

Salary. a State Fire Warden and Forester at an annual salary of two thousand dollars (\$2,000.00) payable monthly out of the State Treasury in the same manner as the salary of other State officials are paid; he shall also be entitled to

Expenses. all office, traveling and other necessary expenses incurred by him under the authority of the State Board of Forest Commissioners, while in the actual performance of his duties. All expenses so incurred shall be submitted in full detail to the State Board of Forest Commissioners for examination, and if approved and allowed by said Board shall be presented to the State Auditor, who shall, if found correct, draw his warrant upon the State Treasurer for the amount so allowed, and the State Treasurer is hereby authorized to pay said amount due out of any moneys in the treasury appropriated for this purpose.

Passed the Senate March 8th, 1907.

Passed the House March 13th, 1907.

Approved by the Governor March 15th, 1907.

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## CHAPTER 202.

[S. B. 276.]

### BONDING AND SURETY COMPANIES.

AN ACT to provide for the organization of bonding and surety companies and to regulate their management.

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

Corpora-  
tions may  
execute  
bonds.

SECTION 1. Whenever any bond, undertaking, recognizance, or other obligation is by law or the charter, ordinance, rules or regulations of any municipality, board, body, organization, court, judge, or public officer required or permitted to be made, given, tendered, or filed with surety or sureties, and whenever the performance of any act, duty, or obligation, or the refraining from any act is required or permitted to be guaranteed, such bond, undertaking, obligation, recognizance or guaranty may be executed by a surety company qualified as hereinafter pro-

vided; and such execution by such company of such bond, undertaking, obligation, recognizance or guaranty, shall be in all respects a full and complete compliance with every requirement of every law, charter, ordinance, rule or regulation that such bond, undertaking, obligation, recognizance or guaranty shall be executed by one surety or by one or more sureties, or that such sureties shall be residents, or house holders, or freeholders, or either or both, or possess any other qualifications; and all courts, judges, heads of departments, boards, bodies, municipalities and public officers of every character shall accept and treat such bond, undertaking, obligation, recognizance or guaranty when so executed by such company as conforming to and fully and completely complying with every such requirement of every such law, charter, ordinance, rule or regulation.

SEC. 2. Corporations formed for the purpose of becoming sureties under the provisions of this act shall be formed as are other corporations organized for profit: *Provided, however,* That no corporation shall become a surety under the provisions of this act unless it be organized for that purpose alone.

How  
formed.

SEC. 3. No corporation formed hereunder shall have a capital stock of less than Two Hundred and Fifty Thousand (\$250,000) Dollars, and it shall not transact any business until the whole of its capital stock has been subscribed for, and at least twenty (20) per centum of its capital stock paid in. The subscribers to the capital stock of such a corporation shall execute a subscription agreement by which they shall undertake to pay to the corporation on demand of its board of trustees the full amount of the subscription which they make to its capital stock. A certificate showing the amount of stock to which each subscriber is entitled shall be issued to him, and such subscription and the certificate thereof shall not be transferable except with the consent of the holders of two-thirds of the capital stock of the corporation until such subscription is fully paid.

Capital  
stock.

Liability of subscribers.

SEC. 4. The board of trustees of the company may call for the amount of unpaid subscriptions from time to time as in their discretion seems best until the full amount of the subscription shall have been paid in. If a subscriber fails to pay any call made upon his subscription within thirty (30) days after the receipt by him of notice of the call, his subscription may be sold by the corporation in such manner as the by-laws of the company shall provide. The purchaser of the subscription at such sale shall be entitled to a certificate showing his purchase and the amount of capital stock to which he has become entitled thereby and shall thereupon be subrogated to all the rights and liabilities of the original subscribers, including the liability for any further calls which may be made upon the subscriptions. Such sale, however, shall not operate to release the original subscriber from his liability for any unpaid portion of his subscription, and no sale made by him of his certificate or shares in the corporation shall release him from liability for any portion of his unpaid subscription.

Subscription may be sold on failure to pay.

Sale not to release original subscriber.

Reserve fund.

SEC. 5. Before transacting any business the company must create a reserve fund equal to at least twenty (20) per centum of its capital stock. Such reserve fund may be created from the sums paid in on account of the capital stock or from any other source the corporation may desire. Said reserve fund shall be invested in United States bonds or in the bonds or warrants of this State or of any county, municipality or school district created under the laws of this State. Said reserve fund shall never be depleted for any purpose, and the securities in which it is invested shall be deposited with some trust company organized and doing business under the laws of this State, in trust for the benefit of any creditors of the corporation. When the corporation has incurred liabilities to the amount of one million (\$1,000,000) dollars gross the reserve fund must be increased to an amount not less than ten (10) per centum of the capital stock of the corporation, and for each additional million dollars gross liability an additional ten (10)

per centum must be added to the reserve fund, until such time as the entire capital stock shall have been paid in.

