

not affect any proceeding now pending in any court, and any proceeding now pending may be prosecuted to completion under the acts heretofore in force.

Passed the Senate February 18, 1903.

Passed the House March 10, 1903.

(Note by the Secretary of State).—The above act was filed in the office of the Secretary of State on the 17th day of March, 1903, without the approval or disapproval of the Governor thereof.

SAM H. NICHOLS,
Secretary of State.

CHAPTER 176.

[S. B. No. 4.]

PROVIDING FOR INCORPORATION OF TRUST COMPANIES AND DEFINING THEIR POWERS AND DUTIES.

AN ACT providing for the incorporation of trust companies, and defining their powers and duties.

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

SECTION 1. Seven or more persons of full age may become a trust company on the terms and conditions and subject to the liabilities prescribed in this act; the name of every company formed under this act shall contain the word "trust," but shall not be that of any other existing corporation of this State; the capital stock of such trust company hereafter organized shall not be less than one hundred thousand dollars: "Provided, That in cities having less than 25,000 inhabitants such companies may be organized with \$50,000 capital, and in cities having less than 10,000 inhabitants such companies may be organized with \$25,000 capital, and shall be divided into shares of one hundred dollars each, all of which shall be paid in cash before any trust company shall be authorized to transact any business, and such payment shall be certified to the Secretary of State under oath by the president and treasurer or secretary of the trust company; hereafter no cor-

How or-
ganized.

Amount of
capital.

poration shall be organized for the purpose of carrying on a trust company business in the State of Washington except under this act, and no company hereafter organized under any other act shall use the word "trust" as a part of its name.

Certificate of organization—what to show.

SEC. 2. Such persons shall under their hands and seals execute and acknowledge an organization certificate in triplicate, which shall specifically state:

- (1) The name by which the corporation shall be known.
- (2) The place where its business is to be transacted.
- (3) The amount of its capital stock, and the number of shares into which the same is to be divided.
- (4) The name, residence and post office address of each member of the corporation.
- (5) The term of its existence, not exceeding fifty years.

How acknowledged—where filed.

SEC. 3. The certificate of incorporation shall be acknowledged as required for deeds of real estate, and shall be recorded in a book kept for that purpose in the office of the County Auditor where the principal place of business of such trust company in this State is to be established, and with the Secretary of State: *Provided, however,* That before the corporation shall be authorized to transact business in this State other than such as relates to its formation and organization, the Secretary of State shall examine or cause to be examined, in order to ascertain whether the requisite capital of such corporation has been fully paid in cash, and if it appears from such examination that such capital stock has not been fully paid in cash, a certificate of authorization shall not be granted and no such corporation shall commence business until such certificate of authorization has been granted; but when it shall appear to the Secretary of State that the entire capital stock has been paid in, and that such trust company is lawfully entitled to commence business he shall give to such company

Secretary of State to examine.

Certificate of authority.

a certificate under his hand and seal that such company is duly and legally organized under this act as a trust company, and authorized to transact business as such trust company in this state; the trust company shall cause such certificate of authority of the Secretary of State, issued in pursuance of this act, to be published once a week for at least four successive weeks next after the issuance thereof,

Publication.

in a newspaper of general circulation in the place where said trust company is established, and shall file proof of such publication with the Secretary of State.

SEC. 4. As soon as the certificate of authority is issued ^{Powers of such companies.} by the Secretary of State as provided in the preceding section, the persons named in the articles of incorporation, and their successors, shall thereupon and thereby become a corporation, and shall have power:

(1) To act as the fiscal or transfer agent of any state, ^{Fiscal agent.} municipality, body politic or corporation, and in such capacity to receive and disburse money.

(2) To transfer, register and countersign certificates of ^{Transfer bonds.} stock, bonds, or other evidence of indebtedness, and to act as agent of any corporation, foreign or domestic, for any purpose now or hereafter required by statute or otherwise.

(3) To receive deposits of trust moneys, securities and ^{Deposits, etc.} other personal property from any person or corporation, and to loan money on real or personal securities, and to discount and negotiate promissory notes, drafts, bills of exchange and other evidences of debt; and to buy, sell and exchange coin and bullion.

(4) To lease, hold, purchase and convey any and all real ^{Real property, etc.} property necessary for and convenient in the transaction of its business, or which the purposes of the corporation may require, or which it shall acquire in satisfaction or partial satisfaction of debts due the corporation under sales, judgments or mortgages, or in settlement or partial settlement of debts due the corporation from any of its debtors.

(5) To act as trustee under any mortgage or bond issued by any municipality, body politic or corporation, and to accept and execute any other municipality or corporate trust not inconsistent with the laws of this State.

