, a managing participant, may, pursuant to notice and adjudication under chapter 30B.10 RCW, be found liable for such costs incurred that have not been recouped by the director out of the assets of the state trust company.

NEW SECTION. Sec. 87. A new section is added to chapter 30B.46 RCW to read as follows:

REQUEST FOR REVIEW OF ACTION—STAY  
 OF ACTION—ORDERS SUBJECT TO REVIEW.

(1) During the period of the supervisory direction or period of conservatorship, as applicable, the state trust company may request the director to review an action taken or proposed to be taken by a representative under a supervisory directive or by the conservator, specifying that the action complained of is believed not to be in the best interest of the state trust company.

(2) A request made under subsection (1) of this section shall stay the action of the representative or conservator pending review of such action by the director.

(3) An order by the director pursuant to this section, following the review of an action or proposed action of the representative or conservator, shall be subject to judicial review in accordance with section 25 of this act.

NEW SECTION. Sec. 88. A new section is added to chapter 30B.46 RCW to read as follows:

SUIT AGAINST STATE TRUST COMPANY OR  
 CONSERVATOR—WHERE BROUGHT—SUIT BY  
 CONSERVATOR.

(1) A suit filed against a state trust company or its conservator, after the issuance of an order by the director placing such state trust company in conservatorship and while such order is in effect, shall be brought in the superior court of Thurston county and not elsewhere.

(2) The conservator appointed for such state trust company may file suit in any superior court or other court of competent jurisdiction against any person for the purpose of preserving, protecting, or recovering any asset or property of such state trust company, including claims or causes of action belonging to or which may be asserted by such state trust company.

NEW SECTION. Sec. 89. A new section is added to chapter 30B.46 RCW to read as follows:

DURATION OF CONSERVATOR'S TERM—  
 REHABILITATED STATE TRUST COMPANY—  
 MANAGEMENT.

(1) The conservator shall serve for such time as is necessary to accomplish the purposes of the conservatorship as intended by this chapter.

(2) If rehabilitated, the rehabilitated state trust company shall be returned to preexisting management or new management under such conditions as are reasonable and necessary to prevent recurrence of the condition which occasioned the conservatorship.

NEW SECTION. Sec. 90. A new section is added to chapter 30B.46 RCW to read as follows:

PLENARY AUTHORITY OF THE DIRECTOR—  
 FLEXIBILITY IN USE OF REMEDIES.

(1) If the director determines to act under authority of this chapter, the sequence of his or her acts and proceedings shall be as set forth in this chapter.

(2) However, the director may, in the exercise of broad administrative discretion, proceed in lieu of this chapter and pursuant to other authority including, without limitation, notice and adjudication under chapter 30B.10 RCW or by means of seeking a direct judicial remedy in superior court.

**NEW SECTION. Sec. 91.** A new section is added to chapter 30B.46 RCW to read as follows:

**RULES.**

The director is empowered to adopt and promulgate such rules as may be further necessary, if at all, for the implementation of this chapter and its purposes.

**Sec. 92.** RCW 30B.53.002 and 2014 c 37 s 387 are each amended to read as follows:

This chapter applies to any merger or ~~(consolidation)~~ change of control in which a state trust company is a party.

**Sec. 93.** RCW 30B.53.005 and 2014 c 37 s 388 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Acquiring person" means a person acquiring or seeking to acquire control of a state trust company, directly or indirectly.

(2) "Control," "controls," "controlled," and "controlling" mean:

(a) The ownership of or ability or power to vote, directly, acting through one or more other persons, or otherwise indirectly, twenty-five percent or more of the outstanding shares of a class of voting securities of a state trust company or other company;

(b) The ability to control the election of a majority of the board of a state trust company or other company;

(c) The power to exercise, directly or indirectly, a controlling influence over the management or policies of the state trust company or other company as determined by the director after notice and an opportunity for hearing; or

(d) The conditioning of the transfer of twenty-five percent or more of the outstanding shares or participation shares of a class of voting securities of a state trust company on the transfer of twenty-five percent or more of the outstanding shares of a class of voting securities of another state trust company or other company.

(3) "Merger" includes consolidation.

~~((2))~~ (4) "Merging trust company" means a party to a merger.

~~((3))~~ (5) "Resulting trust company" means the trust company resulting from a merger.

~~((4))~~ "Vote of stockholders" or "vote of classes of stockholders" means only a vote of those entitled to vote under the terms of such shares.)

**NEW SECTION. Sec. 94.** A new section is added to chapter 30B.53 RCW to read as follows:

**ACQUISITION OF CONTROL—NOTICE AND APPLICATION—REGISTRATION STATEMENT—VIOLATIONS—PENALTIES.**

(1) An acquiring person shall not acquire control of a state trust company until thirty days after filing with the director a written notice of and application for change of control containing the following information, plus any additional information that the director may prescribe as necessary or appropriate in the particular instance for the protection of shareholders, trustors, beneficiaries, and the public interest:

(a) The identity and trust and other business experience of each acquiring person by whom or on whose behalf acquisition is to be made, including the identity and experience of:

(i) The officers, managers, and directors of the acquiring person; and

(ii) Any proposed new officers, managers, or directors for the state trust company in the event of a change of control of the state trust company;

(b) The financial and managerial resources and future prospects of each person involved in the acquisition;

(c) The terms and conditions of any proposed acquisition and the manner in which the acquisition is to be made;

(d) The source and amount of the funds or other consideration used or to be used in making the acquisition, and a description of the transaction and the names of the parties if any portion of these funds or other consideration has been or is to be borrowed or otherwise obtained for the purpose of making the acquisition;

(e) Any plan or proposal which any person making the acquisition may have to liquidate the state trust company, to sell its assets, to merge it with another trust institution, or to make any other major change in its business or corporate structure for management;

(f) The identification of any person employed, retained, or to be compensated by the acquiring person, or by any person on its behalf, who makes solicitations or recommendations to shareholders for the purpose of assisting in the acquisition and a brief description of the terms of the employment, retainer, or arrangement for compensation; and

(g) Copies of all invitations for tenders or advertisements making a tender offer to shareholders for the purchase of their shares to be used in connection with the proposed acquisition.

