

failure to comply with such order, the commissioner shall forthwith revoke the license of such offending company, agent, solicitor or broker, and no renewal of the license so revoked shall be granted within three years from the date of the revocation.

Revocation  
of license.

Passed the Senate February 20, 1915.

Passed the House March 9, 1915.

Approved by the Governor March 16, 1915.

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## CHAPTER 98.

[S. B. 182.]

### ADMINISTRATION OF BANKS AND TRUST COMPANIES BY STATE BANK EXAMINER.

AN ACT relating to banks and trust companies, prescribing the powers and duties of the state bank examiner in reference to the taking possession and the administration thereof, and repealing sections 3303, 3304, 3305, 3306, 3309, 3357, and 3358 of Remington & Ballinger's Annotated Codes and Statutes of Washington and declaring an emergency.

Repeals  
Rem.-Bal.  
§§ 3303-3306,  
3309, 3357,  
3358.

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

SECTION 1. Whenever it shall appear to the state bank examiner from any report, examination or otherwise that any bank or trust company has been guilty of violating any provision of law, or is conducting its business in an unsafe manner or is in an unsafe or unsound condition, or that it is unsafe or inexpedient for such bank or trust company to continue business, or if any bank or trust company shall refuse to submit its books, papers and concerns to the inspection of the state bank examiner or any examiner appointed by him, or if any director or officer thereof shall refuse to submit to be examined on oath touching the concerns of such bank or trust company, the state bank examiner may direct such bank or trust company to cease conducting its business in such unlawful, unsafe, unsound or inexpedient manner or if he shall deem necessary, he may take possession of such bank or trust company and administer the same as herein provided.

Authority  
to bank  
examiner  
to take  
possession.

Notice of  
possession by  
examiner.

SEC. 2. Upon taking possession of the property and business of any such bank or trust company, the state bank examiner shall forthwith give written notice of such fact to all banks, trust companies, associations and individuals holding or in possession of any assets of such bank or trust company. No bank, trust company, association or individual knowing that the state bank examiner has taken possession of such bank or trust company shall have a lien or charge for any payment advanced or any clearance thereafter made, or liability thereafter incurred, against any of the assets of the bank or trust company of whose property and business the state bank examiner shall have taken possession. Such bank or trust company may, with the consent of the state bank examiner, resume business upon such conditions as may be approved by him.

Resumption  
of business.

Liquidation  
by examiner.

SEC. 3. Upon taking possession of the property and business of any bank or trust company, the state bank examiner is authorized to collect money due to such bank or trust company, and do such other acts as are necessary to preserve its assets and business and shall proceed to liquidate the affairs thereof, as hereinafter provided. The state bank examiner shall collect all debts due and claims belonging to it and, upon the order of the superior court of the State of Washington in and for the county in which the office of such bank or trust company is located, may sell or compound all bad or doubtful debts, and, on like order, may sell all the real estate and personal property of such bank or trust company, on such terms as the court shall direct; and the state bank examiner, upon the terms of sale or compromise directed by the court, shall execute and deliver to the purchaser of such real or personal property such deeds or instruments as shall be necessary to evidence the passing of the title; and if said real estate is situated outside the county in which the office of the bank or trust company is located, a certified copy of such order, authorizing and ratifying said sale, shall be filed in the office of the recorder of conveyances of the county within which said property is situated; and may, if necessary to

Conveyances  
under order  
of court.

pay the debts of such bank or trust company, enforce the individual liability, if any, of the stockholders. The state bank examiner shall under his hand and official seal appoint one or more special deputy state bank examiners, as agent or agents, to assist him in the duty of liquidation and distribution, a certificate of appointment to be filed in the office of the state bank examiner and a certified copy in the office of the clerk of the county in which the office of such bank or trust company is located. The state bank examiner shall require from such agent or agents such surety for the faithful discharge of their duties as he may deem proper.

Appointment  
of special  
deputies.

The state bank examiner may employ an attorney for legal assistance in taking charge of any bank or trust company, or administering the affairs thereof.

Employment  
of attorney.

