

CHAPTER 33.

[S. B. 4.]

BANKS AND TRUST COMPANIES.

AN ACT relating to banks and trust companies and other financial institutions; enacting a banks and trust companies code to be known as Title 30 of the Revised Code of Washington; providing penalties and repealing chapter 129, Laws of 1905; sections 1, 5 through 8, 10, 12, 14, 15 and 16 through 83, chapter 80, Laws of 1917; sections 1, 4, 5, and 7 through 20, chapter 209, Laws of 1919; chapter 73, Laws of 1921; chapter 129, Laws of 1905; sections 1, 5 through 8, 10, 12, 14, 15, 16 through 83; sections 1, 4, 5, and 7 through 20; chapter 73, Laws of 1921; chapter 94, Laws of 1921; chapter 114, Laws of 1923; chapter 115, Laws of 1923; chapter 44, Laws of 1925 extraordinary session; chapter 55, Laws of 1925 extraordinary session; chapter 114, Laws of 1925 extraordinary session; chapter 179, Laws of 1927; chapter 224, Laws of 1927; chapter 72, Laws of 1929; chapter 73, Laws of 1929; chapter 174, Laws of 1929; chapter 203, Laws of 1929; chapter 8, Laws of 1931; chapter 9, Laws of 1931; chapter 10, Laws of 1931; chapter 11, Laws of 1931; chapter 127, Laws of 1931; chapter 12, Laws of 1933; chapter 42, Laws of 1933; chapter 49, Laws of 1933; chapter 105, Laws of 1933; chapter 9, Laws of 1933 extraordinary session; chapter 42, Laws of 1935; chapter 43, Laws of 1935; chapter 93, Laws of 1935; chapter 31, Laws of 1937; chapter 48, Laws of 1937; chapter 61, Laws of 1937; chapter 59, Laws of 1939; chapter 61, Laws of 1939; chapter 16, Laws of 1941; chapter 38, Laws of 1941; chapter 41, Laws of 1941; chapter 55, Laws of 1943; chapter 114, Laws of 1943; chapter 142, Laws of 1943; chapter 143, Laws of 1943; chapter 148, Laws of 1943; chapter 167, Laws of 1943; chapter 187, Laws of 1943; chapter 69, Laws of 1945; chapter 204, Laws of 1945; chapter 100, Laws of 1947; chapter 129, Laws of 1947; chapter 131, Laws of 1947; chapter 132, Laws of 1947; chapter 146, Laws of 1947; chapter 147, Laws of 1947; chapter 148, Laws of 1947; chapter 149, Laws of 1947; chapter 221, Laws of 1947; chapter 18, Laws of 1951; chapter 23, Laws of 1951; chapter 132, Laws of 1951; chapter 218, Laws of 1951; chapter 226, Laws of 1951; chapter 234, Laws of 1953, and chapter 236, Laws of 1953; and declaring an emergency.

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

TITLE 30

BANKS AND TRUST COMPANIES

Chapter 30.04

GENERAL PROVISIONS

30.04.010 Definitions. Certain terms used in this title shall have the meanings ascribed in this section.

"Banking" shall include the soliciting, receiving or accepting of money or its equivalent on deposit as a regular business.

"Bank," unless a different meaning appears from the context, means any corporation organized under the laws of this state engaged in banking, other than a trust company or a mutual savings bank.

"Branch bank" means any office of deposit or discount maintained by any bank or trust company, domestic or otherwise, other than its principal place of business, regardless of whether it be in the same city or locality.

The term "trust business" shall include the business of doing any or all of the things specified in RCW 30.08.150 (2), (3), (4), (5), (6), (7), (8), (9), (10) and (11).

"Trust company," unless a different meaning appears from the context, means any corporation organized under the laws of this state engaged in trust business.

A "savings account" is an account of a bank in respect of which, by its regulations accepted by the depositor at the time the account is opened, (1) a passbook, certificate or other similar form of receipt must be presented to the bank whenever a deposit or withdrawal is made and (2) the depositor at any time may be required by the bank to give notice of an intended withdrawal before the withdrawal is made.

"Savings bank" shall include (1) any bank whose deposits shall be limited exclusively to savings accounts, and (2) the department of any bank or trust company that accepts, or offers to accept, deposits for savings accounts in accordance with the provisions of this title relative to segregated savings.

"Commercial bank" shall include any bank other than one exclusively engaged in accepting deposits for savings accounts.

"Person," unless a different meaning appears from the context, shall include a firm, association, partnership or corporation, or the plural thereof, whether resident, nonresident, citizen or not.

"Supervisor" means the state supervisor of banking.

"Foreign bank" and "foreign banker" shall include:

(1) Every corporation not organized under the laws of the territory or state of Washington doing a banking business, except a national bank;

(2) Every unincorporated company, partnership or association of two or more individuals organized under the laws of another state or country, doing a banking business;

(3) Every other unincorporated company, partnership or association of two or more individuals, doing a banking business, if the members thereof owning a majority interest therein or entitled to more than one-half of the net assets thereof are not residents of this state;

(4) Every nonresident of this state doing a banking business in his own name and right only.

30.04.020 Use of words indicating bank or trust company—Penalty. The name of every bank shall contain the word "bank" and the name of every trust company shall contain the word "trust," or the word "bank." No person except:

(1) A national bank;
 (2) A bank or trust company authorized by the laws of this state;
 (3) A foreign corporation authorized by this title so to do, shall
 (a) Use as a part of his or its name or other business designation or in any manner as if connected with his or its business or place of business any of the following words or the plural thereof, to wit: "bank," "banking," "banker," "trust."

(b) Use any sign at or about his or its place of business or use or circulate any advertisement, letterhead, billhead, note, receipt, certificate, blank, form, or any written or printed or part written and part printed paper, instrument or article whatsoever, directly or indirectly indicating that the business of such person is that of a bank or trust company.

Every person who, and every director and officer of every corporation which, to the knowledge of such director or officer violates any provision of this section shall be guilty of a gross misdemeanor.

30.04.030 Rules and regulations. The supervisor shall have power to adopt uniform rules and regulations to govern examinations and reports of banks and trust companies and the form in which they shall report their assets, liabilities, and reserves, charge off bad debts and otherwise keep their records and accounts, and otherwise to govern the administration of this title. He shall mail a copy of the rules and regulations to each bank and trust company at its principal place of business, and they shall be effective thirty days after the mailing thereof. The person doing the mailing shall make and file his affidavit thereof in the office of the supervisor.

30.04.040 Review of rules and regulations—Appeal. Any bank or trust company may, within thirty days after a rule or regulation has been served upon it, apply to the superior court of Thurston county for a writ of review to test its reasonableness or lawfulness. In every such hearing the burden shall be upon the corporation to establish the rule or regulation to be unreasonable or unlawful. Appeal may be taken to the supreme court as in other actions.

Pendency of the writ of review shall not stay the operation of the rule or regulation but the court may restrain or suspend it in whole or in part.

30.04.050 Violations—Penalty. Every bank and trust company and their officers, employees, and agents shall comply with the

rules and regulations. The violation of any rule or regulation in addition to any other penalty provided in this title, shall subject the offender to a penalty of one hundred dollars for each offense, to be recovered by the attorney general in a civil action in the name of the state. Each day's continuance of the violation shall be a separate and distinct offense.

30.04.060 Examinations directed. The supervisor, the deputy supervisor or a bank examiner without previous notice shall 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 corporation, and for that purpose they are hereby empowered to administer oaths and to examine under oath any director, officer, employee or agent of such corporation. Said supervisor may make such other full or partial examinations as he deems necessary. The supervisor 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 or the deposits of which are insured by the Federal Deposit Insurance Corporation. Any wilful false swearing in any examination shall be perjury.

30.04.070 Cost of examination. The supervisor shall collect from each bank, mutual savings bank, trust company or industrial loan company for each examination of its condition the estimated actual cost of such examination.