(2) When an entity is required to file an application under this section, the director may require that information required by subsection (1)(a), (b), and (f) of this section be given for each officer, manager, and director of such entity, and each person who is directly or indirectly the beneficial owner of twenty-five percent or more of the outstanding voting securities of the entity.

(3) If any tender offer, request, or invitation for tenders or other agreements to acquire control is proposed to be made by means of a registration statement under the securities act of 1933, 48 Stat. 74, 15 U.S.C. Sec. 77(a), as amended, or in circumstances requiring the disclosure of similar information under the securities exchange act of 1934, 48 Stat. 881, 15 U.S.C. Sec. 78(a), as amended, the

registration statement or application may be filed with the director in lieu of the requirements of this section.

(4) Any acquiring person shall also deliver a copy of any notice and application required by this section to the state trust company proposed to be acquired within two days after the notice and application is filed with the director.

(5) Any acquisition of control in violation of this section shall be ineffective and void.

(6) Any person who willfully or intentionally violates this section or any rule adopted pursuant to this section is guilty of a gross misdemeanor pursuant to chapter 9A.20 RCW. Each day's violation shall be considered a separate violation, and any person shall upon conviction be fined not more than one thousand dollars for each day the violation continues.

**NEW SECTION. Sec. 95.** A new section is added to chapter 30B.53 RCW to read as follows:

**ACQUISITION OF CONTROL OF STATE TRUST COMPANY—DISAPPROVAL BY DIRECTOR—CHANGE OF OFFICERS.**

(1) The director may disapprove the acquisition of a state trust company within thirty days after the filing of a complete application pursuant to section 94 of this act or an extended period not exceeding an additional fifteen days if:

(a) The poor financial condition of any acquiring person might jeopardize the financial stability of the state trust company or might prejudice the interests of the state trust company's shareholders or the trustors or beneficiaries of trusts in which the state trust company is a trustee or investment advisor;

(b) The plan or proposal of the acquiring person to liquidate the state trust company, to sell its assets or transfer its fiduciary assets, to merge it with any person, or to make any other major change in its business or corporate structure or management that is not fair and reasonable to the state trust company's shareholders or the trustors or beneficiaries of trusts in which the state trust company is a trustee or investment advisor;

(c) The fiduciary and other business experience and integrity of any acquiring person who would control the operation of the state trust company indicates that approval would not be in the interest of the state trust company's shareholders or the trustors or beneficiaries of trusts in which the state trust company is a trustee or investment advisor;

(d) The information provided by the application is insufficient for the director to make a determination or there has been insufficient time to verify the information provided and conduct an examination of the qualification of the acquiring person; or

(e) The acquisition would not be in the public interest.

(2) An acquisition may be made prior to expiration of the disapproval period if the director issues written notice of intent not to disapprove the action.

(3) The director shall set forth the basis for disapproval of any proposed acquisition in writing and shall provide a copy of such findings and order to the applicants and to the state trust company involved. Such findings and order shall not be disclosed to any other person and shall not be subject to public disclosure under chapter 42.56 RCW

unless the findings or order are appealed pursuant to chapter 34.05 RCW.

(4) Whenever such a change of control occurs, each party to the transaction shall report promptly to the director any changes or replacement of its chief executive officer, managers, or any director, which occurs in the following twelve-month period, including in its report a statement of the past and present business and professional affiliations of the new chief executive officer, managers, or directors.

**Sec. 96.** RCW 30B.53.010 and 2014 c 37 s 389 are each amended to read as follows:

Upon approval by the director consistent with this chapter, merging trust companies, one of which is a state trust company, may be merged to result in a resulting trust company.

**Sec. 97.** RCW 30B.53.020 and 2014 c 37 s 390 are each amended to read as follows:

(1) The board of directors of each merging trust company shall, by a majority of the entire board, approve a merger agreement that must contain:

(a) The name of each merging trust company and location of each office;

(b) With respect to the resulting trust company, (i) the name and location of the principal and other offices; (ii) the name and mailing address of each director to serve until the next annual meeting of the ~~((stockholders))~~ shareholders; (iii) the name and mailing address of each officer; (iv) the amount of capital, the number of shares, and the par value, if any, of each share; and (v) the amendments to its charters and bylaws;

(c) Provisions governing the exchange of shares of the merging trust companies for such consideration as has been agreed to in the merger agreement;

(d) A statement that the agreement is subject to approval by the director and the ~~((stockholders))~~ shareholders of each merging trust company;

(e) Provisions governing the manner of disposing of the shares of the resulting trust company if the shares are to be issued in the transaction and are not taken by dissenting shareholders of merging trust companies; and

(f) Any other provisions the director requires to discharge his or her duties with respect to the merger.