(6) To accept trusts from, and execute trusts for, married women, in respect to their separate property, and to be their agent in the management of such property, or to transact any business in relation thereto.

(7) To act, under the order or appointment of any court of record, as guardian, receiver or trustee of the estate of any minor, and as depository of any moneys paid into court, whether for the benefit of any such minor or other person, corporation or party.

(8) To take, accept and execute any and all such legal trusts, duties and powers in regard to the holding, management and disposition of any estate, real or personal, and the rents and profits thereof, or the sale thereof, as may be granted or confided to it by any court of record, or by any person, corporation, municipal or other authority, and it shall be accountable to all parties in interest for the faithful discharge of every such trust, duty or power which it may so accept.

(9) To take, accept and execute any and all such trusts and powers of whatever nature or description as may be conferred upon or intrusted or committed to it by any person or persons, or any body politic, corporation or other authority, by grant, assignment, transfer, devise, bequest or otherwise, or which may be intrusted or committed or transferred to it or vested in it by order of any court of record, and to receive and take and hold any property or estate, real or personal, which may be the subject of any such trust.

(10) To purchase, invest in and sell stocks, promissory notes, bills of exchange, bonds, debentures and mortgages and other securities; and when moneys or securities for moneys are borrowed or received on deposit, or for investment, the bonds or obligations of the company may be given therefor, but it shall have no right to issue bills to circulate as money.

(11) To be appointed and accept the appointment of assignee or trustee, under any assignment for the benefit of creditors of any debtor, made pursuant to any statute or otherwise.

(12) To act under the order or appointment of any court of record or otherwise as receiver or trustee of the estate or property of any person, firm, association or corporation.

(13) To be appointed and to accept the appointment of executor of, or trustee under, the last will and testament, or administrator with or without the will annexed, of the estate of any deceased person, and to be appointed and to act as the guardian of the estate of lunatics, idiots, persons of unsound mind and habitual drunkards: *Provided, however,* The power hereby granted to trust companies to act as:

guardian or administrator with or without the will annexed shall not be construed to deprive parties of the prior right to have issued to them letters of guardianship, or of administration as such right now exists under the laws of this State.

(14) To exercise the powers conferred on and to carry on the business of a safe deposit company.

(15) To collect coupons on, or interest upon, all manner of securities when authorized so to do by the parties depositing the same.

(16) To receive and manage any sinking fund of any corporation, upon such terms as may be agreed upon between said corporation and those dealing with it.

(17) Generally to execute trusts of every description not inconsistent with the laws of this state or of the United States.

(18) To receive money on deposit to be subject to check or to be repaid in such manner and on such terms, and with or without interest, as may be agreed upon by the depositor and the said trust company.

SEC. 5. The affairs of every such corporation shall be managed and its corporate powers exercised by a board of directors of such number, not less than seven nor more than thirty, as from time to time may be prescribed in its by-laws. No person can be a director who is not the holder of at least ten shares of the capital stock of the corporation. The persons named in the articles of incorporation shall constitute the first board of directors, and may add to their number not exceeding the limit of thirty, and shall severally continue until others are elected to fill their respective places. Within six months from the time when such corporation shall commence business, the first board of directors shall classify themselves by lot into three equal classes, as nearly as may be. The term of office of the first class shall expire on the third Wednesday of January next following such classification; the term of office of the second class shall expire one year thereafter; and the term of office of the third class shall expire two years thereafter. At or before the expiration of the term of the first class, and annually thereafter, a number of directors shall be elected equal to the number of directors whose term will

Directors—
how classified and term
of office.

then expire, who shall hold office for three years, or until their successors are elected and qualified. Such elections shall be held at the office of the corporation and at such time and upon such public notice, not less than ten days, by advertisement in at least one newspaper as shall be prescribed in the by-laws. In case of failure to elect any director on the day named, the directors whose term of office does not that year expire may proceed to elect a number of directors equal to the number in the class whose term that year expires, or such number as may have failed of re-election. The persons so elected, together with the directors, whose term of office shall not that year expire, shall constitute the board of directors until another election shall be held according to law. Vacancies occurring in the intervals of election shall be filled by the board. Each director when appointed or elected shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such corporation, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such corporation, and that he is the owner in good faith and in his own right of the number of shares of stock required by this section, subscribed by him or standing in his name on the books of the corporation, and that the same is fully paid, is not hypothecated or in any way pledged as security for any loan or debt. Such oath shall be subscribed by the director making it, and certified by the officer before whom it is taken and shall be immediately transmitted to the Secretary of State, and filed and preserved in his office.

