

tion as it may deem advisable for the best interest of the district.

Tolls,
effect of.

All tolls and charges levied shall also at once become and constitute an assessment upon and against the lands for which they are levied, with the same force and effect, and the same manner of enforcement, in case of non-payment, as other assessments.

Effective im-
mediately.

SEC. 13. This act is necessary for the immediate preservation of the public health and the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate February 2, 1933.

Passed the House February 17, 1933.

Approved by the Governor February 27, 1933.

CHAPTER 44.

[S. B. 240.]

BANKS AND BANKING.

AN ACT relating to banks and trust companies, the regulation, operation, conversion, dissolution and reorganization thereof, defining the powers and duties of the supervisor of banking in connection therewith, limiting the effect of certain acts and statutes, providing means and measures for stabilizing banking, limiting the commencement of certain actions, amending section 81 of chapter 80 of the Laws of 1917, and declaring an emergency.

Repealed by
§ 11, ch. 49,
Laws of 1933.

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

"Bank."

"Directors."

SECTION 1. The term "bank" as used in this act shall include a trust company, and a bank and trust company. The term "directors" shall include trustees. This act may be cited as the Bank Stabilization Act.

SEC. 2. Whenever, in his judgment, the stabilization of banking would thereby be promoted, the

supervisor of banking may, upon the written request of the directors of any bank, by order in writing filed in his office suspend, for a period of not exceeding six months, the payment of all deposits, checks, certificates and other obligations of such bank. A copy thereof shall be forthwith transmitted to such bank and posted in a conspicuous place in its banking office. Upon the filing of such order, and while the same remains in force, payment of deposits, checks, certificates and obligations shall be suspended and no payments or withdrawals shall be made or permitted on account of principal or interest of any such obligation. During the period prescribed, such bank shall remain open for the transaction of business and shall be in charge of its officers and directors.

Temporary suspension of payment and withdrawals.

SEC. 3. Deposits received after the filing of such order, shall, while such order or any extension thereof remains in force, and for sixty days thereafter, be kept separate and intact and not commingled with other assets of the bank; shall not draw interest; shall not be loaned or invested otherwise than by depositing with the reserve agents approved by the supervisor of banking, and shall be withdrawable at any time. If the supervisor of banking shall take charge of such bank for liquidation during the period for which payments have been suspended, or at the expiration thereof, deposits made after the filing of such order shall be deemed trust funds and shall be forthwith repaid to the depositor.

Deposits during suspension period.

SEC. 4. The supervisor of banking may extend the period of suspension by like order filed and posted in the same manner for such additional period as he shall deem expedient, but not to exceed an additional six months. Failure of any bank during the period of suspension to pay deposits,

Extension of period of suspension.

checks, certificates or other obligations existing at the time of the filing of such order shall not authorize nor require the supervisor of banking to take possession of or to liquidate such bank.

Vetoed. } SEC. 5. The supervisor of banking, with the consent of the directors of any bank, may, for a period not exceeding two years, assume and take over the management of any bank and may manage the same by or through such persons as he shall select. Such assumption of management shall not be deemed a taking of possession for delinquency or insolvency nor to require the giving of any notice, the levy of any assessment or the presentation of any claim. He may suspend payment of existing deposits and obligations, and may wind up its affairs as provided by law, or may continue its operation, under such regulations as he may prescribe, by receiving deposits, accepting items for collection, operating safe deposit boxes, receiving escrows and executing existing trusts and appointments. All moneys so acquired, except as interest or compensation for services rendered, shall be kept separate and intact and not commingled with the other assets of the bank; and such moneys shall not be loaned or invested otherwise than by depositing with approved reserve agents, and, in case of liquidation shall be deemed trust funds, and be repaid to the persons entitled thereto. The expense of operation of such bank shall be a charge on the assets of the bank existing at the time of the assumption of management. For the purpose of the management and operation of such bank and the collection and preservation of its assets he shall have and exercise all and the same powers as are by law vested in its board of directors.

SEC. 6. The supervisor of banking may prepare and file in his office at Olympia, a plan for the re-

organization of any such bank and as a part of such plan require such equal and ratable reduction of the claims of creditors against such bank as shall be sufficient, after charging off all bad or doubtful debts, to place it in a solvent condition, with capital, and a surplus equal to ten per centum thereof unimpaired. He may prescribe that no payments or withdrawals in excess of a stated percentage of the whole amount of the claim of any creditor, remaining after such reduction, may be paid within any calendar month following the reopening of such bank or following the opening of any bank to which its assets may be transferred. He may prescribe such further terms and conditions for the reorganization of such bank or for the transfer of its assets as he shall deem necessary or advisable for the protection of the interest of creditors, and may prescribe forms for the acceptance or rejection of such plan. A duplicate of such plan shall be transmitted to the officer in charge of such bank where it shall be open to inspection by stockholders, depositors and creditors.

Supervisor may prepare and prescribe plan of re-organization.