(2) After approval by the board of directors of each merging trust company, the merger agreement shall be submitted to the director for approval, together with certified copies of the authorizing resolutions of each board of directors showing approval by a majority of the entire board. Within sixty days after receipt by the director of the merger agreement and resolutions, the director shall approve or disapprove of the merger agreement, and if no action is taken, the agreement is deemed approved. The director shall approve the agreement if it appears that the:

(a) Resulting trust company meets the requirements of state law as to the formation of a new trust company;

(b) Agreement provides an adequate capital in relation to the deposit liabilities, if any, of the resulting trust company and its other activities which are to continue or are to be undertaken;

- (c) Agreement is fair; and
- (d) Merger is not contrary to the public interest.

If the director disapproves an agreement, he or she shall state his or her objections and give an opportunity to the merging trust company to amend the merger agreement to obviate such objections.

**Sec. 98.** RCW 30B.53.030 and 2014 c 37 s 391 are each amended to read as follows:

(1) To be effective, a merger that is to result in a trust company must be approved by the ~~((stockholders))~~ shareholders of each merging trust company by a vote of two-thirds of the outstanding voting ~~((stock))~~ shares of each class at a meeting called to consider such action. This vote shall constitute the adoption of the charter and bylaws of the resulting trust company, including the amendments in the merger agreement.

(2) Unless waived in writing, notice of the meeting of ~~((stockholders))~~ shareholders shall be given by publication in a newspaper of general circulation in the place where the principal office of each merging trust company is located, at least once each week for four successive weeks, and by mail, at least fifteen days before the date of the meeting, to each ~~((stockholder))~~ shareholder of record of each merging trust company at the address on the books of the ~~((stockholder's))~~ shareholder's trust company. No notice of publication need be given if written waivers are received from the holders of two-thirds of the outstanding shares of each class of ~~((stock))~~ shares. The notice shall state that dissenting ~~((stockholders))~~ shareholders will be entitled to payment of the value of only those shares which are voted against approval of the plan.

**Sec. 99.** RCW 30B.53.040 and 2014 c 37 s 392 are each amended to read as follows:

(1) A merger that is to result in a trust company shall, unless a later date is specified in the agreement, become effective after the filing with and upon the approval of the director of the executed agreement together with copies of the resolutions of the ~~((stockholders))~~ shareholders of each merging trust company approving it, certified by the trust company's president or ~~((a vice president))~~ manager and ~~((a))~~ the secretary. The charters of the merging trust companies, other than the resulting trust company, shall immediately after that automatically terminate.

(2) The director shall immediately after that issue to the resulting trust company a certificate of merger specifying the name of each merging trust company and the name of the resulting trust company. The certificate shall be conclusive evidence of the merger and of the correctness of all proceedings regarding the merger in all courts and places, and may be recorded in any office for the recording of deeds to evidence the new name in which the property of the merging trust companies is held.

**Sec. 100.** RCW 30B.53.060 and 2014 c 37 s 394 are each amended to read as follows:

(1) The owner of shares of a trust company that were voted against a merger to result in a trust company shall be

entitled to receive their value in cash, if and when the merger becomes effective, upon written demand made to the resulting trust company at any time within thirty days after the effective date of the merger, accompanied by the surrender of the ~~((stock))~~ share certificates. The value of the shares shall be determined, as of the date of the ~~((stockholders'))~~ shareholders' meeting approving the merger, by three appraisers, one to be selected by the owners of two-thirds of the dissenting shares, one by the board of directors of the resulting trust company, and the third by the two so chosen. The valuation agreed upon by any two appraisers shall govern. If the appraisal is not completed within ninety days after the merger becomes effective, the director shall cause an appraisal to be made.

(2) The dissenting shareholders shall bear, on a pro rata basis based on number of dissenting shares owned, the cost of their appraisal and one-half of the cost of a third appraisal, and the resulting trust company shall bear the cost of its appraisal and one-half of the cost of the third appraisal. If the director causes an appraisal to be made, the cost of that appraisal shall be borne equally by the dissenting shareholders and the resulting trust company, with the dissenting shareholders sharing their half of the cost on a pro rata basis based on number of dissenting shares owned.

(3) The resulting trust company may fix an amount which it considers to be not more than the fair market value of the shares of a merging trust company at the time of the ~~((stockholders'))~~ shareholders' meeting approving the merger, that it will pay dissenting shareholders of the trust company entitled to payment in cash. The amount due under an accepted offer or under the appraisal shall constitute a debt of the resulting trust company.

**Sec. 101.** RCW 30B.72.010 and 2014 c 37 s 402 are each amended to read as follows:

(1) An out-of-state trust institution that has, prior to ~~((January 5, 2015))~~ the effective date of this section, obtained approval from the director under authority of Title 30 RCW, as it existed ~~((on))~~ before January 5, 2015, or under authority of this title, as it existed prior to the effective date of this section, to engage in trust business in ~~((this))~~ Washington state and has continuously since the date of such approval held itself out to the public as engaging in trust business in ~~((this))~~ Washington state, shall be exempt from the requirement of notice to or obtaining approval from the director pursuant to chapter 30B.38 RCW.

(2) For purposes of this section, the term "director" includes the former office of the supervisor of banks that merged into the department under authority of chapter 43.320 RCW.

(3) For purposes of this section, satisfactory evidence of approval from the director may be established only by written evidence that the director gave his or her approval prior to ~~((January 5, 2015))~~ the effective date of this section, in the form of a certificate of authority, declaration of reciprocity between ~~((this))~~ Washington state and the home state of the out-of-state trust institution, or the equivalent. Authorization from the secretary of state to transact business in ~~((this))~~ Washington state as a foreign corporation or foreign limited liability company is not by

itself satisfactory evidence of such approval from the director.