Not to make loans to its officers.

SEC. 6. No trust company now in existence or hereafter organized shall make any loan to any officer, stockholder or employee from its trust funds and such trust company shall not permit any officer, stockholder or employee to become indebted to it in any way out of its trust funds; any president, vice-president, director, secretary, treasurer, cashier, teller, clerk or agent of any such corporation who knowingly violates this section, or who aids or abets any officer, clerk or agent in any such violation, shall be guilty of a felony and punished accordingly.

Reports—
to Secretary
of State.

SEC. 7. Every such company shall make to the Secretary of State not less than two reports during each year, according to the forms which may be prescribed by him, verified by

the oaths or affirmations of the president or vice-president and treasurer or secretary of such corporation, and attested by the signatures of at least three directors; every such report shall exhibit in detail and under appropriate heads the resources and liabilities of the corporation at the close of business at any day past specified by the secretary, and shall be transmitted to him within twenty days after the receipt of a request or requisition therefor by him, and an abstract or summary of every such report in such form as shall be prescribed by the Secretary of State shall be published by the trust company once in a newspaper published in the place where such trust company is established, and such proof of publication shall be furnished as may be required by the secretary; such publication shall be made within two weeks after the filing of such report, the expense thereof to be borne by such trust company; the secretary shall also have the power to call for special reports from any trust company whenever in his judgment the same are necessary to a full and complete knowledge of its condition; every trust company which fails to make and transmit any report required under this section shall be subject to a penalty of one hundred dollars for each day after the period herein specified that it delays to make and transmit its report, to be sued for and collected by the Secretary of State in the name and for the benefit of the State.

Special reports.

SEC. 8. Every director, officer, agent or clerk of any trust company who wilfully and knowingly subscribes or makes any false statement of facts, or false entries in the books of such trust company, or knowingly subscribes or exhibits any false paper, with intent to deceive any person authorized to examine as to the condition of such trust company, or wilfully or knowingly subscribes to or makes any false reports, shall be deemed guilty of a misdemeanor and punished accordingly.

False entries, etc., a misdemeanor.

SEC. 9. No trust company shall make any loan on the security of the shares of its own capital stock, nor 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; and stock so purchased or acquired shall within one year from the time of its purchase be sold or disposed of at public or private sale:

Not to loan on its own stock as security.

Provided, That nothing in this section contained shall apply to any loan made before the passage of this act.

Deposits for minors.

SEC. 10. When any deposit shall be made by or in the name of any minor, the same shall be held for the exclusive right and benefit of such depositor, and free from the control and lien of all other persons, except creditors of such minor, and shall be paid, together with the dividends and interest thereon, to the person in whose name the deposit shall have been made, and the receipt of acquittance of such minor shall be a valid and sufficient release and discharge for such deposit, or any part thereof, to the trust company.

Secretary of State to have supervision over and inspect same.

SEC. 11. Every trust company shall be subject to the inspection and supervision of the Secretary of State, and it shall be the duty of said secretary, either personally or by some person or persons to be appointed by him, whenever he shall deem it expedient, or at the request of any such trust company, to examine any such trust company, and it shall be the duty of the officers and employees of such trust company to exhibit its books, securities, records and accounts to the person or persons authorized by said secretary to conduct the examination, and otherwise to facilitate the same so far as it may be in their power; the said secretary, or any examiner appointed by him, shall have power to examine under oath or affirmation the directors, officers and employees of any such trust company relative to its business and affairs, and for that purpose any such examiner shall have power to administer oaths and affirmations.

Duty of Attorney General on notice from Secretary of State.

SEC. 12. Whenever it shall appear to the Secretary of State from any report submitted for examination made under the provisions of this act that the affairs of any trust company are in an unsound condition because of illegal or unsafe investments, or that its liabilities exceed its assets, or that it is transacting business without authority or in violation of law, or that it is unsafe or inexpedient for such trust company to continue business, it shall be the duty of the Attorney General, on notice by the Secretary of State, to institute such proceedings against the trust company as the nature of the case may require; if from any such examination the Secretary of State shall have reason to conclude that any such trust company is in an unsafe or unsound condition, he may forthwith take possession of such

Secretary of State to take possession.

trust company's property and business and retain such possession until the termination of the action or proceeding instituted by the Attorney General, or until the appointment of a receiver; and pending such possession by the Secretary of State, or such proceedings by the Attorney General, all the remedies at law or in equity of any creditor or stockholder against the said trust company shall be suspended.