Terms and conditions.

SEC. 7. If, within ninety days after the filing of such plan, creditors holding claims against such bank amounting in the aggregate to three-fourths of the amount of the unsecured claims of all its creditors, as such claims appear on its books, shall accept and approve such plan, and the shareholders shall not theretofore have restored such bank to a solvent condition, he shall declare such plan to be effective.

Plan to be approved by creditors.

When effective.

SEC. 8. He shall thereupon cause a debit to be entered on the books of the bank against the claim of each creditor sufficient to reduce the amount of such claim to the percentage of the original amount prescribed in the plan. He may permit such bank to reopen and may surrender to it its assets, or,

Debit to be entered for reduction of claim.

Reopening.

if the organization of a new bank was provided for, upon its assumption of the obligations of such bank to the amount to which such obligations were reduced in accordance with such plan, assign and transfer the assets of such bank to such new bank.

New corporation.

Capital and surplus.

Disposition of shares.

SEC. 9. Whenever the assets of such bank in excess of its liabilities, as reduced in accordance with such plan, would be sufficient to provide such bank with capital and surplus equal to ten per centum thereof, unimpaired, and the assets of such bank are transferred to a new corporation formed for such purpose, the excess of such assets over liabilities shall constitute the capital and surplus of the new bank, and its shares may be distributed among creditors having claims for liabilities assumed under such plan, or may be sold and the proceeds distributed in such manner as the supervisor of banking shall deem best adapted to secure a ratable distribution of such shares, or of the value thereof among creditors.

Vetoed.

SEC. 10. No statute of this state, nor any act hereafter passed, relating to the securing by the shareholders of a bank or trust company hereafter organized of the superadded liability of shareholders, or limiting the amount or number of shares of any bank or corporation which any person or corporation may acquire or own, or limiting the number of directorships or trusteeships which may be held in any bank by persons holding stock in another corporation, or vice versa, shall be deemed to apply to any bank reorganized under this act or to any bank or corporation whose organization is provided for in the plan prescribed by the supervisor of banking unless expressly so stated in such act or statute.

When dividend may be paid.

SEC. 11. No dividend shall be paid upon the capital stock of any reorganized bank, nor shall any

distribution be made of the assets of any such bank to any shareholder thereof, until there shall have been set aside and credited ratably to creditors on the books of such bank, and withdrawable on demand, a sum equal to the amount of such reduction. No creditor having security for the payment of his claim shall be affected in his right to enforce such security, but the amount of any deficiency shall be determined by deducting from the amount of such claim the amount of reduction prescribed in such plan, and the amount realized from such security.

Reduction to be credited.

SEC. 12. Any national banking association, desiring to avail itself of the provisions of this act, may, upon filing application therefor with the supervisor of banking, for that purpose only, be permitted to become a state bank without requiring the approval or the filing of a certificate of approval of the owners of its capital stock and without notice or examination except such as the supervisor of banking, in his discretion, may require.

Vetoed.

SEC. 13. Failure on the part of any bank to pay to any creditor any sums in excess of the proportion of the amount of his claim after the reduction or before the times prescribed in such plan shall not constitute a default on the part of such bank, nor authorize nor require the supervisor of banking to take possession of or to liquidate such bank, nor entitle any person to institute or maintain an action in any court by reason thereof within one year after such failure occurs, nor while such bank is being operated under the management of the supervisor of banking.

Failure to pay reduction.

SEC. 14. That section 81 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 81. An officer, director or employee of any bank or trust company who shall fraudulently receive for it any deposit knowing that such bank

Vetoed.

Vetoed. { or trust company is insolvent, shall be guilty of a felony: *Provided*, That receiving of deposits while an order of suspension shall be in force, or while the bank is being operated under the management of the supervisor of banking, shall not constitute a felony, nor shall any person be subjected to any penalty, fine or imprisonment therefor.

Partial
invalidity.

SEC. 15. If any clause, part or section of this act shall be adjudged invalid such judgment shall not affect nor invalidate the remainder of the act, but shall be confined in its operation to the clause, part or section directly involved in the controversy in which such judgment was rendered. If the operation of any clause, part or section of this act shall be held to impair the obligation of contract, or to deny to any person any right or protection secured to him by the Constitution of the United States of America, or by the Constitution of the State of Washington, it is hereby declared that had the invalidity of such clause, part or section been considered at the time of the enactment of this act that the remainder of the act would nevertheless have been adopted without such, and any and all such invalid clauses, parts or sections.

Effective im-
mediately.

SEC. 16. This act is necessary for the immediate preservation of the public peace and safety, and for the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate February 14, 1933.

Passed the House February 16, 1933.

Approved by the Governor February 25, 1933, with the exception of Sections 5, 10, 12 and 14, which are vetoed.

After consideration the Senate sustained the Governor's veto as to said sections vetoed.

VICTOR A. MEYERS,

President of the Senate.

W. J. LINDBERG,

Secretary of the Senate.