(4) For purposes of this section, an out-of-state trust institution with satisfactory evidence of the director's approval to engage in trust business prior to ~~((January 5, 2015))~~ the effective date of this section, is presumed to have:

(a) Complied with ~~((RCW 30B.38.040(1)))~~ chapter 30B.38 RCW; and

(b) Continuously held itself out to the public as engaging in trust business in ~~((this))~~ Washington state since the date of the director's approval ~~((by demonstrating that it has maintained uninterrupted and without lapse registration with the secretary of state as a foreign corporation under chapter 23B.15 RCW or foreign limited liability company under chapter 25.15 RCW)).~~

**Sec. 102.** RCW 42.56.400 and 2018 c 260 s 32 and 2018 c 30 s 9 are each reenacted and amended to read as follows:

The following information relating to insurance and financial institutions is exempt from disclosure under this chapter:

(1) Records maintained by the board of industrial insurance appeals that are related to appeals of crime victims' compensation claims filed with the board under RCW 7.68.110;

(2) Information obtained and exempted or withheld from public inspection by the health care authority under RCW 41.05.026, whether retained by the authority, transferred to another state purchased health care program by the authority, or transferred by the authority to a technical review committee created to facilitate the development, acquisition, or implementation of state purchased health care under chapter 41.05 RCW;

(3) The names and individual identification data of either all owners or all insureds, or both, received by the insurance commissioner under chapter 48.102 RCW;

(4) Information provided under RCW 48.30A.045 through 48.30A.060;

(5) Information provided under RCW 48.05.510 through 48.05.535, 48.43.200 through 48.43.225, 48.44.530 through 48.44.555, and 48.46.600 through 48.46.625;

(6) Examination reports and information obtained by the department of financial institutions from banks under RCW 30A.04.075, from savings banks under RCW 32.04.220, from savings and loan associations under RCW 33.04.110, from credit unions under RCW 31.12.565, from check cashers and sellers under RCW 31.45.030(3), and from securities brokers and investment advisers under RCW 21.20.100, all of which is confidential and privileged information;

(7) Information provided to the insurance commissioner under RCW 48.110.040(3);

(8) Documents, materials, or information obtained by the insurance commissioner under RCW 48.02.065, all of which are confidential and privileged;

(9) Documents, materials, or information obtained by the insurance commissioner under RCW 48.31B.015(2) (l) and (m), 48.31B.025, 48.31B.030, and 48.31B.035, all of which are confidential and privileged;

(10) Data filed under RCW 48.140.020, 48.140.030, 48.140.050, and 7.70.140 that, alone or in combination with any other data, may reveal the identity of a claimant, health care provider, health care facility, insuring entity, or self-insurer involved in a particular claim or a collection of claims. For the purposes of this subsection:

(a) "Claimant" has the same meaning as in RCW 48.140.010(2).

(b) "Health care facility" has the same meaning as in RCW 48.140.010(6).

(c) "Health care provider" has the same meaning as in RCW 48.140.010(7).

(d) "Insuring entity" has the same meaning as in RCW 48.140.010(8).

(e) "Self-insurer" has the same meaning as in RCW 48.140.010(11);

(11) Documents, materials, or information obtained by the insurance commissioner under RCW 48.135.060;

(12) Documents, materials, or information obtained by the insurance commissioner under RCW 48.37.060;

(13) Confidential and privileged documents obtained or produced by the insurance commissioner and identified in RCW 48.37.080;

(14) Documents, materials, or information obtained by the insurance commissioner under RCW 48.37.140;

(15) Documents, materials, or information obtained by the insurance commissioner under RCW 48.17.595;

(16) Documents, materials, or information obtained by the insurance commissioner under RCW 48.102.051(1) and 48.102.140 (3) and (7)(a)(ii);

(17) Documents, materials, or information obtained by the insurance commissioner in the commissioner's capacity as receiver under RCW 48.31.025 and 48.99.017, which are records under the jurisdiction and control of the receivership court. The commissioner is not required to search for, log, produce, or otherwise comply with the public records act for any records that the commissioner obtains under chapters 48.31 and 48.99 RCW in the commissioner's capacity as a receiver, except as directed by the receivership court;

(18) Documents, materials, or information obtained by the insurance commissioner under RCW 48.13.151;

(19) Data, information, and documents provided by a carrier pursuant to section 1, chapter 172, Laws of 2010;

(20) Information in a filing of usage-based insurance about the usage-based component of the rate pursuant to RCW 48.19.040(5)(b);

(21) Data, information, and documents, other than those described in RCW 48.02.210(2) as it existed prior to repeal by section 2, chapter 7, Laws of 2017 3rd ~~((sp.s.))~~ sp. sess., that are submitted to the office of the insurance commissioner by an entity providing health care coverage pursuant to RCW 28A.400.275 as it existed on January 1, 2017, and ~~((RCW))~~ RCW 48.02.210 as it existed prior to repeal by section 2, chapter 7, Laws of 2017 3rd ~~((sp.s.))~~ sp. sess.;

(22) Data, information, and documents obtained by the insurance commissioner under RCW 48.29.017;

(23) Information not subject to public inspection or public disclosure under RCW 48.43.730(5);

(24) Documents, materials, or information obtained by the insurance commissioner under chapter 48.05A RCW;

(25) Documents, materials, or information obtained by the insurance commissioner under RCW 48.74.025, 48.74.028, 48.74.100(6), 48.74.110(2) (b) and (c), and 48.74.120 to the extent such documents, materials, or information independently qualify for exemption from disclosure as documents, materials, or information in possession of the commissioner pursuant to a financial conduct examination and exempt from disclosure under RCW 48.02.065;

(26) Nonpublic personal health information obtained by, disclosed to, or in the custody of the insurance commissioner, as provided in RCW 48.02.068;

(27) Data, information, and documents obtained by the insurance commissioner under RCW 48.02.230; ~~((and))~~

(28) Documents, materials, or other information, including the corporate annual disclosure obtained by the insurance commissioner under RCW 48.195.020.