SEC. 6. The corporation may from time to time, from the accumulated premiums and profits of its business, or from any other source that the corporation may desire, create a surplus fund which shall be invested in approved securities and held available for the necessary and actual expenses of the corporation, and the payment of its liabilities and such dividends as shall from time to time be legally declared: *Provided*, That until the full amount of the capital stock is fully paid there shall be no dividends declared, except such as may be applied upon the payment of the several subscriptions to its capital stock.

Surplus fund.

SEC. 7. Corporations formed hereunder shall be under the supervision of the Secretary of State until such time as the Legislature of the State may create the office of an Examiner of Banks and upon the creation of such office they shall come under the supervision of such officer. Before transacting business the subscription list of the corporation, the articles of incorporation and its by-laws shall be submitted to the examining officer. He shall inquire into the solvency of the subscribers to the capital stock, and if he believes them or any of them to be insolvent and unable to meet the subscription to such capital stock, he shall refuse to permit the corporation to transact business until it shall have secured solvent subscribers for the whole of its capital stock. He shall also examine and approve the articles of incorporation and by-laws, and may require such changes therein as he deems necessary for the protection of the stockholders of the company or of those to whom it may incur liability. When satisfied that the corporation is properly qualified to transact business he shall issue to it a certificate authorizing it to enter upon the transaction of the business for which it was created.

Supervision by Secretary of State.

Articles of incorporation and by-laws.

SEC. 8. Any corporation formed hereunder shall annually, on December 31st, and as often during the year, as the examining officer may require, submit to him a statement, verified under the oath of the president or vice-president and secretary, showing the amount that has been

Annual statement.

paid in upon its capital stock; the amount of its liability upon existing bonds, undertakings, recognizances and obligations of like character, upon which it is surety; the amount of its reserve fund and the securities in which it is invested; the amount of its surplus fund and the securities in which it is invested; and such other facts as may be required by the examining officer. Such surety company shall pay to such Bank Examiner a fee of \$50.00 which shall be paid into the general fund, for each such examination: *Provided*, Such surety company shall not be required to pay for more than one examination in any year.

Fee for examination.

Examination.

SEC. 9. Any corporation formed hereunder shall be liable to examination by the examining officer at any time. For such examination he shall receive the fee required to be paid for the examination of banks, such fee to be paid by the corporation at the time of examination. At least once in each year, the examining officer shall examine the securities in which the reserve fund of the corporation is invested. If at any time he shall find that the reserve fund has fallen below the sum required by law, or is invested in securities not permitted by the provisions of this act he shall immediately order the corporation to cease the transaction of business until it shall have complied with this act; and, if it shall fail or refuse to comply with his demand within twenty (20) days, he shall bring suit in the name of the State upon his relation to forfeit the right of such corporation to exist. The Attorney General shall prosecute all suits brought hereunder.

Certificate.

SEC. 10. The certificate of the examining officer that any corporation formed hereunder has complied with the provisions of this act and is authorized to do business as a surety company, shall be conclusive evidence of such qualification and of its authorization to become and be accepted as sole surety on all bonds, undertakings, or obligations required or permitted by law or by the charter, ordinance, rules, or regulations of any municipality, board, body, organization or public officer: *Provided, however*, That whenever the examining officer shall have required any such corporation to cease the transaction of business,

such fact may be shown by any proper evidence, and there-upon such company shall not be accepted as surety upon any bond.

Passed the Senate March 5th, 1907.

Passed the House March 12th, 1907.

Approved by the Governor March 15th, 1907.

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## CHAPTER 203.

[S. B. 184.]

### AMENDING ACT CREATING BUREAU OF LABOR.

AN ACT to amend section 8 of an act entitled, "An act creating a Bureau of Labor, defining its duties, abolishing the office of Assistant Labor and Factory, Mill and Railway Inspector, repealing chapter XXIX of the Laws of 1897; making an appropriation and declaring an emergency;" Approved March 16, 1901.

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

SECTION 1. That section 8 of an act entitled "An Act creating a Bureau of Labor, defining its duties, abolishing the office of Assistant Labor and Factory, Mill and Railway Inspector, repealing chapter XXIX of the Laws of 1897; making an appropriation and declaring an emergency;" approved March 16, 1901, be and the same is hereby amended to read as follows:

SEC. 8. The salary of the Commissioner of Labor, provided for in this act shall be twenty-four hundred (2,400) dollars per annum, and he shall be allowed his actual and necessary traveling expenses; and any assistant of said Commissioner of Labor shall be paid for each full day service rendered by him, such compensation as the Commissioner of Labor may deem proper, but no such assistant shall be paid to exceed four (\$4.00) dollars per day, and his actual and necessary traveling expenses.

Compensation of Commissioner and assistants.

Passed the Senate February 18th, 1907.

Passed the House March 8th, 1907.

Approved by the Governor March 15th, 1907.