SEC. 4. The state bank examiner shall cause notice to be given by advertisement in such newspaper as he may direct weekly for three consecutive months, calling on all persons who may have claims against such bank or trust company to present the same to the state bank examiner and to make legal proof thereof at a place and within a time not later than the last day of publication to be therein specified. The state bank examiner shall mail a similar notice to all persons whose names appear as creditors upon the books of the bank or trust company. If the state bank examiner doubts the justice and validity of any claim, he may reject the same and serve notice of such rejection upon the claimants, either by mail or personally, and an affidavit of the service of such notice, which shall be *prima facie* evidence thereof, shall be filed in his office. An action upon a claim so rejected must be brought within three months after such service. Claims presented and allowed after the expiration of the time fixed in the notice to creditors shall be entitled to be paid the amount of all prior dividends therein if there be funds sufficient therefor and share in the distribution of the remaining assets in the hands of the state bank examiner equitably applicable thereto.

Notice to  
present  
claims.

Action on  
rejected  
claims.

Payment  
of claims.

Expenses of liquidation.

SEC. 5. The expenses incurred by the state bank examiner in the liquidation of any bank or trust company in accordance with the provisions of this act shall include the expenses of deputy or assistants, clerks and examiners employed in such liquidation, together with reasonable attorney fees for counsel employed by said state bank examiner, and the reasonable compensation of any special deputy and assistants placed in charge of such bank or trust company, in the course of such liquidation. Such compensation and expenses of counsel, of deputies or assistants, clerks and examiners in the liquidation of any bank or trust company and all expenses of supervision and liquidation shall be fixed by the state bank examiner, subject to the approval of said court. The expense of such liquidation shall be paid out of the property of such bank or trust company in the hands of the state bank examiner and such compensation and expenses shall be a valid charge against the property in the hands of said state bank examiner and shall be paid first, in the order of priority.

Inventory.

SEC. 6. Upon taking possession of the property and assets of any bank or trust company, the state bank examiner shall make an inventory of the assets of such bank or trust company, in duplicate, one to be filed in the office of the state bank examiner and one in the office of the clerk of the county in which the office of such bank or trust company is located; upon the expiration of the time fixed for the presentation of claims, the state bank examiner shall make in duplicate a full and complete list of the claims presented, including and specifying such claims as have been rejected by him, of which one shall be filed in the office of the state bank examiner and one in the office of the clerk of the county in which the office of such bank or trust company is located. And the state bank examiner shall in like manner make and file supplemental lists, showing all claims presented subsequent to the filing of the first list, such supplemental lists to be filed at least fifteen days before the declaration of any dividend; and in any event such supplemental lists shall be filed at intervals of not

Supplemental lists.

Time of filing.

exceeding six months. Such inventory and list of claims shall be open at all reasonable times for inspection.

SEC. 7. At any time after the expiration of the date fixed for the presentation of claims the state bank examiner may, out of the funds remaining in his hands after the payment of expenses, declare one or more dividends, and after the expiration of one year from the first publication of notice to creditors, he may declare a final dividend, such dividends to be paid to such persons and in such amounts and upon such notice as may be directed by the said court.

SEC. 8. Objection to any claim not rejected by the state bank examiner may be made by any party interested by filing a copy of such objection with the state bank examiner, who shall present the same to the said court, upon written notice to the party filing the same, said notice setting forth the time and place of the presentation. The court upon return day of said notice shall hear the objections raised to said claim, or refer the determination of said objections to a referee for a report, or, upon demand of either the state bank examiner or the party filing the objections, direct that the issues be tried before a jury. The court may make proper provision for unproved or unclaimed deposits.

Objections  
to claims.

Trial.

Unclaimed  
deposits.

SEC. 9. Whenever any such bank or trust company of whose property and business the state bank examiner has taken possession, as aforesaid, deems itself aggrieved thereby, it may at any time within ten days after taking possession apply to the said court, to enjoin further proceedings, and said court, after citing the state bank examiner to show cause why further proceedings shall not be enjoined, and hearing the allegations and proofs of the parties and determining the facts, may, upon the merits, dismiss such application or enjoin the state bank examiner from further proceedings and direct him to surrender such business and property to such bank or trust company.