30.04.080 Reserved.

30.04.090 Minimum available funds required—Exception. Every bank and trust company shall have on hand at all times in available funds, not less than fifteen percent of its total deposits and one hundred percent of its uninvested trust funds; such sums may consist of balances due it from such banks or trust companies as the supervisor may approve, and actual cash or checks on solvent banks located in the same city. This section shall not apply to a corporation which is a member of the federal reserve banking system and duly complies with all of the reserve and other requirements of that system.

This Section amended by Sec. 1, Chap. 356, Laws of 1955.

30.04.100 Loans restricted by available funds. 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 law, and no loan shall be made if thereby its available funds be reduced to less than such minimum. During a period in which a savings bank is requiring notice of intention to withdraw deposits, it shall not make any loan or investment to which it is not irrevocably committed.

30.04.110 Limit of loans to one person—Exceptions. The total liability to any bank or trust company of any person for money borrowed, including in the liabilities of a firm or association the liabilities of the several members thereof, shall not at any time exceed ten percent of the capital and surplus of such bank or trust company; but the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper of solvent parties, actually owned by the person negotiating the same, shall not be considered as money borrowed by him: *Provided*, That loans secured by collateral security having an ascertained market value of at least fifteen percent more than the amount of the loans secured, shall not be limited by this section.

Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guaranties, or by commitments or agreements to take over or to purchase the same, made by any federal reserve bank or by the United States or any department, bureau, board, commission or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States.

30.04.120 Loans on own stock prohibited—Shares of other corporations. The shares of stock of every bank and trust company shall be deemed personal property. No such corporation shall hereafter make any loan or discount on the security of its own capital stock except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by any such bank or trust company for its own account of any shares of stock of any corporation, except a federal reserve bank of which such corporation shall become a member, and then only to the extent required by such federal reserve bank: *Provided*, That any such bank or trust company may purchase, acquire and hold shares of stock in any other corporation which shares have been previously pledged as security to any loan or discount made in good faith and such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith and stock so purchased or acquired shall be sold at public or private sale or otherwise disposed of within two years from the time of its purchase or acquisition; 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; in which case the stock so purchased or acquired shall be sold at public or private sale, or otherwise disposed of, within six months from the time of its purchase or acquisition. Banks and trust companies are authorized to make loans on the security of the capital stock of a bank or trust company other than the lending corporation.

30.04.130 Defaulted debts, judgments to be charged off. 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 the course of collection by legal process or probate proceedings, or unless such debt be represented by bonds having a determinable market value currently quoted on the New York stock exchange, shall be considered a bad debt, and shall be charged off of the books of such corporation. Such bonds shall be carried on the books of such corporation at such value as the supervisor may from time to time direct, but in no event shall such carrying value exceed the market value thereof. 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 supervisor specifying an additional period: *Provided*, That time consumed by any appeal shall be excluded.

30.04.140 Pledge of securities or assets prohibited—Exceptions. No bank or trust company shall pledge or hypothecate any of its securities or assets to any depositor, or creditor, except that it may qualify as depository for United States deposits, postal savings funds or other public funds, or funds held in trust and deposited by any public officer by virtue of his office, or funds held by the United States or the state of Washington, or any officer thereof in trust, or for funds of corporations owned or controlled by the United States, and may give such security for such deposits as are required by law or by the officer making the same: *Provided*, That any bank or trust company may borrow, for temporary purposes, not to exceed in the aggregate amount the paid-in capital and surplus thereof, and may pledge as security therefor assets of such corporation, not exceeding one and one-half times the amount borrowed.

30.04.150 Limits of indebtedness. No bank or trust company shall become or at any time be indebted or in any way liable to an amount exceeding the amount of its capital stock and surplus, except on account of demands of the nature following:

(1) Moneys deposited with or collected by the bank or trust company;

(2) Bills of exchange or drafts drawn against money actually on deposit to the credit of the bank or trust company, or for money owed it;

(3) Liabilities to its stockholders for dividends or reserved profits;

(4) Liabilities incurred under the provisions of the federal reserve act;

(5) Liabilities incurred under the provisions of the reconstruction finance corporation act, the federal intermediate credit bank act or to any similar lending or credit corporation now existing or

hereafter created under the authority of an act of the congress of the United States, or of any state;

(6) Liabilities created by the indorsement of accepted bills of exchange payable abroad, actually owned by the indorsing bank or trust company and discounted at home or abroad;

(7) The supervisor, at any time, for good cause shown, by order in writing, for a limited period and to an amount not in excess of the amount approved by the supervisor and stated in the order, may permit a bank or trust company to borrow for temporary purposes in excess of the amount of its paid-in capital stock and surplus and pledge assets to secure the loan; but in such a case the borrower shall make no new loan or investment until the money borrowed shall have been repaid, except such loans as may be made, with the approval of the supervisor, to protect assets already owned: *Provided*, That any such bank or trust company shall have power to borrow in excess of the aggregate amount of the paid-in capital and surplus at such bank and/or trust company of the Reconstruction Finance Corporation, of the federal reserve bank, or the federal intermediate credit bank, or of any other similar lending or credit corporation now or hereafter created by act of congress; and to pledge as security therefor such assets as may meet the requirements of the lending corporation.

30.04.160 Borrowing to reloan—Rediscounts—Penalty. When it shall appear to the supervisor that any bank or trust company is habitually borrowing for the purpose of reloaning, he may require such corporation to pay off such borrowed money. Nothing herein shall prevent any bank or trust company from rediscounting in good faith and indorsing any of its negotiable notes, but all such moneys borrowed and all such rediscounts shall at all times show on its books and in its reports. No certificates of deposit shall be issued for the purpose of borrowing money. No officer of any bank or trust company shall issue the note of such corporation for money borrowed or rediscount any of its notes except when authorized by resolution of its board of directors or by an authorized committee thereof. Violation of any provision of RCW 30.04.140 or 30.04.150 or of this section shall constitute a felony.

30.04.170 Pledge of securities to qualify as depositary under bankruptcy laws. Any bank or trust company, designated as a depositary for the money of estates under the statutes of the United States pertaining to bankruptcy, may pledge or hypothecate any of its securities or assets in order to qualify as such depositary for funds deposited by a trustee or receiver in bankruptcy appointed by any court of the United States or any referee thereof. Said pledge or hypothecation may be in such amount or such manner

as may be from time to time required by statutes of the United States or rules made in pursuance thereof.

30.04.180 Dividends—Net profits defined. No bank or trust company shall declare or pay any dividend to an amount greater than its net profits then on hand, which net profits shall be determined only after deducting:

- (1) All losses;
- (2) All assets or depreciation that the supervisor or a duly appointed examiner may have required to be charged off; and no bank or trust company shall enter or at any time carry on its books any of its assets at a valuation exceeding the actual cost;
- (3) All expenses, interest and taxes due or accrued from said bank or trust company;
- (4) Bad debts as defined by RCW 30.04.130 owing to such bank or trust company.

After providing for the above deductions the board of directors of any bank or trust company may at any regular meeting thereof declare a dividend out of so much of the undivided profits of such bank or trust company as they shall judge expedient: *Provided, however,* That before any such dividend is declared or the net profits in any way disposed of, not less than one-fourth of such net profits shall be carried to a surplus fund until the amount in such surplus fund shall be equal to twenty-five percent of the paid-in capital of such bank or trust company: *Provided, further,* That the supervisor shall in his discretion have the power to require any bank or trust company to suspend the payment of any and all dividends until all requirements that may have been made by the supervisor or any duly appointed examiner shall have been complied with; and upon notice to suspend dividends no bank or trust company shall thereafter declare or pay any dividends until such notice has been rescinded in writing. As to banks or trust companies having segregated savings, sums carried to surplus shall be apportioned between or among departments as the capital is apportioned.

30.04.190 Transfer of net profits between departments. A bank or trust company at any time may transfer undivided net profits from one department to another after provision has been made for the required contribution to surplus of the department from which the transfer is made and for the payment of accrued interest on savings deposits if the transfer is made from a savings department. If at any time the earnings of a savings department are insufficient to pay all interest due upon savings deposits, the interest shall be paid by the bank or trust company out of net profits of its other department or departments.