(29) Findings and orders disapproving acquisition of a trust institution under section 95(3) of this act; and

(30) All claims data, including health care and financial related data received under RCW 41.05.890, received and held by the health care authority.

NEW SECTION. Sec. 103. The following acts or parts of acts are each repealed:

(1)RCW 30A.08.160 (Report of bond liability—Collateral) and 1994 c 92 s 59 & 1955 c 33 s 30.08.160;

(2)RCW 30A.08.170 (Securities may be held in name of nominee) and 1955 c 33 s 30.08.170;

(3)RCW 30B.04.150 (Acquisition of control) and 2014 c 37 s 317;

(4)RCW 30B.44B.020 (Other requirements for involuntary dissolution and liquidation) and 2014 c 37 s 384;

(5)RCW 30B.46.005 (Supervisory direction) and 2014 c 37 s 385; and

(6)RCW 30B.46.010 (Conservatorship) and 2014 c 37 s 386."

Correct the title.

Signed by Representatives Kirby, Chair; Reeves, Vice Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis; Blake; Dufault; Ryu; Santos; Stanford; Volz; Walen and Ybarra.

Referred to Committee on Rules for second reading.

April 6, 2019

SSB 5151 Prime Sponsor, Committee on Local Government: Requiring the growth management hearings board to topically index the rulings, decisions, and orders it publishes. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Environment & Energy. Signed by Representatives Ormsby, Chair; Tharinger; Tarleton; Sutherland; Sullivan; Steele; Stanford; Springer; Senn; Schmick; Ryu; Pollet; Mosbrucker; Macri; Kraft;

Jenkins; Hudgins; Hoff; Hansen; Fitzgibbon; Dye; Dolan; Cody; Chandler; Caldier; Rude, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Ranking Minority Member; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Volz and Ybarra.

Referred to Committee on Appropriations.

March 19, 2019

SB 5224 Prime Sponsor, Senator Kuderer: Concerning advisory votes. Reported by Committee on State Government & Tribal Relations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 29A.32.031 and 2013 c 283 s 2 are each amended to read as follows:

The voters' pamphlet published or distributed under RCW 29A.32.010 must contain:

(1) Information about ~~((each measure for an advisory vote of the people and))~~ each ballot measure initiated by or referred to the voters for their approval or rejection as required by RCW 29A.32.070;

(2) In even-numbered years, statements, if submitted, from candidates for the office of president and vice president of the United States, United States senator, United States representative, governor, lieutenant governor, secretary of state, state treasurer, state auditor, attorney general, commissioner of public lands, superintendent of public instruction, insurance commissioner, state senator, state representative, justice of the supreme court, judge of the court of appeals, or judge of the superior court. Candidates may also submit campaign contact information and a photograph not more than five years old in a format that the secretary of state determines to be suitable for reproduction in the voters' pamphlet;

(3) In odd-numbered years, if any office voted upon statewide appears on the ballot due to a vacancy, then statements and photographs for candidates for any vacant office listed in subsection (2) of this section must appear;

(4) Contact information for the public disclosure commission established under RCW 42.17A.100, including the following statement: "For a list of the people and organizations that donated to state and local candidates and ballot measure campaigns, visit [www.pdc.wa.gov](http://www.pdc.wa.gov)." The statement must be placed in a prominent position, such as on the cover or on the first two pages of the voters' pamphlet. The secretary of state may substitute such language as is necessary for accuracy and clarity and consistent with the intent of this section;

(5) Contact information for major political parties;

(6) A brief statement explaining the deletion and addition of language for proposed measures under RCW 29A.32.080; and

(7) Any additional information pertaining to elections as may be required by law or in the judgment of the secretary of state is deemed informative to the voters.

**Sec. 2.** RCW 29A.32.070 and 2016 c 83 s 1 are each amended to read as follows:

The secretary of state shall determine the format and layout of the voters' pamphlet published under RCW 29A.32.010. The secretary of state shall print the pamphlet in clear, readable type on a size, quality, and weight of paper that in the judgment of the secretary of state best serves the voters. The pamphlet must contain a table of contents. Measures and arguments must be printed in the order specified by RCW 29A.72.290.

The secretary of state's name may not appear in the voters' pamphlet in his or her official capacity if the secretary is a candidate for office during the same year. His or her name may only be included as part of the information normally included for candidates.