Injunction  
against bank  
examiner.

SEC. 10. No receiver shall be appointed by any court, nor shall any deed of assignment for the benefit of credi-

Receiverships  
and assign-  
ments.

tors be filed in any court within this state, for any bank or trust company doing business under the laws of this state except upon notice to the state bank examiner, unless in case of urgent necessity it becomes in the judgment of the court necessary so to do in order to preserve the assets of such bank or trust company. The state bank examiner may, within five days after the service of such notice upon him take possession of such bank or trust company, in which case, no further proceedings shall be had upon such application for the appointment of receiver or under such deed of assignment, or if a receiver has been appointed or such assignee shall have entered upon the administration of his trust, such appointment shall be vacated or such assignee shall be removed upon application of the state bank examiner to the proper court therefor, and the state bank examiner shall proceed in all such cases to administer the assets of such bank or trust company as herein provided.

Ouster of receiver or assignee by examiner.

SEC. 11. Whenever the state bank examiner shall have paid to each depositor and creditor of such bank or trust company (not including stockholders) whose claim or claims as such depositor or creditor shall have been duly proved and allowed, the full amount of such claims, and shall have made proper provision for unclaimed or unpaid deposits or dividends, and shall have paid all the expenses of the liquidation, the state bank examiner shall call a meeting of the stockholders of such bank or trust company, by giving notice thereof for thirty days in one or more newspapers published in the county wherein the office of such bank or trust company is located.

Meeting of stockholders to be called.

At such meeting the stockholders shall determine whether the state bank examiner shall continue to administer its assets and wind up the affairs of such bank or trust company, or whether an agent or agents shall be elected for that purpose; and in so determining the said stockholders shall vote by ballot in person, or by proxy, each share entitling the holder to one vote, and the majority of the stock shall be necessary to a determination.

Determination of future administration.

In case it is determined to continue the liquidation under the state bank examiner, he shall complete the liquidation of the affairs of such bank or trust company, and after paying the expenses thereof shall distribute the proceeds among the stockholders in proportion to the several holdings of stock, in such manner and upon such notice as may be directed by the said court.

Winding up  
affairs.

SEC. 12. In case it is determined to appoint an agent or agents to liquidate, the stockholders shall thereupon select such agent or agents by ballot, a majority of the stock present and voting, in person or by proxy, being necessary to a choice. Such agent or agents shall file with the state bank examiner a bond to the State of Washington, in such amount and with such sureties as shall be approved by the state bank examiner, for the faithful performance of all the duties of his or their trust, and thereupon the state bank examiner shall transfer to such agent or agents all the undivided or uncollected or other assets of such bank or trust company then remaining in his hands; and upon such transfer and delivery the said state bank examiner shall be discharged from all further liability to such bank or trust company and its creditors.

Liquidating  
agent.

Bond.

Transfer  
to agent.

SEC. 13. Such agent or agents shall convert the assets coming into his or their possession into cash and shall account for and make distribution of the property of such bank or trust company as herein provided in the case of distribution by the state bank examiner, except that the expenses thereof shall be subject to the direction and control of the court.

Distribution  
by agent.

In case of death or removal or refusal to act of any such agent or agents, the stockholders may elect a successor as hereinbefore provided, who shall have the same powers and be subject to the same liabilities and duties as the agent or agents originally elected.

Election of  
successor.

SEC. 14. Dividends and unclaimed deposits remaining in the hands of the state bank examiner for six months after the order for final distribution shall be by him deposited in one or more banks or trust companies under his

Deposit of  
unclaimed  
money.

supervision, to the credit of the state bank examiner in his name of office, in trust for the several depositors or creditors entitled thereto. The state bank examiner may pay over the moneys so held by him to the persons respectively entitled thereto, upon being furnished satisfactory evidence of their right to the same. In case of doubt or conflicting claims, he may apply to the said court for an order authorizing and directing the payment thereof. He may apply the interest earned by the money so held by him towards defraying the expenses of the payment and distribution of such unclaimed deposits or dividends to the depositors and creditors entitled to receive the same and he shall include in his annual report to the governor a statement of the amount of interest earned by such unclaimed dividends.