30.04.200 Dealings in securities restricted. (1) After July 1, 1938, a certificate of stock of a bank or trust company shall not represent stock of any corporation engaged in the business of selling securities to the public. The ownership, sale or transfer of stock of a bank or trust company shall not be conditioned in any manner whatsoever upon the ownership, sale or transfer of stock of any other such corporation.

(2) After July 1, 1938, no officer or employee of a bank or trust company shall be

(a) an officer of an unincorporated association or a corporation engaged in the business of selling securities to the public, or

(b) an employee or member of any such unincorporated association, an employee or majority stockholder of any such corporation, an employee or member of any partnership engaged in such business, or an employee of any person engaged in such business, or

(c) a trustee, director, officer or employee of a corporation engaged in the business of making loans secured by collateral to any corporation other than its own subsidiaries, or to any person, partnership or association.

(3) After July 1, 1938, a corporation organized under the laws of this state, or licensed to transact business in this state, which is engaged to any extent in the business of selling securities to the public, shall not have an office or transact business in the same room with a bank or trust company or a national banking association, or in a room connected therewith.

30.04.210 Real estate holdings. A bank or trust company may purchase, hold and convey real estate for the following purposes and no other:

(1) Such as shall be necessary for the convenient transaction of its business, including with its banking offices other apartments in the same building to rent as a source of income: *Provided*, That as to any corporation hereafter organized not to exceed thirty percent of its capital and surplus and undivided profits may be so invested: *And provided further*, Any bank or trust company heretofore organized shall not hereafter invest in the aggregate to exceed thirty percent of its capital, surplus and undivided profits in a bank building without the approval of the supervisor.

(2) Such as shall be purchased or conveyed to it in satisfaction, or on account of, debts previously contracted in the course of its business.

(3) Such as it shall purchase at sale under judgments, decrees, liens or mortgage foreclosures, against securities held by it.

(4) Such as a trust company receives in trust or acquires pursuant to the terms or authority of any trust.

(5) Such as it may take title to or for the purpose of investing in real estate conditional sales contracts.

No real estate specified in subdivision (4) shall be considered an asset of the corporation holding the same in trust nor shall any real estate except that specified in subdivision (1) be carried as an asset on the corporation's books for a longer period than five years from the date title is acquired thereto, unless an extension of time be granted by the supervisor.

30.04.220 Corporations existing under former laws. Every corporation, which on March 10, 1917, was actually and publicly engaged in banking or trust business in this state in full compliance with the laws hereof, which were in force immediately prior to March 10, 1917, may, if it otherwise complies with the provisions of this title, continue its said business, subject to the terms and regulations hereof and without amending its articles of incorporation, although its name and the amount of its capital stock, the number or length of terms of its directors or the form of its articles of incorporation do not comply with the requirements of this title: *Provided*,

(1) That any such bank, which was by the supervisor lawfully permitted to operate, although its capital stock was not fully paid in, shall pay in the balance of its capital stock at such times and in such amounts as the supervisor may require;

(2) That, except with written permission of the supervisor, any bank or trust company which shall amend its articles of incorporation must in such event comply with all the requirements of this title.

30.04.230 Holding corporations—Restrictions—Penalty. A corporation or association organized under the laws of this state, or licensed to transact business in the state, shall not hereafter acquire any shares of stock of any bank, trust company or national banking association which, in the aggregate, enable it to own, hold or control more than twenty-five percent of the capital stock of such bank, trust company or national banking association: *Provided, however*, That the foregoing restriction shall not apply as to any legal commitments existing on February 27, 1933.

A person who does, or conspires with another or others in doing, an act in violation of this section shall be guilty of a gross misdemeanor. A corporation that violates this section, or a corporation whose stock is acquired in violation hereof, shall forfeit its charter if it be a domestic corporation, or its license to transact business if it be a foreign corporation; and the forfeiture shall be enforced in an action by the state brought by the attorney general.

30.04.240 Trust business to be kept separate. 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 commingle any funds or securities of any kind held by such corporation in trust, for safekeeping or as agent for another, with the funds or assets of the corporation shall be guilty of a felony.

30.04.250 Deposits in other banks. A bank or trust company shall not deposit any of its funds in another bank or trust company, except a federal reserve bank, unless such other bank or trust company shall have been appointed a depository for its funds by vote of a majority of the directors of the depositing bank.

30.04.260 Legal services, advertising of—Penalty. 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.

30.04.270 Official communications. Each official communication, directed by the supervisor or by one of his deputies to any bank, trust company, mutual savings bank or industrial loan company or to any officer thereof relating to an investigation or examination conducted by the banking department or containing suggestions or recommendations relative to the conduct of the business of the bank, trust company, mutual savings bank or industrial loan company shall be submitted by the officer receiving it to the board

of directors at the next meeting of such board and shall be duly noted in the minutes of the meeting of such board.

30.04.280 Compliance enjoined — Banking, trust business, branches. No person shall engage in banking except in compliance with and subject to the provisions of this title, except it be a national bank or except insofar 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 title, nor shall any bank engage in a trust business except as herein authorized, nor shall any bank or trust company establish any branch except in accordance with the provisions of this title. 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 deposit are carried on shall be held and construed to be establishing a branch.

30.04.290 Foreign companies—Authority to do business. 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 or mortgage securities or in buying and selling exchange, coin, bullion or securities in this state may do so, but only upon filing with the supervisor 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.

30.04.300 Foreign branch banks. A branch of any foreign bank or banker actually and publicly engaged in banking in this state on March 10, 1917, in full compliance with the laws hereof, which were in force immediately prior to March 10, 1917, and which branch has a capital not less in amount than that required for the organization of a state bank as provided in this title at the time and place when and where such branch was established, may continue its said business, subject to all of the regulations and supervision provided for banks. The amount upon which it pays taxes shall be prima facie evidence of the amount and existence of such capital. No such bank or banker shall set forth on its or his stationery or in any manner advertise in this state a greater capital, surplus and undivided profits than are actually maintained at such branch. Every foreign corporation, bank and banker, and every officer, agent and employee thereof who violates any provi-

sion of this section or which violates the terms of the resolution filed as required by RCW 30.04.290 shall for each violation forfeit and pay to the state of Washington the sum of one thousand dollars. A civil action for the recovery of any such sum may be brought by the attorney general in the name of the state.

30.04.310 Penalty—General. Every bank or trust company which violates or fails to comply with any provision of chapter 30.04 to 30.24, inclusive, and chapter 30.44 of this title or any lawful direction or requirement of the supervisor shall be subject, in addition to any penalty now provided, to a penalty of not more than one hundred dollars for each offense, to be recovered by the attorney general in a civil action in the name of the state. Each day's continuance of the violation shall be a separate and distinct offense.

30.04.320 Reserved.

30.04.330 Saturday closing authorized. Any bank, which term for the purpose of this section shall include but not be limited to any state bank, national bank or association, mutual savings bank, savings and loan association, trust company, federal reserve bank, federal home loan bank, and federal savings and loan association, federal credit union, and state credit union doing business in this state, may remain closed on Saturdays and any Saturday on which a bank remains closed shall be, with respect to such bank, a holiday and not a business day. Any act, authorized, required or permitted to be performed at or by or with respect to any bank, as herein defined, on a Saturday, may be performed on the next succeeding business day, and no liability or loss of rights of any kind shall result from such closing.

Chapter 30.08

ORGANIZATION AND POWERS

30.08.010 Incorporators—Paid-in capital requirements—Business district—Additional amount. When authorized by the supervisor, 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:

In cities having a population of 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 twenty-five thousand or over, the supervisor 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 fifty thousand dollars to be located in such city outside of the central business district of such city as defined by the order of the supervisor, 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. The supervisor 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:

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 into it in the same manner as is required for capital stock, an additional amount equal to at least ten percent 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.

30.08.020 Articles of incorporation—Execution—Contents. 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 at his office in Olympia.

