

ington's Revised Statutes) be and the same are hereby repealed.

Passed the House January 31, 1941.

Passed the Senate February 19, 1941.

Approved by the Governor February 25, 1941.

CHAPTER 16.

[H. B. 84.]

LIABILITY OF BANK AND TRUST COMPANY SHAREHOLDERS.

AN ACT relating to the liability of shareholders of banks and trust companies for the debts and obligations of such banks and trust companies and providing for the placing of the liability of shareholders of banks and trust companies organized under the laws of this state for the debts and obligations of such corporations upon a basis of equality with the liability of shareholders of national banking associations for the debts and obligations of such associations under the laws of the United States; providing for the amendment of section 35, chapter 80, Laws of 1917 (section 3242 of Remington's Revised Statutes); providing for the amendment of section 1, chapter 80, Laws of 1911 (section 3824 of Remington's Revised Statutes); and repealing all laws in conflict herewith.

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

Amend-
ments.

SECTION 1. That section 35 of chapter 80 of the Laws of 1917 (section 3242 of Remington's Revised Statutes) is amended to read as follows:

Liability of
stockholders.

Section 35. (a) The stockholders of every bank and trust company shall be individually and personally liable, equally and ratably, and not one for another, for all contracts, debts and engagements of such corporation accruing while they remain as stockholders, to the extent of the amount of their stock therein at the par value thereof, in addition to the amount invested in such shares. Persons holding

stock as executors, administrators, guardians or trustees, if such relation of trust shall appear in the stock certificate and on the books of the corporation, or as collateral security or in pledge, shall not be personally liable as stockholders, but the assets and funds in the hands of such trustees constituting the trust shall be liable to the same extent as the testator, intestate, ward, or person interested in such funds would be, if living or competent to act, and the person pledging such stock shall be deemed a stockholder and liable under this section. Such liability may be enforced by the examiner as soon after taking possession of any bank or trust company as in his judgment the same may be necessary. The failure of the stockholders of any bank or trust company immediately upon possession being taken by the examiner to make good all impairment of its assets shall be conclusive evidence that the enforcement of double liability is necessary.

Executors
etc. not
personally
liable on
stock.

Assets of
trust liable.

Pledgor of
stock
deemed
stockholder.

Examiner to
enforce
liability.

(b) The additional liability imposed by sub-section (a) hereof and by Remington's Revised Statutes, section 3824, upon shareholders in banks and trust companies shall not be imposed upon such shareholders with respect to shares in any bank or trust company which are issued after this act takes effect by a bank or trust company which shall provide and furnish, either through membership in the Federal Deposit Insurance Corporation, or through membership in any other instrumentality of the Government of the United States, insurance or security for the payment of the debts and obligations of such banking corporation or trust company equivalent to that required by the laws of the United States to be furnished and provided by national banking associations.

Additional
liability not
imposed on
new insured
shares.

(c) The additional liability heretofore imposed by sub-section (a) hereof, and by Remington's Revised Statutes, section 3824, and any like liability

Additional liability on existing shares to cease.

Bank to furnish insurance.

Notice to be published.

Laws in conflict repealed.

imposed by any law of this state enacted prior to the passage of this act, upon shareholders in banks or trust companies with respect to their shares, and the additional liability imposed by the Constitution upon such shareholders, with respect to their shares, and any contractual obligation upon such shareholders for such additional liability arising by virtue of the provisions of such laws and the existence of such shares, shall cease on December 13, 1941, with respect to all shareholders and all shares issued by any bank or trust company which shall be transacting the business of banking on December 13, 1941, and shall provide and furnish, either through membership in the Federal Deposit Insurance Corporation, or through membership in any other instrumentality of the Government of the United States, insurance or security for the payment of the debts and obligations of such banking corporation equivalent to that required by the laws of the United States to be furnished and provided by national banking associations, if not less than five months prior to said date, such bank or trust company shall have caused notice of such prospective termination of liability to be published in a newspaper published in the city, town, or county in which such bank or trust company is located, and if no newspaper is published in such city, town or county, then in a newspaper of general circulation therein. If the bank or trust company fails to give such notice as and when provided herein, a termination of such additional liability may thereafter be accomplished as of the date five months subsequent to publication in the manner above provided.

SEC. 2. All other laws, or parts of laws, in conflict herewith are hereby repealed.

Passed the House January 31, 1941.

Passed the Senate February 19, 1941.

Approved by the Governor February 26, 1941.