The voters' pamphlet must provide the following information for each statewide issue on the ballot (~~except measures for an advisory vote of the people whose requirements are provided in subsection (11) of this section~~):

(1) The legal identification of the measure by serial designation or number;

(2) The official ballot title of the measure;

(3) A statement prepared by the attorney general explaining the law as it presently exists;

(4) A statement prepared by the attorney general explaining the effect of the proposed measure if it becomes law;

(5) The fiscal impact statement prepared under RCW 29A.72.025;

(6) The total number of votes cast for and against the measure in the senate and house of representatives, if the measure has been passed by the legislature;

(7) An argument advocating the voters' approval of the measure together with any statement in rebuttal of the opposing argument;

(8) An argument advocating the voters' rejection of the measure together with any statement in rebuttal of the opposing argument;

(9) Each argument or rebuttal statement must be followed by the names of the committee members who submitted them, and may be followed by a telephone number that citizens may call to obtain information on the ballot measure;

(10) The full text of the measure(;

~~(11) Two pages shall be provided in the general election voters' pamphlet for each measure for an advisory vote of the people under RCW 43.135.041 and shall consist of the serial number assigned by the secretary of state under RCW 29A.72.040, the short description formulated by the attorney general under RCW 29A.72.283, the tax increase's most up to date ten year cost projection, including a year by year breakdown, by the office of financial management under RCW 43.135.031, and the names of the legislators, and their contact information, and how they voted on the increase upon final passage so they can provide information to, and answer questions from, the public. For~~

~~the purposes of this subsection, "names of legislators, and their contact information" includes each legislator's position (senator or representative), first name, last name, party affiliation (for example, Democrat or Republican), city or town they live in, office phone number, and office email address).~~

**Sec. 3.** RCW 29A.64.090 and 2016 c 204 s 1 are each amended to read as follows:

When the official canvass of returns of any election reveals that the difference in the number of votes cast for the approval of a statewide measure and the number of votes cast for the rejection of such measure is less than two thousand votes and also less than one-half of one percent of the total number of votes cast on such measure, the secretary of state shall direct that a recount of all votes cast on such measure be made on such measure, in the manner provided by RCW 29A.64.041 and 29A.64.061, and the cost of such recount will be at state expense. ~~(This section does not apply to any statewide advisory vote of the people that was placed on the ballot pursuant to RCW 43.135.041 and the secretary of state shall not direct any recount for any statewide advisory vote of the people.)~~

**Sec. 4.** RCW 29A.72.040 and 2008 c 1 s 7 are each amended to read as follows:

The secretary of state shall give a serial number to each initiative, referendum bill, or referendum measure, ~~(or measure for an advisory vote of the people.)~~ using a separate series for initiatives to the legislature, initiatives to the people, referendum bills, and referendum measures, ~~((and measures for an advisory vote of the people.))~~ and forthwith transmit one copy of the measure proposed bearing its serial number to the attorney general. Thereafter a measure shall be known and designated on all petitions, ballots, and proceedings as "Initiative Measure No. . . .," "Referendum Bill No. . . .," or "Referendum Measure No. . . .(.)" ~~((or "Advisory Vote No. ...."))~~

**Sec. 5.** RCW 29A.72.250 and 2013 c 11 s 75 are each amended to read as follows:

If a referendum or initiative petition for submission of a measure to the people is found sufficient, the secretary of state shall at the time and in the manner that he or she certifies to the county auditors of the various counties the names of candidates for state and district officers certify to each county auditor the serial numbers and ballot titles of the several initiative and referendum measures ~~((and serial numbers and short descriptions of measures submitted for an advisory vote of the people))~~ to be voted upon at the next ensuing general election or special election ordered by the legislature.

**Sec. 6.** RCW 29A.72.290 and 2013 c 11 s 76 are each amended to read as follows:

The county auditor of each county shall print the serial numbers and ballot titles certified by the secretary of state on the official ballots for the election at which initiative

and referendum measures (~~(and measures for an advisory vote of the people)~~) are to be submitted to the people for their approval or rejection (~~(, the serial numbers and ballot titles certified by the secretary of state and the serial numbers and short descriptions of measures for an advisory vote of the people)~~). They must appear under separate headings in the order of the serial numbers as follows:

- (1) Initiatives to the people;
- (2) Referendum measures;
- (3) Referendum bills;
- (4) Initiatives to the legislature;
- (5) Initiatives to the legislature and legislative alternatives;
- (6) ~~((Advisory votes;~~
- (7)) Proposed constitutional amendments.

NEW SECTION. Sec. 7. The following acts or parts of acts are each repealed:

- (1) RCW 29A.72.283 (Advisory vote on tax legislation—Short description) and 2008 c 1 s 8;
- (2) RCW 29A.72.285 (Advisory vote on tax legislation—Short description filing and transmittal) and 2008 c 1 s 9; and
- (3) RCW 43.135.041 (Tax legislation—Advisory vote—Duties of the attorney general and secretary of state—Exemption) and 2013 c 1 s 6, 2016 c 1 s 5, 2010 c 4 s 3, & 2008 c 1 s 6."

Correct the title.

Signed by Representatives Hudgins; Dolan; Appleton; Pellicciotti, Vice Chair Gregerson, Chair.

MINORITY recommendation: Do not pass. Signed by Representatives Mosbrucker; Goehner, Assistant Ranking Minority Member; Walsh, Ranking Minority Member and Smith.

Referred to Committee on Rules for second reading.

March 20, 2019

SSB 5386 Prime Sponsor, Committee on Health & Long Term Care: Concerning training standards in providing telemedicine services. Reported by Committee on Health Care & Wellness

MAJORITY recommendation: Do pass. Signed by Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Chambers; Davis; DeBolt; Harris; Jinkins; Maycumber; Riccelli; Robinson; Stonier; Thai and Tharinger.

Referred to Committee on Rules for second reading.

March 20, 2019

SB 5387 Prime Sponsor, Senator Becker: Concerning physician credentialing in

telemedicine services. Reported by Committee on Health Care & Wellness

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger; Thai; Stonier; Robinson; Riccelli; Maycumber; Jinkins; Harris; DeBolt; Davis; Chambers; Caldier, Assistant Ranking Minority Member; Schmick, Ranking Minority Member; Macri, Vice Chair Cody, Chair.