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 not less than twenty dollars each, nor more than one

hundred dollars each, as may be provided in the articles of incorporation.

(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.

30.08.030 Investigation. When articles of incorporation complying with the foregoing requirements have been received by the supervisor, 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 title, 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 title.

30.08.040 Articles approved or refused—Appeal from refusal. After the supervisor shall have satisfied himself of the above facts, and, within sixty days after the receipt of such articles of incorporation for 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: *Provided*, That a copy, certified by the supervisor, of all documents and papers relating to such application filed with, received or obtained by the supervisor and/or the division of banking shall be deemed received, admitted and considered as evidence by the court in such trial de novo in said court.

30.08.050 Approved articles to be filed and recorded—Organization complete. 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, 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 title, 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.

30.08.060 Certificate of authority—Contents. Before any bank or trust company shall be authorized to do business, the supervisor shall be satisfied that such corporation has a paid-in capital in the amount fixed by its articles of incorporation and by this title, 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 title. 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 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.

30.08.070 Failure to commence business—Effect—Extension of time. Every corporation heretofore or hereafter authorized by the laws of this state to do business as a bank, trust company, mutual savings bank or industrial loan company, which corporation shall have failed to organize and commence business within six months

after certificate of authority to commence business has been issued by the supervisor, shall forfeit its rights and privileges as such corporation, which fact the supervisor shall certify to the county auditor in whose office the certificate of authority was filed, and to the secretary of state, and such certificate of forfeiture shall be filed in the office of the county auditor and filed and recorded in the office of the secretary of state in the same manner as the certificate of authority: *Provided*, That the supervisor may, upon showing of cause satisfactory to him, issue an order under his hand and seal extending for not more than three months the time within which such organization may be effected and business commenced, such order to be transmitted to the offices of such county auditor and the secretary of state and filed and recorded therein.

30.08.080 Extension of existence—Application—Order — Appeal.

At any time not less than one year prior to the expiration of the time of the existence of any bank, trust company or mutual savings bank, it may by written application to the supervisor, signed and verified by a majority of its directors and approved in writing by the owners of not less than two-thirds of its capital stock, apply to the supervisor for leave to file amended articles of incorporation, extending its time of existence. The supervisor shall forthwith make a complete examination of such applicant. If he determines that the applicant is in sound condition, that it is conducting its business in a safe manner and in compliance with law and that no reason exists why it should not be permitted to continue, he shall issue to the applicant a certificate authorizing it to file amended articles of incorporation extending the time of its existence until such time as it be dissolved by the act of its shareholders owning not less than two-thirds of its stock, or until its certificate of authority becomes revoked or forfeited by reason of violation of law, or until its affairs be taken over by the supervisor for legal cause and finally wound up by him. Otherwise he shall notify the applicant that he refuses to grant such certificate. The applicant may appeal from such refusal in the same manner as in the case of a refusal to grant an original certificate of authority. Otherwise the determination of the supervisor shall be conclusive.

Upon receiving a certificate, as hereinabove provided, the applicant may file amended articles of incorporation, extending the time of its existence for the term authorized, to which shall be attached a copy of the certificate of the supervisor. Such articles shall be filed in the same manner and upon payment of the same fees as for original articles of incorporation.

Should any bank, trust company or mutual savings bank fail to continue its existence in the manner herein provided and be not previously dissolved, the supervisor shall at the end of its original

term of existence immediately take possession thereof and wind up the same in the same manner as in the case of insolvency.

30.08.090 Increase or decrease of capital stock. 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 title, 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 bylaws: *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. 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 the supervisor, 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 the supervisor.

30.08.095 Schedule of fees. The supervisor shall collect in advance the following fees:

For filing application for certificate of authority and attendant investigation as outlined in the law, the cost thereof, but not less than.....	\$100.00
(If the cost of such attendant examination shall exceed \$100.00, the applicant shall pay such excess when ascertained by the supervisor.)	
For filing application for certificate conferring trust powers upon a state or national bank.....	\$100.00
For filing articles of incorporation, or amendments thereof, 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 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.

30.08.100 Reserved.

30.08.110 National bank may do trust business. A national bank located within this state and having a paid-up capital of fifty thousand dollars or more, when authorized or permitted so to do, by or under any act of the congress of the United States, may exercise any of the powers conferred upon trust companies by this title.

30.08.120 Trust business of national bank subject to state regulations. Before any such national bank shall engage in such trust business, it shall file a certificate with the supervisor, wherein it agrees to conform to all the regulations and restrictions of this title relating to trust companies and trust business, including the examination of its trust business by the supervisor and the payment of the fees therefor, herein prescribed for the examination of banks and trust companies. Upon the filing of such a certificate in a form to be approved by the supervisor, such national bank shall be subject to all the regulations and restrictions of this title relative to trust companies and trust business.

30.08.130 Reserved.

30.08.140 Corporate powers of banks. 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:

- (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 bylaws, 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 bylaws 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 safekeeping 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 safekeeping 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.

(10) To accept drafts or bills of exchange drawn upon it having not more than six months sight to run, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title to readily marketable staples. No bank shall accept, either in a foreign or a domestic transaction, for any one person, company, firm or corporation, to an amount equal at any one time in the aggregate to more than ten percent of its paid up and unimpaired capital stock and surplus unless the bank is secured by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid up and unimpaired capital stock and surplus: *Provided, however,* That the supervisor, under such general regulations applicable to all banks irrespective of the amount of capital or surplus, as he may prescribe may authorize any bank to accept such bills to an amount not exceeding at any time in the aggregate one hundred percent of its paid up and unimpaired capital stock and surplus: *Provided, further,* That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty percent of such capital stock and surplus.

(11) To accept drafts or bills of exchange drawn upon it, having not more than three months sight to run, drawn under regulations to be prescribed by the supervisor by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies or insular possessions. Such drafts or bills may be acquired by banks in such amounts and subject to such regulations, restrictions and limitations as may be provided by the supervisor: *Provided, however,*

That no bank shall accept such drafts or bills of exchange referred to in this subdivision for any one bank to an amount exceeding in the aggregate ten percent of the paid up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security, and that no such drafts or bills of exchange shall be accepted by any bank in an amount exceeding at any time the aggregate of one-half of its paid up and unimpaired capital and surplus: *Provided further*, That compliance by any bank which is a member of the federal reserve system of the United States with the rules, regulations and limitations adopted by the federal reserve board thereof with respect to the acceptance of drafts or bills of exchange by members of such federal reserve system shall be a sufficient compliance with the requirements of this subdivision or paragraph relating to rules, regulations and limitations prescribed by the supervisor.

(12) This section is retroactive as of June 10, 1931, and the powers hereby conferred shall inure to the benefit of any bank now holding such certificate, the persons named in the articles of incorporation of said bank and their successors.

30.08.150 Corporate powers of trust companies. 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:

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

(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 estate of lunatics, idiots, persons of unsound mind, minors and habitual drunkards: *Provided, however,* That 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.

(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, devise, 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.

(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 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.

30.08.160 Report of bond liability—Collateral. Any trust company receiving moneys for investment, and for which it shall give its bonds as in RCW 30.08.150 (12) provided, shall within ten days after any regular report is called for from banks or trust companies by the supervisor, make a statement of its total liability, on all bonds issued and then in force, certified by its board of directors, and shall at the same time deposit with the state treasurer, for the benefit of the holders of such bonds or obligations, sufficient securities or money so that it will have on deposit with said state treasurer a sufficient amount of said securities, which may be exchanged for other securities as necessity may require, or money to, at any time, pay all of said liability. In the event of its failure to make such deposits, it shall cease doing such business: *Provided*, That whenever money shall have been deposited with the treasurer, it may be withdrawn at any time upon a like amount of securities being deposited in its stead: *And provided further*, That the securities deposited shall consist of such securities as are by this title permitted for the investment of trust funds.

