

thereof for dishonoring the instrument by non-payment.

Passed the Senate February 27, 1923.

Passed the House March 6, 1923.

Approved by the Governor March 14, 1923.

CHAPTER 115.

[H. B. 155.]

BANKS AND TRUST COMPANIES.

An Act relating to banks and trust companies, prescribing penalties, amending sections 3219, 3226, 3227, 3228, 3229, 3231, 3233, 3241, 3267, 3270, 3278, 3282, of Remington's Compiled Statutes, and amending Chapter I, Title XVIII of Remington's Compiled Statutes by adding a new section thereto to be known as section 3286-a.

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

SECTION 1. That Section 3219 of Remington's Compiled Statutes be amended to read as follows:

Section 3219. The supervisor of banking shall collect in advance the following fees:

For filing application for certificate of authority, or certificate conferring trust powers upon a state or national bank, or certificate increasing powers by adding a department thereto (for each department added).....	\$100.00
For filing articles of incorporation, or amendments thereof, or certified copies of articles of incorporation or other certificates required to be filed in his office.....	10.00
For issuing a certificate of increase or decrease of capital stock	10.00
For issuing each renewal certificate of authority.....	10.00
For furnishing copies of papers filed in his office, per folio	.20

Every bank or trust company shall also pay to the secretary of state or county auditor for filing any instrument with him the same fees as are required of general corporations for filing corresponding instruments, and also the same license fees as are required of general corporations.

Amends Rem. Comp. Stat. § 3219; Pierce's Code § 262.

Fees.

SEC. 2. That Section 3226 of Remington's Compiled Statutes be amended to read as follows:

Amends Rem. Comp. Stat. § 3226; Pierce's Code § 269.

Section 3226. When authorized by the supervisor of banking, as hereinafter provided, five or more natural persons, citizens of the United States, may incorporate a bank or trust company in the manner herein prescribed. No bank shall incorporate for less amount nor commence business unless it have a paid-in capital as follows:

Incorporation requirements.

In cities, villages or communities having a population of less than 2,000.....	\$15,000.00
In cities having a population of 2,000 and less than 5,000	25,000.00
In cities having a population of 5,000 and less than 25,000	50,000.00
In cities having a population of 25,000 and less than 100,000	100,000.00
In cities having a population of 100,000 or more.....	150,000.00

Provided That on request of any persons desiring to incorporate a bank in a city having a population of 25,000 or over, the supervisor of banking shall make an order defining the boundaries of the central business district of such city, which shall include the district in which is carried on the principal retail, financial and office business of such city and banks may be incorporated with a paid-up capital of not less than \$50,000 to be located in such city outside of the central business district of such city as defined by the order of the supervisor of banking, which shall be stated in its articles of incorporation, but any such bank which shall be hereafter incorporated to be located outside such central business district, which shall thereafter change its location into such central business district without increasing its capital stock and surplus to the amount required by then existing laws to incorporate a bank within such central business district, shall forfeit its charter and right to do business. Any such bank incorporated to be located outside the central business district of

such city shall not receive deposits to exceed in the aggregate ten times the amount of its paid-up and unimpaired capital stock and surplus. The supervisor of banking may from time to time change the boundaries of said central business district, if, in his judgment, such action is proper.

No trust company shall incorporate for a less amount, nor commence business unless it has a paid-in capital as follows :

Trust company.

In cities, villages or communities having a population	
of less than 25,000.....	\$50,000.00
In cities having a population of 25,000 and less than	
100,000	100,000.00
In cities having a population of 100,000 or more.....	200,000.00

In addition to the foregoing, each bank and trust company shall before commencing business have subscribed and paid in to it in the same manner as is required for capital stock, an additional amount equal to at least ten per cent of the capital stock above required. Such additional amount shall be carried in the undivided profit account and may be used to defray organization and operating expenses of the company. Any sum not so used shall be transferred to the surplus fund of the company before any dividend shall be declared to the stockholders.

Capital stock.

Amends Rem. Comp. Stat. § 3227; Pierce's Code § 270.

SEC. 3. That Section 3227 of Remington's Compiled Statutes be amended to read as follows :

Articles of incorporation.

Section 3227. Persons desiring to incorporate a bank or trust company shall execute articles of incorporation in quadruplicate, which shall be submitted for examination to the supervisor of banking at his office in Olympia.

Amends Rem. Comp. Stat. § 3228; Pierce's Code § 271.

SEC. 4. That Section 3228 of Remington's Compiled Statutes be amended to read as follows :

Contents of articles.

