

acter of the bonds or securities pledged, shall all be subject to the approval of the County Treasurer.

Passed by the House February 6, 1941.

Passed by the Senate February 19, 1941.

Approved by the Governor February 27, 1941.

CHAPTER 19.

[H. B. 159.]

INDUSTRIAL LOAN COMPANIES.

AN ACT relating to industrial loan companies; and amending sections 1, 7, 8, 9, 12 and 15 of chapter 172 of the Laws of 1923, as amended by chapter 186 of the Laws of 1925, Extraordinary Session, and chapter 95 of the Laws of 1939, (section 3862-1, 3862-7, 3862-8, 3862-9, 3862-12 and 3862-15, Remington's Revised Statutes).

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

SECTION 1. Section 1 of chapter 172, Laws of 1923, as amended by section 1 of chapter 186, Laws of 1925, Extraordinary Session, (section 3862-1 of Remington's Revised Statutes) is amended to read as follows: Amendments.

Section 1. (a) The term "industrial loan company" as used in this act means any corporation formed under the provisions of this act for the purpose of conducting business in the manner outlined herein. Definition.

(b) The name of every such corporation shall terminate with the words "Industrial Loan Company." Name to be used.

(c) After the passage and approval of this act, no person, firm or corporation conducting a business not in the form and of a character similar to that authorized by this act shall have or continue to use Restriction.

for a part of its title or corporate name any combination of the words "Industrial" and "Loan."

Amendments.

SEC. 2. Section 7 of chapter 172 of the Laws of 1923 as amended by section 3 of chapter 186, Laws of 1925, Extraordinary Session, and section 1 of chapter 95 of the Laws of 1939 (section 3862-7 of Remington's Revised Statutes) is amended to read as follows:

Capital stock limitations.

Section 7. (a) The capital stock of any corporation incorporated under the provisions of this act shall be not less than twenty-five thousand dollars in any city having a population of one hundred thousand inhabitants, or less, according to the last official census; and shall be not less than fifty thousand dollars in any city having a population in excess of one hundred thousand inhabitants according to the last official census. The capital stock of any such corporation shall be divided into shares of the par value of one hundred dollars each. No corporation organized hereunder shall create more than one class of stock.

One class of stock.
May amend articles.

(b) Any Industrial Loan Company may increase or decrease its capital stock or otherwise amend its articles of incorporation, in any manner not inconsistent with the provisions of this act, by a vote of the stockholders representing two-thirds of its capital at any regular meeting, or special meeting called for that purpose in the manner prescribed by its by-laws: *Provided*, That notice of a meeting to increase or decrease capital stock shall first be published once a week for four weekly issues in a newspaper published in the place in which such corporation is located, or if there be no newspaper published in such place, then in some newspaper published in the same county. The notice shall state the purpose of the meeting, the amount of the present capital of the Industrial Loan Company and the proposed new capital. A certificate of the fact and the terms of the amendment shall be executed by a majority of

Vote necessary.

Notice of meeting.

Notice to state purpose.

Certificate to be executed.

the directors and filed as required herein for articles of incorporation. No increase of capital stock shall be valid until twenty-five per cent of the amount thereof shall have been subscribed and actually paid in and a certificate of increase received from the Supervisor of Banking. Not less than one-twelfth of the balance of the authorized increase shall be paid in cash to the corporation within thirty days from the date the increase is authorized, and each thirty days thereafter until fully paid. No reduction of the capital stock shall be made to an amount less than is required for capital, nor be valid, nor warrant the cancellation of stock certificates until such reduction has been approved by said Supervisor of Banking.

Limitations.

Supervisor to issue certificate.

Increase to be paid within one year.

No reduction until approved by Supervisor.

SEC. 3. Section 8 of chapter 172 of the Laws of 1923 as amended by section 4 of chapter 186 of the Laws of 1925, Extraordinary Session, and section 2, chapter 95, Laws of 1939 (section 3862-8 of Remington's Revised Statutes) is amended to read as follows:

Amendments.

Section 8. Every corporation under the provisions of this act shall have power:

Powers.

(a) To lend money and to deduct interest therefor in advance at the rate of ten per cent per annum, or less; to agree with the borrower for the payment of an aggregate amount for expenses incurred and services rendered in connection with the investigation of the character and circumstances of the borrower and the security offered in connection with his loan, and for servicing and maintaining the said loan and security, which amount shall not in any event exceed an initial charge of two dollars on a loan under one hundred dollars or a maximum of two per cent of any loan of one hundred dollars or more, and which initial charge may be deducted from said loan in advance, and a charge of fifty cents per month to be collected monthly during the actual period that said loan or any part thereof remain unpaid; to require

To lend money at 10 per cent.