30.08.170 Securities may be held in name of nominee. Any trust company incorporated under the laws of this state and any national banking association authorized to act in a fiduciary capacity in this state, when acting in a fiduciary capacity, either alone or jointly with an individual or individuals, may, with the consent of such individual fiduciary or fiduciaries, who are hereby authorized to give such consent, cause any stocks, securities, or other property now held or hereafter acquired to be registered and held in the name of a nominee or nominees of such corporate or association fiduciary without mention of the fiduciary relationship. Any such fiduciary shall be liable for any loss occasioned by the acts of any of its nominees with respect to such stocks, securities or other property so registered.

30.08.180 Reports of resources and liabilities—Publication. Every bank and trust company shall make at least three regular reports each year to the supervisor, 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 supervisor 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 supervisor, 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.

Every such corporation shall also make such special reports as the supervisor shall call for.

30.08.190 Time of filing—Penalty. Every regular report shall be filed with the supervisor within twelve days from the date of issuance of the notice therefor and proof of publication of such report shall be filed with the supervisor within twenty days from such date. Every special report shall be filed with the supervisor within such time as shall be specified by him in the notice therefor.

Every bank and trust company which fails to file any report, required to be filed as aforesaid, or to file proof of publication of any report required to be published, within the time herein specified, shall be subject to a penalty of ten dollars per day for each day's delay. A civil action for the recovery of any such penalty may be brought by the attorney general in the name of the state.

30.08.200 Reserved.

Chapter 30.12

OFFICERS, EMPLOYEES, AND STOCKHOLDERS

30.12.010 Directors—Election—Meeting—Vacancies—Oath. Every bank and trust company shall be managed by not less than five directors, excepting that a bank having a capital of fifty thousand dollars or less may have only three directors. Directors shall be elected by the stockholders and hold office for one year and until their successors are elected and have qualified. In the first instance the directors shall be elected at a meeting held before the bank or trust company is authorized to do business by the supervisor and afterwards at the annual meeting of the stockholders to be held on a day in the month of January of each year to be specified by the bank's bylaws. If for any cause no election is held at that time, it may be held at an adjourned meeting or at a subsequent meeting called for that purpose in the manner prescribed by the corporation's bylaws. The directors shall meet at least once each month and whenever required by the supervisor. A majority of the board of directors shall constitute a quorum for the transaction of business. At all stockholders' meetings, each share shall be entitled to one vote. Any stockholder may vote in person or by written proxy. Every director must be the beneficial owner of at least ten shares of stock, excepting that a director of a bank having a capital stock of fifty thousand or less, need be the owner of only five shares of stock.

Immediately upon election, each director shall take, subscribe, swear to and file with the supervisor 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 provision of law applicable to such corporation and that he is the beneficial owner in good faith of the number of shares of stock required by this section, and that the same is fully paid, is not hypothecated or in any way pledged as security for any loan or debt. Vacancies in the board of directors shall be filled by the board.

30.12.020 Meetings, where held—Corporate records. All meetings of the directors or stockholders of any bank or trust company, except organization meetings, must be held in the town or city in which the corporation is located. Every such corporation shall keep a book in which shall be recorded the names and residences of the stockholders thereof, the number of shares held by each, when each person became a stockholder and also the transfers of stock, showing the time when made, the number of shares and by whom transferred. In all actions, suits and proceedings, said book shall be prima facie proof of the facts shown therein. All of the corporate books, including the certificate book, stockholders' ledger and minute book shall be kept at the corporation's principal place of business and not elsewhere.

Whenever in the opinion of the supervisor the condition of any bank or trust company is such that any transfer of the capital stock of such bank or trust company would be detrimental to the interests of its depositors, the supervisor may, by written order served upon the directors of such bank or trust company, direct that no transfer of stock shall be made until further order of the supervisor.

30.12.030 Fidelity bonds—Casualty insurance. (1) The board of directors of each bank and trust company shall direct and require good and sufficient surety company fidelity bonds issued by a company authorized to engage in the insurance business in the state of Washington on all active officers and employees, whether or not they draw salary or compensation, which bonds shall provide for indemnity to such bank or trust company, on account of any losses sustained by it as the result of any dishonest, fraudulent or criminal act or omission committed or omitted by them acting independently or in collusion or combination with any person or persons. Such bonds may be individual, schedule or blanket form, and the premiums therefor shall be paid by the bank or trust company.

(2) The said directors shall also direct and require suitable insurance protection to the bank or trust company against burglary, robbery, theft and other similar insurance hazards to which the bank or trust company may be exposed in the operations of its business on the premises or elsewhere.

The said directors shall be responsible for prescribing at least once in each year the amount or penal sum of such bonds or policies and the sureties or underwriters thereon, after giving due consideration to all known elements and factors constituting such risk or hazard. Such action shall be recorded in the minutes of the board of directors and thereafter be reported to the supervisor and be subject to his approval.

30.12.040 Removal of delinquent officer or employee—Hearing—Appeal. Whenever the supervisor shall find that any director, officer or employee of any bank or trust company is dishonest, reckless or incompetent, or fails to perform any duty of his office, or has consented to or connived at the making of any loan or discount in violation of law or has consented to or connived at any other violation of law by the corporation, he shall notify the board of directors of such corporation in writing of his objections to such director, officer or employee, and such board shall, within twenty days after receiving such notification and upon reasonable notice to the supervisor and to such director, officer or employee of the time and place of the hearing, meet and consider such objections. If the board shall find the objections to be well founded, such director, officer or employee shall be immediately removed.

If upon the hearing the director, officer or employee against whom the objections have been filed is not immediately removed, or if the board fail to meet, consider or act upon the objections within twenty days after receiving the same, the supervisor may forthwith or within thirty days thereafter, by an order in writing filed in his office, remove such director, officer or employee from his directorship, office or employment, or may, for a limited time to be stated in the order, suspend such director, officer or employee therefrom. A copy of the order shall be forthwith mailed to the person removed or suspended and to the bank or trust company.

No director, officer or employee removed upon objections or by the order of the supervisor shall thereafter be elected or appointed to any directorship, office, trust or employment by the same or another bank or trust company without the written consent of the supervisor.

The order of the supervisor suspending or removing a director, officer or employee shall be final and conclusive unless the person suspended or removed shall appeal to the superior court of Thurston county within the time and in the manner provided by law for appeals from the refusal of the supervisor to approve articles of incorporation. Upon the appeal the controversy shall be tried de novo. The order of the supervisor shall remain in full force and effect pending the appeal unless suspended by order of the court.

30.12.050 Purchase of assets by officer, etc.—Penalty. A director, officer, employee or other agent of any bank shall not purchase or be interested in the purchase directly or indirectly of any of its assets without the previous written consent of the supervisor and of a majority of the directors of the bank. Whoever knowingly does or participates or aids in the doing of any act in violation of this section shall be guilty of a gross misdemeanor and be punished accordingly, and also shall forfeit to the state double the amount of any loss suffered by the bank or trust company on account of the unlawful purchase, the recovery to be one-half for the use of the bank or trust company and the rest for the use of the state.

30.12.060 Loans to officers or employees. Any bank or trust company shall be permitted to make loans to any employee of such corporation, or to purchase, discount or acquire, as security or otherwise, the obligation or debt of any employee to any other person, to the same extent as if the employee were in no way connected with the corporation. Any bank or trust company shall be permitted to make loans to any officer of such corporation, or to purchase, discount or acquire, as security or otherwise, the obligation or debt of any officer to any other person: *Provided*, That the total value of the loans made and obligation acquired for any one officer shall not exceed twenty-five hundred dollars: *And provided further*, That no such loan shall be made, or obligation acquired, unless a resolution authorizing the same shall be adopted by a vote of a majority of the board of directors of such corporation, at a meeting of the board of directors of such corporation held within thirty days next prior to the making of such loan or discount, and such vote and resolution shall be entered in the corporate minutes. No loan shall be made by any bank or trust company to any director of such corporation, nor shall the note or obligation of such director be discounted by any such corporation, or by any officer or employee thereof in its behalf, unless a resolution authorizing the same shall be adopted by a vote of a majority of the entire board of directors of such corporation exclusive of the vote of such interested director, at a meeting of the board of directors of such corporation held within thirty days next prior to the making of such loan or discount, and such vote and resolution shall be entered in the corporate minutes.