Referred to Committee on Rules for second reading.

March 20, 2019

SSB 5403 Prime Sponsor, Committee on Health & Long Term Care: Concerning safe egress from adult family homes. Reported by Committee on Health Care & Wellness

MAJORITY recommendation: Do pass. Signed by Representatives Cody, Chair; Macri, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Chambers; Davis; DeBolt; Harris; Jinkins; Maycumber; Riccelli; Robinson; Stonier; Thai and Tharinger.

Referred to Committee on Rules for second reading.

April 6, 2019

SSB 5425 Prime Sponsor, Committee on Health & Long Term Care: Concerning maternal mortality reviews. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended. Signed by Representatives Ormsby, Chair; Tharinger; Tarleton; Sutherland; Sullivan; Steele; Stanford; Springer; Senn; Schmick; Ryu; Pollet; Mosbrucker; Macri; Kraft; Jinkins; Hudgins; Hoff; Hansen; Fitzgibbon; Dye; Dolan; Cody; Chandler; Caldier; Rude, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Ranking Minority Member; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Volz and Ybarra.

Referred to Committee on Appropriations.

March 20, 2019

SSB 5443 Prime Sponsor, Committee on State Government, Tribal Relations & Elections: Concerning the state board of registration for professional engineers and land surveyors. Reported by Committee on Consumer Protection & Business

MAJORITY recommendation: Do pass. Signed by Representatives Ybarra; Walen; Volz; Stanford; Santos; Ryu; Dufault; Blake; Barkis; Hoff, Assistant Ranking Minority Member; Vick, Ranking Minority Member; Reeves, Vice Chair Kirby, Chair.

Referred to Committee on Appropriations.

March 21, 2019

SSB 5588 Prime Sponsor, Committee on Environment, Energy & Technology: Authorizing the production, distribution, and sale of renewable hydrogen. Reported by Committee on Environment & Energy

MAJORITY recommendation: Do pass. Signed by Representatives Shewmake; Peterson; Mead; Doglio; Boehnke; Dye, Assistant Ranking Minority Member; Shea, Ranking Minority Member; Lekanoff, Vice Chair Fitzgibbon, Chair.

Referred to Committee on Rules for second reading.

March 20, 2019

SB 5613 Prime Sponsor, Senator Rivers: Concerning the authority of counties to vacate a county road that abuts on a body of water if the county road is hazardous or creates a significant risk to public safety. Reported by Committee on Local Government

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 36.87.130 and 1969 ex.s. c 185 s 7 are each amended to read as follows:

No county shall vacate a county road or part thereof which abuts on a body of salt or freshwater unless:

(1) The purpose of the vacation is to enable any public authority to acquire the vacated property for port purposes, boat moorage or launching sites, or for park, viewpoint, recreational, educational, or other public purposes ~~(, or unless);~~

(2) The property is zoned for industrial uses; or

(3) In a county west of the crest of the Cascade mountains and bordered by the Columbia river with a population over four hundred fifty thousand, the county determines that:

(a) The road has been used as an access point to trespass onto private property;

(b) Such trespass has caused loss of human life, and that public use of the county road creates an ongoing risk to public safety; and

(c) Public access to the same body of water abutting the county road is available at not less than three public access sites within two miles in any direction of the terminus of the road subject to vacation.

NEW SECTION. Sec. 2. Section 1 of this act expires December 31, 2023."

Correct the title.

Signed by Representatives Pollet, Chair; Peterson, Vice Chair; Kraft, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Goehner and Senn.

Referred to Committee on Rules for second reading.

March 20, 2019

SSB 5670 Prime Sponsor, Committee on Local Government: Expanding the allowable powers of fire protection districts. Reported by Committee on Local Government

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 52.12.031 and 2010 c 8 s 15002 are each amended to read as follows:

Any fire protection district organized under this title may:

(1) Lease, acquire, own, maintain, operate, and provide fire and emergency medical apparatus and all other necessary or proper facilities, machinery, and equipment for the prevention and suppression of fires, the providing of emergency medical services and the protection of life and property;

(2) Enter into an interlocal agreement with any local jurisdiction to maintain and repair any vehicle or equipment owned and used exclusively by such county, city, town, school district, or other political subdivision of the state of Washington. As used in this subsection, "local jurisdiction" means any county, city, town, school district, or other political subdivision of the state of Washington;

(3) Lease, acquire, own, maintain, and operate real property, improvements, and fixtures for housing, repairing, and maintaining the apparatus, facilities, machinery, and equipment described in subsection (1) of this section;

~~((3))~~ (4) Contract with any governmental entity under chapter 39.34 RCW or private person or entity to consolidate, provide, or cooperate for fire prevention protection, fire suppression, investigation, and emergency medical purposes. In so contracting, the district or governmental entity is deemed for all purposes to be acting within its governmental capacity. This contracting authority includes the furnishing of fire prevention, fire suppression, investigation, emergency medical services, facilities, and equipment to or by the district, governmental entity, or private person or entity;

~~((4))~~ (5) Encourage uniformity and coordination of fire protection district operations. The fire commissioners of fire protection districts may form an association to secure information of value in suppressing and preventing fires and other district purposes, to hold and attend meetings, and to promote more economical and efficient operation of the associated fire protection districts. The commissioners of

fire protection districts in the association shall adopt articles of association or articles of incorporation for a nonprofit corporation, select a chair, secretary, and other officers as they may determine, and may employ and discharge agents and employees as the officers deem convenient to carry out the purposes of the association. The expenses of the association may be paid from funds paid into the association by fire protection districts: PROVIDED, That the aggregate contributions made to the association by a district in a calendar year shall not exceed two and one-half cents per thousand dollars of assessed valuation;