Payment.

Application of interest earned.

SEC. 15. Any bank or trust company doing business under the state supervision may place its business and assets under the control of the state bank examiner to be liquidated, as herein provided, by posting a notice on its doors as follows: "This bank (trust company) is in the hands of the state bank examiner." Immediately upon posting such notice, an executive officer of such bank or trust company shall notify the state bank examiner of such action by telegraph and mail. The posting of the notice or the taking possession of any bank or trust company by the state bank examiner shall be sufficient to place all of its assets and property of whatever nature in the possession of said state bank examiner and shall operate as a bar to any attachment proceedings.

Posting notice of control of examiner.

SEC. 16. If the state bank examiner shall discover, upon taking charge of a bank or trust company, as herein provided, that such bank or trust company is only temporarily embarrassed for want of available funds, and that in his opinion such bank or trust company's assets are sufficient to pay its liabilities, leaving its capital unimpaired, or if the stockholders of such bank or trust company will arrange to make good its capital, if impaired, he may permit the officers and directors of such bank or trust com-

Temporary embarrassment.

pany to arrange with its depositors and creditors for extension of time for payment of said depositors and creditors and the resumption of business by said bank or trust company. And when the state bank examiner shall be satisfied that the capital of said bank or trust company has been made good and that it is solvent and has funds on hand with which to meet the demands made on it in the ordinary way and that it has arranged with its depositors and creditors for such extension of time as to enable said bank or trust company to realize on its assets to meet such obligations, he may at any time within ninety days after taking charge of such bank or trust company permit the same to resume business: *Provided, however,* that such bank or trust company shall first pay all the expenses, costs, compensation and charges of the state bank examiner and his employees, in this act provided for, incurred in so taking charge of and looking after the affairs of said bank or trust company during the time it was under his control.

Extension  
of time.

Resumption  
of business.

Payment of  
examiner's  
expenses.

SEC. 17. Any bank or trust company doing business under the provisions of this act may go into voluntary liquidation by vote of its stockholders owning two-thirds of its capital stock. Such bank or trust company shall first obtain the written consent of the state bank examiner; and he may, if he deems it advisable, before granting such request, make or cause to be made a special examination of the condition and affairs of such bank or trust company, for which examination the fees provided for by law for examinations shall be collected. Whenever a vote is taken, authorizing the voluntary liquidation of a bank or trust company, it shall be the duty of the board of directors to cause to be published in a newspaper of general circulation of the city, town or county in which such bank or trust company is located at least once a week for four consecutive weeks, notice of such fact and notifying creditors to present their claims against said bank or trust company for payment.

Voluntary  
liquidation.

Examiner's  
consent  
necessary.

Publication  
of notice.

Transfer  
of assets on  
consolidation.

SEC. 18. A state bank or trust company which is in good faith winding up its business for the purpose of consolidation with some other bank or trust company may transfer its assets and liabilities to the bank or trust company with which it is in process of consolidation, upon receiving written consent of the state bank examiner and not otherwise. And any bank or trust company in the process of voluntary liquidation may transfer its depositors' liabilities to some other bank or trust company and surrender its certificate of authority to the state bank examiner, but no such transfer shall be made without first having obtained the written approval and consent of the state bank examiner, and then only upon such terms and conditions as he shall require.

Transfer on  
liquidation.

Repealing  
clause.

SEC. 19. That sections 3303, 3304, 3305, 3306, 3309, 3357 and 3358 of Remington & Ballinger's Annotated Codes and Statutes of Washington be repealed.

Emergency  
vetoed.

SEC. 20. This act is necessary for the immediate preservation of the public peace, health and safety and shall take effect immediately.

Passed by the Senate March 3, 1915.

Passed by the House March 10, 1915.

Sections 1 to 19, inclusive, approved by the Governor March 16, 1915.

Section 20 vetoed by the Governor March 16, 1915.