The amount of any endorsement or agreement of suretyship or guaranty of any such director to the corporation shall be construed to be a loan within the provisions of this section. Any extension, renewal or modification of the terms of an existing obligation shall be construed to be a loan within the meaning of this section.

30.12.070 Unsafe loans and discounts to directors. The supervisor may at any time, if in his judgment excessive, unsafe or

improvident loans are being made or are likely to be made by a bank or trust company to any of its directors, or to any corporation, copartnership or association of which such director is a stockholder, member, co-owner, or in which such director is financially interested, or like discounts of the notes or obligations of any such director, corporation, copartnership or association are being made or are likely to be made, require such bank or trust company to submit to him for approval all proposed loans to, or discounts of the note or obligation of, any such director, corporation, copartnership or association, and thereafter such proposed loans and discounts shall be reported upon such forms and with such information concerning the desirability and safety of such loans or discounts and of the responsibility and financial condition of the person, corporation, copartnership or association to whom such loan is to be made or whose note or obligation is to be discounted and of the amount and value of any collateral that may be offered as security therefor, as the supervisor may require, and no such loan or discount shall be made without his written approval thereon.

30.12.080 Restrictions on officers and employees. A director, officer or employee of a bank or trust company shall not:

(1) Have any interest, direct or indirect, in the profits of the corporation except to receive reasonable compensation for services actually rendered, which, in the case of an officer or director, shall be determined by the board of directors; and except to receive dividends upon any stock of the corporation that he may own, the same as any other stockholder and under the same regulations and conditions; and except to receive interest upon deposits he may have with the corporation, the same as other like depositors and under the same regulations and conditions: *Provided, however,* That nothing in this section shall be construed to prevent the payment to an employee of a salary bonus in addition to his normal salary, when such bonus is authorized by a resolution adopted by a vote of a majority of the board of directors of such corporation.

(2) Become a member of the board of directors of any other bank or trust company or a national banking association, of which board enough other directors, officers or employees of the corporation are members to constitute with him a majority of its board of directors.

(3) Receive directly or indirectly and retain for his own use any commission or benefit from any loan made or other transaction had by the corporation, or any pay or emolument for services rendered to any borrower from the corporation or from any person transacting business with it, in connection with the loan or transaction, except that an attorney for the corporation, though he be

a director thereof, may receive reasonable compensation for professional services rendered the borrower or other person.

30.12.090 False entries, statements, etc.—Penalty. Every person who shall knowingly subscribe to or make or cause to be made any false statement or false entry in the books of any bank or trust company or shall knowingly subscribe to or exhibit any false or fictitious paper or security, instrument or paper, with the intent to deceive any person authorized to examine into the affairs of any bank or trust company or shall make, state or publish any false statement of the amount of the assets or liabilities of any bank or trust company shall be guilty of a felony.

30.12.100 Destroying or secreting records—Penalty. Every officer, director or employee or agent of any bank or trust company who, for the purpose of concealing any fact or suppressing any evidence against himself, or against any other person, abstracts, removes, mutilates, destroys or secretes any paper, book or record of any bank or trust company, or of the supervisor, or of anyone connected with his office, shall be guilty of a felony.

30.12.110 Commission, etc., for procuring loan—Penalty. Every officer, director, agent, employee 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 corporation to overdraw any account with such bank or trust company, shall be guilty of a felony.

30.12.120 Loans to officers or employees from trust funds—Penalty. No corporation doing a trust business shall make any loan to any officer, or employee from its trust funds, nor shall it permit any officer, or employee to become indebted to it in any way out of its trust funds. Every officer, director, or employee of any such corporation, who knowingly violates any provision of this section, or who aids or abets any other person in any such violation, shall be guilty of a felony.

30.12.130 Trust company as legal representative—Oath by officer. When any trust company shall be appointed executor, administrator, or trustee of any estate or guardian of the estate of any infant or other incompetent, it shall be lawful for any duly authorized officer of such corporation to take and subscribe for

such corporation any and all oaths or affirmations required of such an appointee.

30.12.140 Superadded liability of stockholders. The stockholders of every bank and trust company shall be individually and personally liable, equally and ratably, and not one for another, for all contracts, debts and engagements of such corporation accruing while they remain as stockholders, to the extent of the amount of their stock therein at the par value thereof, in addition to the amount invested in such shares. Persons holding stock as executors, administrators, guardians or trustees, if such relation of trust shall appear in the stock certificate and on the books of the corporation, or as collateral security or in pledge, shall not be personally liable as stockholders, but the assets and funds in the hands of such trustees constituting the trust shall be liable to the same extent as the testator, intestate, ward, or person interested in such funds would be, if living or competent to act, and the person pledging such stock shall be deemed a stockholder and liable under this section. Such liability may be enforced by the supervisor as soon after taking possession of any bank or trust company as in his judgment the same may be necessary. The failure of the stockholders of any bank or trust company immediately upon possession being taken by the supervisor to make good all impairment of its assets shall be conclusive evidence that the enforcement of double liability is necessary.

30.12.150 Liability when obligations federally insured. The additional liability imposed by RCW 30.12.140 and the liability for payment of any unpaid balance on subscriptions to the capital stock imposed upon shareholders in banks and trust companies shall not be imposed upon such shareholders with respect to shares in such corporation which are issued after June 11, 1941, by a corporation which provides and furnishes, either through membership in the Federal Deposit Insurance Corporation, or through membership in any other instrumentality of the federal government, insurance or security for the payment of the debts and obligations of the corporation equivalent to that required by the laws of the United States to be furnished and provided by national banking associations.

30.12.160 Termination of superadded liability. The additional liability heretofore imposed by RCW 30.12.140 and the liability for payment of any unpaid balance on subscriptions to the capital stock, and any like liability heretofore imposed by any law of this state, upon shareholders in banks or trust companies with respect to their shares, and the additional liability imposed by the Constitution upon such shareholders, with respect to their shares,

and any contractual obligation upon such shareholders for such additional liability arising by virtue of the provisions of such laws, and the existence of such shares, shall cease on December 13, 1941, with respect to all shareholders and all shares issued by any bank or trust company which shall be transacting the business of banking on December 13, 1941, and shall provide and furnish, either through membership in the Federal Deposit Insurance Corporation, or through membership in any other instrumentality of the government of the United States, insurance or security for the payment of the debts and obligations of such banking corporation equivalent to that required by the laws of the United States to be furnished and provided by national banking associations, if not less than five months prior to said date, such bank or trust company shall have caused notice of such prospective termination of liability to be published in a newspaper published in the city, town, or county in which such bank or trust company is located, and if no newspaper is published in such city, town or county, then in a newspaper of general circulation therein. If the bank or trust company fails to give such notice as and when provided herein, a termination of such additional liability may thereafter be accomplished as of the date five months subsequent to publication in the manner above provided.

30.12.170 Repayment of superadded liability. Where a bank or trust company or any of the stockholders thereof have paid to the state treasurer in money or securities any or all of the superadded liability upon the capital stock of such bank or trust company and such bank or trust company is still a going concern, such money or securities so paid or deposited shall be repaid by the state treasurer to the persons entitled thereto.

30.12.180 Levy of assessments. Whenever the supervisor 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 issuance 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 may require any stock upon which the assessment remains unpaid to be canceled and deducted from the capital of the corporation. If such cancellation shall reduce the capital of the corporation below the minimum required by this title 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 may take possession of such corporation in the manner provided by law in case of insolvency.