Charge for services.

Limitations of charges.

Require borrower to purchase investment certificate.

the borrower to purchase simultaneously with the loan transaction, or otherwise, and pledge as security therefor, an investment certificate of the character described in subdivision (b) of this section, in an amount not exceeding one-fifth more than the amount of the loan made. Upon maturity of the note, the borrower may, at his option, surrender the investment certificate. No additional charge shall be made except to reimburse the corporation for money actually expended to any public officer for filing and recording any instrument securing such loan or in connection therewith. No charge shall be collected unless a loan shall have been made.

Charge for recording.

May sell investment certificates.

(b) Subject to the limitations provided in this act, to sell or negotiate written evidences of debt, to be known as "investment certificates," for the payment of money by the corporation at any time, and bearing interest, as therein designated, and to receive payment therefor in full or in installments; to charge a penalty of five cents or less on each dollar of such installment payments delinquent one full week or more. No interest shall be collected on delinquent instalments. No certificate or securities of any nature shall be sold at a price in excess of the actual book value of the certificate or securities sold. The issuance of written evidences of debt authorized by this subdivision shall be subject to the provisions of section 20, chapter 172, Laws of 1923 (section 3862-20 Remington's Revised Statutes).

Maximum penalty on delinquent installments.

Certificates to comply with law.

To borrow money.

(c) To borrow money and to sell and negotiate for cash its promissory notes. Nothing contained in this subdivision or in subdivision (b) of this section shall be construed as authorizing the corporation to receive deposits or to issue certificates of deposit or to create any liability due on demand.

To establish branches.

(d) To establish branches subject to the approval and authority of the Supervisor of Banking.

(e) Conferred upon corporations by section 3803-11 of Remington's Revised Statutes.

SEC. 4. Section 9 of chapter 172 of the Laws of 1923 as amended by section 5 of chapter 186, Laws of 1925, Extraordinary Session, and section 3 of chapter 95, Laws of 1939 (section 3862-9 of Remington's Revised Statutes) is amended to read as follows:

Section 9. No corporation under the provisions of this act shall: Restrictions.

(a) Make any loan, on the security of makers, co-makers, endorsers, sureties or guarantors, for a longer period than two years from the date thereof. Time limit for loans.

(b) Hold at any one time the primary obligation, or obligations of any person, firm or corporation, for more than two per cent of the amount of the paid-up capital and surplus of such industrial loan company. Limits of loans.

(c) Hold at any one time the obligation or obligations of persons, firms, or corporations purchased from any person, firm or corporation in excess of twenty per cent of the aggregate paid-up capital and surplus of such industrial loan company. Limits of purchase.

(d) Make any loans secured by chattel mortgage for a longer period than two years from the date thereof. Time limit of chattel mortgage.

(e) Make any loan or discount on the security of its own capital stock, or be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Stock so purchased or acquired shall be sold at public or private sale or otherwise disposed of within ninety days from the time of its purchase or acquisition. Not to loan on own stock.
Exception.

(f) Invest any of its funds, otherwise than as herein authorized, except in such investments as are by law legal investments for commercial banks. Limits of investments.

(g) Make any loan or discount, nor shall any officer or employee thereof on behalf of such corpo- Not to loan to officer or employee.

ration, make any loan or discount directly or indirectly to any director, officer or employee of such corporation.

Limits of notes outstanding.

(h) Have outstanding at any time its promissory notes or other evidences of debt in an aggregate sum in excess of three times the aggregate amount of its paid-up capital and surplus, exclusive of investment certificates hypothecated with the corporation issuing them.

No surrender charge.

(i) Exact a surrender charge on investment certificates issued by the corporation.

Depository.

(j) Deposit any of its funds with any other moneyed corporation, unless such corporation has been designated as such depository by a vote of the majority of the directors or the executive committee, exclusive of any director who is an officer, director or trustee of the depository so designated.

Limits of loan on real estate.

(k) Make any loan or discount secured by real estate for an amount in excess of seventy-five per cent of the value of such real estate and improvements, including all prior liens against the same.

Limits of investment certificates.

(l) Have outstanding at any time investment certificates issued in the name of any one person, firm or corporation for an amount in excess of two and one-half per cent of its paid-up capital and surplus.

Limits of pledges.

(m) Pledge or hypothecate any of its securities to any creditor except that it may borrow and re-discount an amount not to exceed in the aggregate three times the amount of the paid-up capital and surplus thereof, and may pledge as security for amounts borrowed assets of the corporation not exceeding one and one-half times the amount borrowed and may pledge as security for amounts rediscounted assets of the corporation not exceeding one-half the amount rediscounted.

