

in favor of said J. J. Quirk in accordance with the provisions of Sections 1 and 2 of this act.

Passed the Senate March 7, 1919.

Passed the House March 11, 1919.

Permitted to become a law without the signature of the Governor.
I. M. HOWELL, *Secretary of State.*

CHAPTER 209.

[S. B. 136.]

AMENDMENTS OF BANK AND TRUST COMPANY LAW.

AN ACT relating to banking and trust business, the organization, regulation, management and dissolution of banks and trust companies, relating to the office of bank commissioner, providing penalties, and amending sections 2, 3, 5, 7, 9, 15, 23, 24, 28, 33, 36, 37, 40, 47, 49, 75 and 80 of chapter 80 of the Laws of 1917.

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

SECTION 1. The official title of the state bank examiner is hereby changed to "bank commissioner". The term "state bank examiner" whenever used in the laws of this state shall be held and construed to mean the bank commissioner. The terms "bank examiner" and "examiner" wherever used in the laws of this state where from the context of the law is meant the state bank examiner shall be held and construed to mean the bank commissioner. The terms "deputy state bank examiner", "deputy examiner", or "deputy" and "deputy state bank examiners", "deputy examiners", or "deputies" wherever used in the laws of this state shall be held and construed to mean bank examiner and bank examiners respectively. The terms "examiner" and "examiners" wherever used in the laws of this state where from the context of the law is meant

Title of
"bank ex-
aminer"
changed to
"bank com-
missioner."

Changes in
titles of
deputies.

the deputy state bank examiner or deputy state bank examiners shall be held and construed to mean bank examiner and bank examiners respectively.

SEC. 2. That section 2 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 2. The bank commissioner may appoint a deputy bank commissioner and one or more bank examiners, removable by him at will, who shall have the same qualifications and, subject to the supervision of said bank commissioner, possess the same powers. He may also employ other necessary assistance. In the case of the absence or inability to act, or vacancy in the office of the bank commissioner for thirty consecutive days, the deputy bank commissioner shall have all the powers and duties of bank commissioner until the inability of the bank commissioner shall be removed or until a new bank commissioner shall have been appointed by the governor.

Deputy
bank com-
missioner
and bank
examiners.

SEC. 3. That section 3 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 3. The bank commissioner shall receive a salary of five thousand dollars (\$5,000.00) a year. The deputy bank commissioner shall receive a salary of three thousand six hundred dollars (\$3,600.00) a year. Each bank examiner may receive a salary of three thousand dollars (\$3,000.00) a year.

Salaries.

Before entering upon his office, the bank commissioner, the deputy bank commissioner and each bank examiner shall take and subscribe an oath faithfully to discharge the duties of his office and shall each execute to the state a bond to be approved by the governor in the sum of twenty-five thousand dollars (\$25,000.00), with a surety company authorized to do business in this state, as surety, conditioned for the faithful performance of his duties.

Oaths and
bonds.

The premiums on such bonds shall be paid by the state. Such oaths and bonds shall be filed with the secretary of state. Neither the bank commissioner, the deputy bank commissioner nor any bank examiner shall be personally liable for any act done by him in good faith in the performance of his duties.

SEC. 4. That section 5 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 5. Every bank and trust company shall make at least three regular reports each year to the bank commissioner, as of the dates which he shall designate, according to form prescribed by him, verified by the president, manager or cashier and attested by at least two directors, which shall exhibit under appropriate heads the resources and liabilities of such corporation. The dates designated by the bank commissioner shall be the dates designated by the comptroller of the currency of the United States for reports of national banking associations. Each such report in condensed form, to be prescribed by the bank commissioner, shall be published once in a newspaper of general circulation, published in a place where the corporation is located, or if there be no newspaper published in such place, then in some newspaper published in the same county.

Bank and
trust com-
pany reports.

Every such corporation shall also make such special reports as said bank commissioner shall call for.

SEC. 5. That section 7 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 7. It shall be the duty of the bank commissioner, the deputy bank commissioner or a bank examiner without previous notice to visit each bank and each trust company at least once in each year and oftener if necessary, for the purpose of making a full investigation into the condition of such cor-

Examina-
tion of
banks and
trust
companies.

poration, and for that purpose they are hereby empowered to administer oaths and to examine under oath any director, officer, employe or agent of such corporation. Said bank commissioner may make such other full or partial examinations as he deems necessary. The bank commissioner may, in his discretion, accept in lieu of the examinations required in this section the examinations required under the terms of the federal reserve act for banks which are, or may become, members of a federal reserve bank. Any wilful false swearing in any examination shall be perjury.