30.12.190 General penalty—Effect of conviction. Every person who shall violate, or knowingly aid or abet the violation of any provision of RCW 30.04.010, 30.04.030, 30.04.040, 30.04.050, 30.04.060, 30.04.070, 30.04.080, 30.04.090, 30.04.100, 30.04.110, 30.04.120, 30.04.130, 30.04.180, 30.04.210, 30.04.220, 30.04.280, 30.04.290, 30.04.300, 30.08.010, 30.08.020, 30.08.030, 30.08.040, 30.08.050, 30.08.060, 30.08.080, 30.08.090, 30.08.110, 30.08.120, 30.08.140, 30.08.150, 30.08.160, 30.08.180, 30.08.190, 30.12.010, 30.12.020, 30.12.030, 30.12.060, 30.12.070, 30.12.080, 30.12.130, 30.12.140, 30.12.150, 30.12.160, 30.12.180, 30.12.190, 30.16.010, 30.16.020, 30.20.010, 30.20.030, 30.20.060, 30.40.010, 30.44.010, 30.44.020, 30.44.030, 30.44.040, 30.44.050, 30.44.060, 30.44.070, 30.44.080, 30.44.090, 30.44.100, 30.44.130, 30.44.140, 30.44.150, 30.44.160, 30.44.170, 30.44.240, 30.44.250, 43.19.020, 43.19.030, 43.19.050, 43.19.060 and 43.19.090, and every person who fails to perform any act which it is therein made his duty to perform, 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.

30.12.200 Group-plan life insurance for officers and employees. A bank, mutual savings bank, trust company or savings and loan association, in the discretion of its governing board, may pay a part not exceeding three-fifths of the cost of group-plan life insurance for such of its active officers and employees as will participate in paying the rest of the cost: *Provided*, That the terms and conditions of any such insurance be approved by the state insurance commissioner.

This Section amended by Sec. 1, Chap. 288, Laws of 1955.

Chapter 30.16**CHECKS**

30.16.010 Certification—Effect—Penalty. No director, officer, agent or employee of any bank or trust company shall certify a check unless the amount thereof actually stands to the credit of the drawer on the books of such corporation and when certified must be charged to the account of the drawer. Every violation of this provision shall be a gross misdemeanor. Any such check so certified by a duly authorized person shall be a good and valid obligation of the bank or trust company in the hands of an innocent holder.

30.16.020 Forged or raised checks—Liability. No bank or trust company shall be liable to a depositor for the payment by said corporation of a forged or raised check, unless within sixty days after the return to the depositor of the voucher of such payment, such depositor shall notify said corporation that the check so paid was raised or forged.

30.16.030 Stop-payment orders. Revocation, countermand and stop-payment orders relating to the payment of any check drawn against the account of a depositor in any bank or trust company shall be confirmed in writing within fifteen days and shall remain in effect for six months from the time of delivery thereof to such bank or trust company and thereafter until such bank or trust company shall have given ten days' notice of the expiration of such period by notice in writing mailed to the last known address of such depositor.

30.16.040 Renewal of stop orders. Revocation, countermand, or stop-payment orders may be renewed in writing from time to time, and shall be effective for not more than six months from the date of delivery of the renewal notice to such bank or trust company.

30.16.050 Belated checks. Whenever any check payable on demand at any bank or trust company doing business in this state shall be presented for payment more than one year from its date such bank or trust company may, unless expressly instructed by the maker to pay the same, refuse payment thereof, and no liability shall thereby be incurred to the maker thereof for dishonoring the instrument by nonpayment.

Chapter 30.20**DEPOSITS**

30.20.010 Joint deposits—Payment and release. When a deposit has been or shall hereafter be made in any national bank, state bank or trust company in the name of two or more persons, payable to any of such persons, such deposit or any part thereof, or any interest, or dividends thereon, may be paid to any of said persons, whether the other be living or not, and the receipt or acquittance of the persons so paid shall be valid and sufficient release and discharge of such corporation for any payment so made.

30.20.015 Joint deposits with right of survivorship. After any commercial or savings deposit shall be made in a national bank, state bank, trust company or any banking institution subject to the supervision of the supervisor of banking of this state, by any person in the names of such depositor and another person and in form to be paid to either or the survivor of them, such deposit and any additions thereto made by either of such persons after the making thereof, shall become the property of such persons as joint tenants with the right of survivorship, and the same, together with all interests thereof, in the case of savings accounts, shall be held for the exclusive use of such persons and may be paid to either during the lifetime of both or the survivor after the death of one of them. The making of the deposit in such form shall, in the absence of fraud or undue influence, be conclusive evidence, in any action or proceeding to which either such bank or the surviving depositor is a party, of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor.

30.20.020 Payment to surviving spouse—Accounting to estate. On the death of any depositor of any bank or trust company, such bank or trust company may pay to the surviving spouse, the moneys in said bank or trust company on deposit to the credit of said deceased depositor in cases where the amount of deposit does not exceed the sum of five hundred dollars upon receipt of an affidavit from the surviving spouse, to the effect that the depositor died intestate and had on deposit in all banks and trust companies within the state of Washington money not exceeding the sum of five hundred dollars. The payment of such deposit made in good faith to the spouse making the affidavit shall be a full acquittance and release of the bank for the amount of the deposit so paid.

No probate proceeding shall be necessary to establish the right of said surviving spouse to withdraw said deposits upon the filing of said affidavit: *Provided, however,* Whenever an administrator is appointed in an estate where a withdrawal of deposits has been

had in compliance with this section, the spouse so withdrawing said deposits shall account for the same to the administrator.

30.20.030 Deposits of persons under disability. When any deposit has been or shall hereafter be made in any bank or trust company in his or her own name, by any minor, married woman or person under disability, such corporation may disregard such disability and pay such money or a check or order of such person, the same as in other cases.

30.20.040 Unclaimed deposits, state of. The cashier or secretary of every savings bank, savings and loan society, and every institution in which deposits of money are made, shall, within fifteen days after the first day of December, in the year 1905, and within fifteen days of the first day of December, of each and every second succeeding year thereafter, return to the secretary of state a sworn statement showing the amount standing to his credit, the last known place of residence or post office address, and the fact of death if known to said cashier or secretary of every depositor who shall not have made a deposit therein, or withdrawn therefrom any part of his deposit, or any part of the interest thereon, for the period of more than ten years next preceding; and the cashiers and secretaries of such savings banks, savings and loan societies and institutions for deposit of savings shall give notice of these deposits in one or more newspapers published in or nearest to the city, county or town where such banks are situated at least once a week for four successive weeks, the cost of such publications to be paid pro rata out of said unclaimed deposits: *Provided, however,* That this section shall not apply to or affect the deposit made by or in the name of any person known to the said cashier or secretary to be living. The secretary of state shall annually turn over all reports made by him to the attorney general for proceedings for forfeiture, if he shall be so advised.

This Section repealed by Sec. 33, Chap. 385, Laws of 1955.

30.20.050 Penalty for failure to furnish statement. Any cashier or secretary of any of the banking institutions mentioned in RCW 30.20.040 neglecting or refusing to make the sworn statement required by RCW 30.20.040 shall be guilty of a misdemeanor and on conviction thereof shall be fined in any sum not less than fifty dollars nor more than one thousand dollars or confined in the county jail not less than ten days nor more than ninety days, or both such fine and imprisonment.

This Section repealed by Sec. 33, Chap. 385, Laws of 1955.

30.20.060 Savings deposits, regulations. Any bank or trust company which shall conduct a savings account department shall repay all deposits to the depositor or his lawful representative when required at such time or times and with such interest as the regulations of the corporation shall prescribe. Such regulations shall

be prescribed by the directors of any such bank or trust company and may contain provisions with respect to the terms and conditions upon which any such savings account will be maintained by said bank or trust company. Such regulations shall be posted in a conspicuous place in a room where the savings account business of any such bank or trust company shall be transacted and shall be available to depositors upon request. All such rules and regulations and all amendments thereto from time to time in effect shall be binding upon all depositors. A passbook shall be issued to each savings account depositor covering such deposits, in which shall be entered each deposit by and each payment to such depositor, and no payment or checks against any savings account shall be made unless accompanied by and entered in the passbook issued therefor, except for good cause and assurance satisfactory to the corporation.