Section 3228. Articles of Incorporation shall state :

1. The name of such bank or trust company.

2. The city, village or locality and county where such corporation is to be located.

3. The nature of its business, whether that of a commercial bank, a savings bank or both or a trust company.

4. The amount of its capital stock, which shall be divided into shares of \$100.00 each.

5. The period for which such corporation is organized, which shall not exceed fifty years.

6. The names and places of residence of the persons who as directors are to manage the corporation until the first annual meeting of its stockholders, which meeting shall be held within six months after the issuance of the certificate of authority.

Such articles shall be acknowledged before an officer authorized to take acknowledgments.

SEC. 5. That Section 3229 of Remington's Compiled Statutes be amended to read as follows:

Section 3229. When articles of incorporation complying with the foregoing requirements have been received by the supervisor of banking, together with the fees required by law, he shall ascertain from the best source of information at his command and by such investigation as he may deem necessary, whether the character, responsibility and general fitness of the persons named in such articles are such as to command confidence and warrant belief that the business of the proposed bank or trust company will be honestly and efficiently conducted in accordance with the intent and purpose of this act, whether the resources in the neighborhood of such place and in the surrounding country afford a reasonable promise of adequate support for the proposed bank and whether the proposed bank or trust company is being formed for other than the legitimate objects covered by this act. After the supervisor shall have satisfied himself of the above facts, and, within sixty days after the receipt of such articles of incorporation for

Amends Rem.
Comp. Stat.
§ 3229;
Pierce's Code
§ 272.

Investigation.

Approved,
refused.

examination, he shall endorse upon each of the quadruplicates thereof, over his official signature, the word "Approved," or the word "Refused," with the date of such endorsement. In case of refusal he shall forthwith return one of the quadruplicates, so endorsed, to the person from whom the articles were received, which refusal shall be conclusive, unless the incorporators, within ten days of the issuance of such notice of refusal, shall appeal to the superior court of Thurston County, which appeal shall be triable *de novo* in said court. In case of approval the supervisor shall forthwith give notice thereof to the proposed incorporators and file one of the quadruplicate articles of incorporation in his own office, and shall transmit another quadruplicate to the county auditor of the county in which such bank or trust company is located, and another quadruplicate to the secretary of state, and the fourth quadruplicate to the incorporators. Upon receipt from the proposed incorporators of the same fees as are required for filing and recording other articles of incorporation the secretary of state and county auditor shall file such articles in their respective offices, and the secretary of state shall record the same. Upon the filing of articles of incorporation in quadruplicate, approved as aforesaid by the supervisor of banking, with the secretary of state and county auditor, all persons named therein and their successors shall become and be a corporation, which shall have the powers and be subject to the duties and obligations prescribed by this act, and whose existence shall continue for the period of fifty years from the date of the filing of such articles, unless sooner terminated pursuant to law; but such corporation shall not transact any business except as is necessarily preliminary to its organization until it has received a certificate of authority as provided herein.

Before any bank or trust company shall be authorized to do business, the supervisor of banking shall be satisfied that such corporation has a paid-in capital in the amount fixed by its articles of incorporation and by this act, that the requisite surplus or reserve fund has been accumulated or paid in cash, and that it has in good faith complied with all the requirements of law and fulfilled all the conditions precedent to commencing business imposed by this act. When so satisfied and within ninety days after the date upon which such proposed articles of incorporation were filed with him for examination, but in no case after the expiration of that period, the supervisor of banking shall issue under his hand and official seal, in quadruplicate, a certificate of authority for such corporation. The certificate shall state that the corporation therein named has complied with the requirements of law, that it is authorized to transact at the place designated in its articles of incorporation the business of a bank or trust company, or both, as the case may be. One of the quadruplicate certificates shall be transmitted by the supervisor to the corporation and the other three shall be filed by the supervisor in the same offices where the articles of incorporation are filed and shall be attached to said articles of incorporation, and the one filed with the Secretary of State shall be recorded.

Paid-in
capital.Certificate
of authority.

SEC. 6. That Section 3231 of Remington's Compiled Statutes be amended to read as follows:

Amends Rem.
Comp. Stat.
§ 3231;
Pierce's Code
§ 274.

Section 3231. Upon the issuance of a certificate of authority to a trust company, the persons named in the articles of incorporation and their successors shall thereupon become a corporation and shall have power:

Trust
companies.

1. To execute all the powers and possess all the privileges conferred on banks.

Powers.

2. To act as fiscal or transfer agent of the United States or of any state, municipality, body politic or corporation and in such capacity to receive and disburse money.

3. To transfer, register and countersign certificates of stock, bonds or other evidences of indebtedness and to act as attorney in fact or agent of any corporation, foreign or domestic, for any purpose, statutory or otherwise.

4. To act as trustee under any mortgage, or bonds, issued by any municipality, body politic, or corporation, foreign or domestic, or by any individual, firm, association or partnership, and to accept and execute any municipal or corporate trust.