Amendments.

SEC. 5. Section 12 of chapter 172 of the Laws of 1923 as amended by section 7 of chapter 186, Laws of 1925, Extraordinary Session (section 3862-12 of Rem-

ington's Revised Statutes) is amended to read as follows:

Section 12. The directors of every corporation under the provisions of this act, may at certain times and in such manner as its by-laws prescribe, after providing for all expenses, interest and taxes due, declare and pay such dividends to the stockholders of such corporation as may be appropriated for that purpose under its by-laws.

May declare dividends.

SEC. 6. Section 15 of chapter 172, Laws of 1923 (section 3862-15 of Remington's Revised Statutes) is amended to read as follows:

Amendments.

Section 15. (a) It shall be the duty of the Supervisor of Banking, his deputy, or examiner, without previous notice to visit each corporation under the provisions of this act, at least once in each year and oftener if necessary, for the purpose of making a full investigation into the condition of such corporation, and for that purpose they are hereby empowered to administer oaths and to examine under oath any director, officer, employee or agent of such corporation. Said Supervisor of Banking may make such other full or partial examinations as he deems necessary; any willful false swearing in any examination shall be perjury.

Duty of Supervisor to examine condition.

(b) The Supervisor of Banking is hereby authorized and empowered to make such general rules and regulations and such specific rulings, demands, and findings as may be necessary for the proper conduct of such business and the enforcement of this act, in addition hereto and not inconsistent herewith.

Supervisor to make rules.

(c) The industrial loan company shall keep and use in its business such books, accounts, and records as will enable the Supervisor of Banking to determine whether such industrial loan company is complying with the provisions of this act and with the rules and regulations lawfully made by the Supervisor of Banking hereunder. Every industrial loan

Company to keep records.

company shall preserve such books, accounts, and records for at least two (2) years after making the final entry recorded therein.

Company not to advertise misleading matter.

(d) No industrial loan company shall advertise, print, display, publish, distribute, or broadcast or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner whatsoever, any statement or representation with regard to the rates, terms or conditions for the lending of money which is false, misleading, or deceptive. The Supervisor of Banking may order any industrial loan company to desist from any conduct which he shall find to be a violation of the foregoing provisions.

Supervisor may make order.

Company may appeal.

(e) Whenever the Supervisor of Banking shall make any findings or shall issue any specific order or demand, then such industrial loan company thereby affected may, within thirty (30) days from date of service of notice, appeal to the Superior Court of the State of Washington for Thurston county. The appeal shall be perfected by filing it, together with proof of service, with the clerk of the Superior Court of Thurston county. The Supervisor of Banking shall, within fifteen (15) days after the date of filing of such notice of appeal, make and certify a transcript of the evidence and all of the records and papers on file in his office relating to the order appealed from, and the Supervisor of Banking shall forthwith file the same in the office of the clerk of said Superior Court. The reasonable costs of preparing of such transcripts shall be assessed by the court as part of the costs. A trial shall be had in said Superior Court de novo. The industrial loan company shall be deemed the plaintiff and the State of Washington the defendant. Each party shall be entitled to subpoena witnesses and produce evidence to sustain the findings and order or demand of the supervisor. Either party may appeal from the judg-

Transcript to be filed.

Costs.

Trial de novo.

Either party may appeal.

ment of said Superior Court of the State of Washington as in other civil actions.

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Approved by the Governor February 27, 1941.

CHAPTER 20.

[H. B. 181]

HORTICULTURAL PESTS.

AN ACT relating to horticultural pests; providing for horticultural boards, charging state and county officials and the Superior Court with certain duties; authorizing the Director of Agriculture to establish necessary rules and regulations; amending section 2 of chapter 71 of the Laws of 1937 (section 2849-2 of Remington's Revised Statutes; section 2717-B of Pierce's Code), and declaring an emergency.

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

SECTION 1. It is hereby declared to be the purpose of the legislature to provide facilities whereby infested horticultural property that is a menace to adjacent properties may be abated or the infestation removed with the least possible delay. Purpose.

SEC. 2. The term "nuisance" whenever used in this act shall be and include any plants, produce or property upon which may be found any pest or diseases recognized under section 5, chapter 37, Laws of 1923 (section 2843 of Remington's Revised Statutes; section 2711 of Pierce's Code), which pest, pests or disease is found on any property in commercial area as herein defined and which pest, pests or disease is a source of infestation to other properties. Definitions.

SEC. 3. Any property or properties upon which are located any pest, pests or disease as recognized