Perjury.

SEC. 6. That section 9 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 9. Neither the bank commissioner nor any person connected with his office shall disclose any information obtained from any bank or trust company to any person not connected with such office, except federal, federal reserve bank, state or clearing house bank examiners, or to proper officials legally empowered to investigate criminal charges, or except as is otherwise required by law. Every person who shall violate any provision of this section shall forfeit his office or employment and shall also be guilty of a gross misdemeanor.

Disclosure of information.

Penalty.

SEC. 7. That section 15 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 15. No person shall engage in banking except in compliance with and subject to the provisions of this act, except it be a national bank or except in so far as it may be authorized so to do by the laws of this state relating to mutual savings banks, nor shall any corporation engage in a trust business except in compliance with and subject to the provisions of this act, nor shall any bank engage in a trust business, except as herein authorized, nor shall any bank or trust company establish

Banks excluded from act.

any branch. The practice of collecting or receiving deposits or cashing checks at any place or places other than the place where the usual business of a bank or trust company and its operations of discount and deposits are carried on shall be held and construed to be establishing a branch: *Provided, however,* That any bank or trust company may participate in membership in the federal reserve banking system of the United States and may to that end comply with any requirements or laws of the United States or any rules or regulations duly promulgated pursuant thereto, anything elsewhere in this act to the contrary notwithstanding.

Branch
banking.Federal
reserve
membership.

SEC. 8. That section 23 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 23. Upon the issuance of a certificate of authority to a bank, the persons named in the articles of incorporation and their successors shall thereupon become a corporation and shall have power:

Corporate
powers of
banks.

1. To adopt and use a corporate seal.
2. To have succession for the term of years mentioned in its articles of incorporation.
3. To make contracts.
4. To sue and be sued, the same as a natural person.
5. To elect directors who, subject to the provisions of the corporation's by-laws, shall have power to appoint such officers as may be necessary or convenient, to define their powers and duties and to dismiss them at pleasure, and who shall also have general supervision and control of the affairs of such corporation.
6. To prescribe by its stockholders by-laws not inconsistent with law, regulating the manner in which its stock shall be transferred, its directors and officers elected or appointed, its stockholders

convened for general or special meetings, its property transferred, its general business conducted and the privileges granted to it by law exercised and enjoyed.

7. To discount and negotiate promissory notes, drafts, bills of exchange and other evidences of debt, to receive deposits of money and commercial paper, to lend money on real or personal security, to buy and sell bullion, coins and bills of exchange.

8. To take and receive as bailee for hire upon terms and conditions to be prescribed by the corporation, for safe keeping and storage, jewelry, plate, money, specie, bullion, stocks, bonds, mortgages, securities and valuable paper of any kind and other valuable personal property, and to rent vaults, safes, boxes and other receptacles for safe keeping and storage of personal property.

9. If the bank be located in a city of not more than five thousand inhabitants, to act as insurance agent.

SEC. 9. [Vetoed.]

SEC. 10. That section 28 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 28. A state bank or trust company may, upon first notifying the bank commissioner of such intention, reorganize under the laws of the United States as a national bank. As soon as it shall have obtained a certificate authorizing it to commence business under the United States banking laws, it shall retain and hold all the assets, real and personal, which it acquired during its existence under this act, and shall hold the same subject to all existing liabilities against such bank or trust company at the time of its reorganization and it shall supply the bank commissioner with a copy of its certificate of authority as a national banking association certified to by its president and cashier.

Acting as
insurance
agent.

Reorgani-
zation as
national
bank.

SEC. 11. [Vetoed.]

SEC. 12. [Vetoed.]

SEC. 13. [Vetoed.]