5. To receive and manage any sinking fund of any corporation upon such terms as may be agreed upon between such corporation and those dealing with it.

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

7. 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 and to transact any business in relation thereto.

8. To act as receiver or trustee of the estate of any person, or to be appointed to any trust by any court, to act as assignee under any assignment for the benefit of creditors of any debtor, whether made pursuant to statute or otherwise, and to be the depository of any moneys paid into court.

9. 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 guardian of the estates

Executors of
will.

Guardian.

of lunatics, idiots, persons of unsound mind, minors 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 law of this state: *And, be it further provided,* That no trust company or other corporation which advertises that it will furnish legal advice, construct or prepare wills, or do other legal work for its customers, shall be permitted to act as executor, administrator or guardian; and any trust company or other corporation whose officers or agents shall solicit legal business or personally solicit the appointment of such trust company or corporation as executor, administrator or guardian shall be ineligible for a period of one year thereafter to be appointed executor, administrator or guardian in any of the courts of this state.

Any trust company or other corporation which advertises that it will furnish legal advice, construct or prepare wills, or do other legal work for its customers, and any officer, agent or employee of any trust company or corporation who shall solicit legal business or personally solicit the appointment of such trust company or corporation as executor, administrator or guardian shall be guilty of a gross misdemeanor.

Advertising
for legal
work
prohibited.

10. To execute any trust or power of whatever nature or description that may be conferred upon or entrusted or committed to it by any person or by any court or municipality, foreign or domestic corporation and any other trust or power conferred upon or entrusted or committed to it by grant, assignment, transfer, device, bequest or by any other authority and to receive, take, use, manage, hold and dispose of, according to the terms of such trusts or

powers any property or estate, real or personal, which may be the subject of any such trust or power.

Trusts.

11. Generally to execute trusts of every description not inconsistent with law.

12. To purchase, invest in and sell promissory notes, bills of exchange, bonds, debentures and mortgages and other securities and when moneys are borrowed or received for investment, the bonds or obligations of the company may be given therefor, but no trust company hereafter organized shall issue such bonds: *Provided*, That no trust company which receives money for investment and issues the bonds of the company therefor shall engage in the business of banking or receiving of either savings or commercial deposits: *And, provided*, That it shall not issue any bond covering a period of more than ten years between the date of its issuance and its maturity date: *And, provided further*, That if, for any cause, the holder of any such bond upon which one or more annual rate installments have been paid, shall fail to pay the subsequent annual rate installments provided in said bond such holder shall, on or before the maturity date of said bond, be paid not less than the full sum which he has paid in on account of said bond.

Amends Rem.
Comp. Stat.
§ 3233;
Pierce's Code
§ 276.

SEC. 7. That Section 3233 of Remington's Compiled Statutes be amended to read as follows:

Capital stock
increase,
decrease.

Section 3233. Any bank or trust 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 duly 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 bank or trust company and the proposed new capital. A certificate of the fact and the terms of the amendment shall be executed by a majority of the directors and filed as required herein for articles of incorporation. No increase of capital stock shall be valid, until the amount thereof shall have been subscribed and actually paid in and a certificate of increase received from the supervisor of banking. 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, nor diminish the personal liabilities of the stockholders until such reduction has been approved by said supervisor of banking, nor shall any reduction relieve any stockholder from any liability of the corporation incurred prior thereto. No amendment shall be made whereby a bank becomes a trust company unless such bank shall first receive permission from said supervisor of banking.

SEC. 8. That Section 3241 of Remington's Compiled Statutes be amended to read as follows:

Section 3241. Whenever the supervisor of banking shall notify the board of directors of a bank or trust company to levy an assessment upon the stock of such corporation and the holders of two-thirds of the stock shall consent thereto, such board shall, within ten days from the issuance of such notice, adopt a resolution for the levy of such assessment, and shall immediately upon the adoption of such resolution serve notice upon each stockholder, personally or by mail, at his last known address, to pay such assessment, and that if the same be not paid within twenty days from the date of the issu-

Amends Rem.
Comp. Stat.
§ 3241;
Pierce's Code
§ 284.

Enforced
assessments.

ance of such notice, his stock will be subject to sale and all amounts previously paid thereon shall be subject to forfeiture. If any stockholder fail within said twenty days to pay the assessment as provided in this section, it shall be the duty of the board of directors to cause a sufficient amount of the capital stock of such stockholder to be sold to make good the deficiency. The sale shall be held at such time and place as shall be designated by the board of directors and shall be either public or private, as the board shall deem best. At any time after the expiration of sixty days from the expiration of said twenty-day period the supervisor of banking may require any stock upon which the assessment remains unpaid to be cancelled and deducted from the capital of the corporation. If such cancellation shall reduce the capital of the corporation below the minimum required by this act or its articles of incorporation the capital shall, within thirty days thereafter be increased to the required amount by original subscription, in default of which the supervisor of banking may take possession of such corporation in the manner provided by law in case of insolvency.