SEC. 13. If any trust company shall refuse to submit its books, papers and concerns to the inspection of the Secretary of State, or any examiner appointed by him, or if any director or officer thereof shall refuse to submit to be examined upon oath touching the concerns of such trust company, the Secretary of State may report the fact to the Attorney General, who may proceed against said trust company as the nature of the case may require; if it shall appear to the Secretary of State that any trust company has violated its charter or any law of this State binding upon it, or is conducting business in an unsafe or unauthorized manner, he shall by an order under his hand and official seal, addressed to such trust company, direct a discontinuance of such illegal and unsafe practices, and conformity with the requirements of its charter and safety and security in its transactions; in case such trust company shall refuse or neglect to comply with such order, the secretary may report the fact to the Attorney General, who may proceed against the trust company as an insolvent corporation.

Refusal to submit to Secretary's examination.

SEC. 14. In all cases where any corporation in this State authorized by its charter to act as trustees, executors, administrators or guardians, shall be appointed executor, administrator or trustee of any estate or guardian of any infant, it shall and may be lawful for the president, cashier, or treasurer of such corporation to take and subscribe for such corporation any and all oaths or affirmations required to be taken or subscribed by such executor, administrator, trustee or guardian.

Trustees, etc.

SEC. 15. If default shall be made in the payment of any debt or liability contracted by such corporation, the stockholders thereof shall be individually responsible, equally and rateably, for the then existing debts of the corporation, but no stockholder shall be liable for the debts of the corporation to an amount exceeding the par value of the respec-

Liability of stockholders.

tive shares of stock by him held in such corporation at the time of such default.

Amendments,
etc.—how
made.

SEC. 16. Every trust company hereafter organized under this act may extend its corporate existence, change its name, increase its capital stock, make such other and further amendment, change or alteration as may be desired, or amend its charter or certificate of incorporation in manner following: The board of directors shall pass a resolution declaring that such amendment, change or alteration is advisable and calling a meeting of the stockholders to take action thereon; the meeting shall be held upon such notice as the by-laws provide, and in the absence of such provisions, upon ten days' notice in writing, given personally, or by mail; if two-thirds in interest of the stockholders shall vote in favor of such amendment, change or alteration, a certificate thereof shall be signed by the president and secretary under the corporate seal, acknowledged or proved as in the case of deeds of real estate, and such certificate, together with the written assent, in person or by proxy, of two-thirds in interest of such stockholders, shall be filed in the department of the Secretary of State, and upon the filing of the same, the charter or certificate of incorporation shall be, and be deemed to be amended accordingly: *Provided*, That the certificate to be made and filed in pursuance to this section shall contain only such provisions as it would be lawful and proper to insert in an original certificate of incorporation made at the time of making such amendment, change or alteration; no change shall be made in the charter or certificate of incorporation of such trust company whereby the rights, remedies or security of existing creditors shall be in any manner impaired; said certificate or a copy thereof, duly certified by the Secretary of State, shall be evidence in all courts and places.

Fees of Sec-
retary of
State.

SEC. 17. The Secretary of State shall require in advance the following fees:

- For filing articles of incorporation or certified copies of articles, or other certificates required to be filed in his office\$10.00
- Issuing certificate of authority..... 10.00
- For each renewal certificate of authority..... 10.00
- For filing each semi-annual statement of condition.. 10.00

For making any examination required by this act. . . . 25.00
 For furnishing copies of papers filed in his office, 20 cents
 per folio: *Provided*, That all fees so collected shall be paid
 to the State Treasurer.

Passed the Senate February 24, 1903.

Passed the House March 10, 1903.

Approved by the Governor March 17, 1903.

CHAPTER 177.

[S. B. No. 125.]

CREATING THE WASHINGTON STATE HISTORICAL SOCIETY A TRUSTEE OF THE STATE FOR CERTAIN PURPOSES.

AN ACT relating to the Washington State Historical Society;
 creating it the trustee of the State for certain purposes.

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

SECTION 1. That the Washington State Historical Society, a corporation existing under the laws of the State of Washington, be and the same is hereby created the trustee of the State for the intent and purposes hereinafter mentioned, viz.:

1. That it shall be the duty of the said society to collect books, maps, charts, papers and materials illustrative of the history of this State, and of its progress and development. Duties of the society.
2. To procure from pioneers authentic narrative of their experiences and of incidents relating to the early settlement of this State.
3. To gather data and information concerning the origin, history, language and customs of our Indian tribes.
4. To procure and purchase books, papers and pamphlets for the several departments of its collections; climatic, health and mortuary statistics, and such other books, maps, charts, papers and materials as will facilitate the investigation of the historical, scientific and literary subjects.