SEC. 14. That section 40 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 40. A foreign corporation, whose name contains the words "bank", "banker", "banking", or "trust", or whose articles of incorporation empower it to do a banking or trust business and which desires to engage in the business of loaning money on mortgage securities or in buying and selling exchange, coin, bullion or securities in this state may do so, but only upon filing with the bank commissioner and with the secretary of state a certified copy of a resolution of its governing board to the effect that it will not engage in banking or trust business in this state, which copy shall be duly attested by its president and secretary. Such corporation shall also comply with the general corporation laws of this state relating to foreign corporations doing business herein.

Foreign companies not to engage in banking or trust business.

SEC. 15. That section 47 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 47. Any debt due a bank or trust company on which interest is one year or more past due and unpaid, unless such debt be well secured and in course of collection by legal process or probate proceedings, shall be considered a bad debt, and shall be charged off of the books of such corporation. A judgment held by a bank or trust company shall not be considered an asset of the corporation after two years from the date of its rendition unless with the written permission of the bank commissioner specifying an additional period: *Provided*, That time consumed by any appeal shall be excluded.

Bad debts.

Judgments as assets.

SEC. 16. That section 49 of chapter 80 of the Laws of 1917 be amended to read as follows:

Separate books for trust business.

Section 49. Every corporation doing a trust business shall maintain in its office a trust department in which it shall keep books and accounts of its trust business, separate and apart from its other business. Such books and accounts shall specify the cash, securities and other properties, real and personal, held in each trust, and such securities and properties shall be at all times segregated from all other securities and properties. Such corporation shall also cause each bond, warrant, note, mortgage, deed or other security of any nature to be labeled to indicate the trust to which it belongs. Any person connected with a bank or trust company who shall co-mingle any funds or securities of any kind held by such corporation in trust, for safe keeping or as agent for another, with the funds or assets of the corporation shall be guilty of a felony.

Securities labeled to indicate trusts.

Penalty for commingling funds.

SEC. 17. That section 75 of chapter 80 of the Laws of 1917 be amended to read as follows:

Transfer of assets and liabilities.

Section 75. A bank or trust company may for the purpose of consolidation or voluntary liquidation transfer its assets and liabilities to another bank or trust company, by a vote of the stockholders owning two-thirds of its capital stock, but only with the written consent of the commissioner and upon such terms and conditions as he may prescribe. Upon any such transfer being made, or upon the liquidation of any such corporation for any cause whatever, or upon its being no longer engaged in the business of a bank or trust company, the commissioner shall terminate its certificate of authority, which shall not thereafter be revived or renewed. When the certificate of authority of any such corporation shall have been revoked, it shall forthwith collect and distribute its remaining assets, and when that is done the bank commissioner

Revocation of authority.

shall certify the fact to the secretary of state, whereupon the corporation shall cease to exist and the secretary of state shall note that fact upon his records.

SEC. 18. That section 80 of chapter 80 of the Laws of 1917 be amended to read as follows:

Section 80. Every person who shall violate, or knowingly aid or abet the violation of any provision of this act for which no penalty has been prescribed, and every person who fails to perform any act which it is made his duty to perform herein and for which failure no penalty has been prescribed, shall be guilty of a misdemeanor. No person who has been convicted for the violation of the banking laws of this or any other state or of the United States shall be permitted to engage in or become an officer or official of any bank or trust company organized and existing under the laws of this state.

Penalty where not otherwise prescribed.

Convictions debarring from banking business.

SEC. 19. No loan shall be made by a bank or trust company unless it has on hand more than the minimum of available funds required by section 46 of chapter 80 of the Laws of 1917, and no loan shall be made if thereby its available funds be reduced to less than such minimum.

Loans below required minimum.

SEC. 20. Every officer, director, agent, employe or stockholder of any bank or trust company who shall, directly or indirectly, receive a bonus, commission, compensation, remuneration, gift, speculative interest or gratuity of any kind from any person, firm or corporation for granting, procuring or endeavoring to procure, for any person, firm or corporation, any loan by or out of the funds of such bank or trust company or the purchase or sale of any securities or property for or on account of such bank or trust company or for granting or procuring permission for any person, firm or cor-

Officer receiving bonus from bank's clients.

Penalty.

poration to overdraw any account with such bank or trust company, shall be guilty of a felony.

Passed the Senate March 7, 1919.

Passed the House March 11, 1919.

Approved by the Governor March 25, 1919, with the exceptions of sections 9, 11, 12 and 13, vetoed, March 25, 1919.