Sale of stock
for
delinquency.

Amends Rem.
Comp. Stat.
§ 3267;
Pierce's Code
§ 310.

SEC. 9. That Section 3267 of Remington's Compiled Statutes be amended to read as follows:

Section 3267. Whenever it shall in any manner appear to the supervisor of banking that any offense or delinquency referred to in the preceding section renders a bank or trust company in an unsound or unsafe condition to continue its business or that its capital or surplus is reduced or impaired below the amount required by its articles of incorporation or by this act, or that it has suspended payment of its obligations or is insolvent, said supervisor of banking may notify such bank or trust company to levy an assessment on its stock or otherwise to make good such impairment or offense or other delinquency

Unsound or
unsafe
condition.

within such time and in such manner as he may specify or if he deems necessary he may take possession thereof without notice.

The board of directors of any such bank or trust company, with the consent of the holders of record of two-thirds of the capital stock expressed either in writing or by vote at a stockholders meeting called for that purpose, shall have power and authority to levy such assessment upon the stockholders *pro rata* and to forfeit the stock upon which any such assessment is not paid, in the manner prescribed in Section 8 of this act.

SEC. 10. That Section 3270 of Remington's Compiled Statutes be amended to read as follows:

Section 3270. The supervisor of banking shall publish once a week for four consecutive weeks in a newspaper which he shall select, a notice requiring all persons having claims against such corporation to make proof thereof at the place therein specified not later than ninety days from the date of the first publication of said notice, which date shall be therein stated. He shall mail similar notices to all persons whose names appear as creditors upon the books of the corporation. He may approve or reject any claims, but shall serve notice of rejection upon the claimant by mail or personally. An affidavit of service of such notice shall be *prima facie* evidence thereof. No action shall be brought on any claim after three months from the date of service of notice of rejection.

Claims of depositors may be presented after the expiration of the time fixed in the notice, and, if approved, shall be entitled to their proportion of prior dividends, if there be funds sufficient therefor, and shall share in the distribution of the remaining assets.

After the expiration of the time fixed in the notice the supervisor of banking shall have no power to

Amends Rem.
Comp. Stat.
§ 3270:
Pierce's Code
§ 313.

Insolvency,
claims.

Depositors.

accept any claim except the claim of a depositor, and all claims except the claims of depositors shall be barred.

Amends Rem.
Comp. Stat.
§ 3278;
Pierce's Code
§ 321.

SEC. 11. That Section 3278 of Remington's Compiled Statutes be amended to read as follows:

Dividends.

Section 3278. Any dividends to depositors or other creditors of such bank or trust company remaining uncalled for and unpaid in the hands of the supervisor of banking for six months after order of final distribution, shall be deposited in a bank or trust company to his credit, in trust for the benefit of the persons entitled thereto and subject to the supervision of the court shall be paid by him to them upon receipt of satisfactory evidence of their right thereto.

Escheat.

All moneys so deposited remaining unclaimed for five years after deposit shall escheat to the state for the benefit of the permanent school fund and shall be paid by the supervisor of banking into the state treasury. It shall not be necessary to have the escheat adjudged in a suit or action.

Amends Rem.
Comp. Stat.
§ 3282;
Pierce's Code
§ 325.

SEC. 12. That Section 3282 of Remington's Compiled Statutes be amended to read as follows:

Consolidation,
voluntary
liquidation.

Section 3282. 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, or with the written consent of the stockholders of record owning two-thirds of its capital stock, but only with the written consent of the supervisor of banking 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 supervisor of banking 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 supervisor of banking 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.

Revocation
of certificate.

SEC. 13. That Chapter I, Title XVIII of Remington's Compiled Statutes be amended by adding a new section thereto to be known as Section 3286-a to read as follows:

Section 3286-a. Every bank or trust company which shall violate or fail to comply with any provision of Chapter I, Title XVIII of Remington's Compiled Statutes or which shall violate or fail to comply with any lawful direction or requirement of the supervisor of banking, shall be subject, in addition to any penalty now provided by law, to a penalty of not more than one hundred dollars (\$100.00) for each offense, to be recovered by the attorney general in a civil action in the name of the state. In case of a continuing violation each day's continuance thereof shall be a separate and distinct offense.

Penalties.

Passed the House February 16, 1923.

Passed the Senate February 28, 1923.

Approved by the Governor March 15, 1923.