~~((5))~~ (6) Enter into contracts to provide group life insurance for the benefit of the personnel of the fire districts;

~~((6))~~ (7) Perform building and property inspections that the district deems necessary to provide fire prevention services and pre-fire planning within the district and any area that the district serves by contract in accordance with RCW 19.27.110: PROVIDED, That codes used by the district for building and property inspections shall be limited to the applicable codes adopted by the state, county, city, or town that has jurisdiction over the area in which the property is located. A copy of inspection reports prepared by the district shall be furnished by the district to the appropriate state, county, city, or town that has jurisdiction over the area in which the property is located: PROVIDED, That nothing in this subsection shall be construed to grant code enforcement authority to a district. This subsection shall not be construed as imposing liability on any governmental jurisdiction;

~~((7))~~ (8) Determine the origin and cause of fires occurring within the district and any area the district serves by contract. In exercising the authority conferred by this subsection, the fire protection district and its authorized representatives shall comply with the provisions of RCW 43.44.050;

~~((8))~~ (9) Perform acts consistent with this title and not otherwise prohibited by law.

NEW SECTION. **Sec. 2.** A new section is added to chapter 28A.160 RCW to read as follows:

The maintenance and repair of school buses may be provided by a fire protection district pursuant to RCW 52.12.031(1)."

Correct the title.

Signed by Representatives Senn; Goehner; Griffey, Assistant Ranking Minority Member; Peterson, Vice Chair Pollet, Chair.

MINORITY recommendation: Do not pass. Signed by Representative Kraft, Ranking Minority Member.

Referred to Committee on Rules for second reading.

March 20, 2019

ESB 5937 Prime Sponsor, Senator Lovelett:  
Clarifying the required color of certain lamps on vehicles. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 46.37.100 and 2002 c 196 s 1 are each amended to read as follows:

(1) Front clearance lamps and those marker lamps and reflectors mounted on the front or on the side near the front of a vehicle shall display or reflect an amber color.

(2) Rear clearance lamps and those marker lamps and reflectors mounted on the rear or on the sides near the rear of a vehicle shall display or reflect a red color.

(3) All lighting devices and reflectors mounted on the rear of any vehicle shall display or reflect a red color, except the stop lamp or other signal device, which may be red, amber, or yellow, and except that on any vehicle forty or more years old, or on any motorcycle regardless of age, the taillight may also contain a blue or purple insert of not more than one inch in diameter, and except that the light illuminating the license plate shall be white and the light emitted by a backup lamp shall be white or amber. However, for commercial motor vehicles defined in RCW 46.32.005, stop lamps must be red and other signal devices must be red or amber.

**Sec. 2.** RCW 46.37.200 and 2006 c 306 s 3 are each amended to read as follows:

(1) Any vehicle may be equipped and when required under this chapter shall be equipped with a stop lamp or lamps on the rear of the vehicle which shall display a red or amber light, or any shade of color between red and amber, visible from a distance of not less than one hundred feet and on any vehicle manufactured or assembled after January 1, 1964, three hundred feet to the rear in normal sunlight, and which shall be actuated upon application of a service brake, and which may but need not be incorporated with one or more other rear lamps. However, for commercial motor vehicles defined in RCW 46.32.005, stop lamps must be red.

(2) Any vehicle may be equipped and when required under RCW 46.37.070(2) shall be equipped with electric turn signals which shall indicate an intention to turn by flashing lights showing to the front and rear of a vehicle or on a combination of vehicles on the side of the vehicle or combination toward which the turn is to be made. The lamps showing to the front shall be mounted on the same level and as widely spaced laterally as practicable and, when signaling, shall emit amber light: PROVIDED, That on any vehicle manufactured prior to January 1, 1969, the lamps showing to the front may emit white or amber light, or any shade of light between white and amber. The lamp showing to the rear shall be mounted on the same level and as widely spaced laterally as practicable, and, when signaling, shall emit a red or amber light, or any shade of color between red and amber. Turn signal lamps shall be visible from a distance of not less than five hundred feet to the front and rear in normal sunlight. Turn signal lamps may, but need not be, incorporated in other lamps on the vehicle.

(3) Any vehicle may be equipped and when required under this chapter shall be equipped with a center high-mounted stop lamp mounted on the center line of the rear of

the vehicle. These stop lamps shall display a red light visible from a distance of not less than three hundred feet to the rear in normal sunlight, and shall be actuated upon application of a service brake, and may not be incorporated with any other rear lamps."

Correct the title.

Signed by Representatives Fey, Chair; Shea; Riccelli; Ramos; Pellicciotti; Paul; Ortiz-Self; Orcutt; Mead; McCaslin; Lovick; Kloba; Irwin; Shewmake; Gregerson; Eslick; Dufault; Doglio; Dent; Chapman; Chambers; Boehnke; Walsh, Assistant Ranking Minority Member; Barkis, Ranking Minority Member; Wylie, 1st Vice Chair; Valdez, 2nd Vice Chair; Slatter, 2nd Vice Chair; Goehner and Van Werven.

Referred to Committee on Rules for second reading.

There being no objection, the bills listed on the day's committee reports under the fifth order of business were referred to the committees so designated.

There being no objection, the House adjourned until 10:00 a.m., March 25, 2019, the 71st Day of the Regular Session.

FRANK CHOPP, Speaker

BERNARD DEAN, Chief Clerk