30.20.070 Publication of deposits. Each bank and each branch bank, doing a commercial banking business in this state shall, on or before the first days of February and August of each year, publish in a newspaper of general circulation in the county in which it has its office, a statement showing the total amount of its deposits as of a date not more than thirty-two days prior to such publication.

30.20.080 Ineligibility to receive deposits of public funds. A bank or branch bank which fails to publish the statement prescribed by RCW 30.20.070 shall be ineligible to receive deposits of funds of the state or of any subdivision, municipality, county, public corporation, quasi public corporation, quasi municipal corporation, irrigation district, or port district therein.

Chapter 30.24

TRUST COMPANY INVESTMENTS

30.24.010 Provisions of chapter to control. Any corporation, association, or person handling or investing trust funds as a fiduciary shall be governed in the handling and investment of such funds as in this chapter specified.

30.24.015 Guardians, guardianships and funds are subject to chapter. In addition to other fiduciaries, a guardian of any estate is a fiduciary within the meaning of this chapter; and in addition to other trusts, a guardianship of any estate is a trust within the meaning of this chapter; and in addition to other trust funds, guardianship funds are trust funds within the meaning of this chapter.

30.24.020 General criterion specified. In acquiring, investing, reinvesting, exchanging, selling and managing property for the

benefit of another, a fiduciary shall exercise the judgment and care under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Within the limitations of the foregoing standard, and subject to any express provisions or limitations contained in any particular trust instrument, a fiduciary is authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment specifically including but not by way of limitation, debentures and other corporate obligations, and stocks, preferred or common, which men of prudence, discretion and intelligence acquire for their own account.

30.24.030 Investment in insured savings accounts. A corporation doing a trust business may invest trust funds in savings accounts with itself to the extent that such deposits are insured by the Federal Deposit Insurance Corporation.

30.24.035 Investments in securities of certain investment trusts. Within the standards of judgment and care established by law, and subject to any express provisions or limitations contained in any particular trust instrument, guardians, trustees and other fiduciaries, whether individual or corporate, are authorized to acquire and retain securities of any open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940 as now or hereafter amended.

30.24.040 Court may permit deviation from terms of trust instrument. Nothing contained in this chapter shall be construed as restricting the power of a court of proper jurisdiction to permit a fiduciary to deviate from the terms of any will, agreement, or other instrument relating to the acquisition, investment, reinvestment, exchange, retention, sale, or management of fiduciary property.

30.24.050 Scope of chapter. The provisions of this chapter shall govern fiduciaries acting under wills, agreements, court orders, and other instruments now or hereafter in force.

30.24.060 Fiduciary may hold trust property though not qualified investment. In the absence of express provisions to the contrary in the trust instrument, any fiduciary may hold during the life of the trust all securities or other property, real or personal, received into or acquired by the trust from any source, excepting such as are purchased by the fiduciary in administering the trust,

even though such securities or other property are not qualified investments under the provisions of this chapter: *Provided*, That any investment of trust funds made under this chapter or any prior law, which was a qualified investment at the time the same was made shall remain a qualified investment.

30.24.070 Terms of trust instrument controlling. Any fiduciary may invest funds held in trust under an instrument creating such trust, in any manner and/or in any investment and/or in any class of investments authorized by such instrument, whether or not the same is otherwise qualified for the investment of trust funds. The terms "legal investment" or "authorized investment" or words of similar import, as used in any such instrument, shall be taken to mean any investment which is permitted by the terms of RCW 30.24.020.

30.24.080 Securities in default ineligible. Nothing in this chapter shall be construed as authorizing any fiduciary to invest funds held in trust, in any bonds, mortgages, notes or other securities, during any default in payment of either principal or interest thereof.

30.24.090 Dealings with self or affiliate. Unless the instrument creating the trust expressly provides to the contrary, any fiduciary in carrying out the obligations of the trust, may not buy or sell investments from or to himself or itself or any affiliated or subsidiary company or association.

Chapter 30.28

COMMON TRUST FUNDS

30.28.010 Funds authorized—Investment—Rules and regulations. Any bank or trust company qualified to act as fiduciary in this state may establish common trust funds for the purpose of furnishing investments to itself as fiduciary, or to itself and others, as co-fiduciaries; and may, as such fiduciary or co-fiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of co-fiduciaries, the bank or trust company procures the consent of its co-fiduciary or co-fiduciaries to such investment: *Provided*, That any bank or trust company qualified to act as fiduciary in this state, which is not a member of the federal reserve system, shall, in the operation of such common trust fund, comply with the rules and regulations as made from time to time by the supervisor and the supervisor is hereby authorized and

empowered to make such rules and regulations as he may deem necessary and proper in the premises.

30.28.020 Accounting. Unless ordered by a court of competent jurisdiction the bank or trust company operating such common trust funds is not required to render a court accounting with regard to such funds; but it may, by application to the superior court, secure approval of such an accounting on such conditions as the court may establish.

30.28.030 Applicability of chapter. This chapter shall apply to fiduciary relationships in existence on June 11, 1943, or thereafter established.

30.28.040 Interpretation. This chapter shall be so interpreted and construed to effectuate its general purpose to make uniform the laws of those states which enact it.

30.28.050 Chapter designated "uniform common trust fund act." This chapter may be cited as the uniform common trust fund act.

Chapter 30.30

TRUSTEES' ACCOUNTING ACT

30.30.010 Scope of chapter—Exceptions. This chapter shall not apply to resulting trusts, constructive trusts, business trusts where certificates of beneficial interest are issued to the beneficiaries, investment trusts, voting trusts, insurance trusts prior to the death of the insured, trusts in the nature of mortgages or pledges, trusts created by judgment or decree of a federal court or of the superior court when not sitting in probate, liquidation trusts or trusts for the sole purpose of paying dividends, interest or interest coupons, salaries, wages or pensions; nor shall this chapter apply to executors, administrators or guardians.

30.30.020 Trustee's annual statement. The trustee or trustees appointed by any will, deed or agreement heretofore or hereafter executed shall mail or deliver at least annually to each adult income trust beneficiary a written itemized statement of all current receipts and disbursements made by the trustee of the funds of the trust both principal and income, and upon the request of any such beneficiary shall furnish him an itemized statement of all property then held by such trustee, and may also file any such statement in the superior court of the county in which the trustee or one of the trustees resides.

30.30.030 Intermediate and final accounts—Contents—Filing. In addition thereto any such trustee or trustees whenever it or they so desire, may file in the superior court of the county in which the

trustees or one of the trustees resides an intermediate account under oath showing:

- (1) The period covered by the account;
- (2) The total principal with which the trustee is chargeable according to the last preceding account or the inventory if there is no preceding account;
- (3) An itemized statement of all principal funds received and disbursed during such period;
- (4) An itemized statement of all income received and disbursed during such period, unless waived;
- (5) The balance of such principal and income remaining at the close of such period and how invested;
- (6) The names and addresses of all living beneficiaries, including contingent beneficiaries, of the trust, and a statement as to any such beneficiary known to be under legal disability;
- (7) A description of any possible unborn or unascertained beneficiary and his interest in the trust fund.

In addition thereto, after the time for termination of the trust shall have arrived, the trustee or trustees may file a final account in similar manner.

30.30.040 Account — Court may require — Petition. Upon the petition of any settlor or of any beneficiary of such a trust after due notice thereof to the trustee the superior court in the county where the trustee or one of the trustees resides may direct the trustee or trustees thereof to file in said court such an account at any time subsequent to one year from the day on which such a report was last filed, or if none, then after one year from the inception of the trust.

30.30.050 Account filed—Return day—Notice. When any such account shall have been filed the clerk of the court where filed shall fix a return day therefor, and issue a notice as provided for herein. If each of the beneficiaries and the guardians and guardians ad litem, if any, appointed pursuant to RCW 30.30.060, is personally served with a copy of the notice, whether within or outside the state of Washington, at least twenty-five days prior to the return day, then no publication of the notice shall be required; otherwise the trustees shall cause notice as provided for herein to be given by publishing the same at least once a week for three successive weeks preceding the return day, the first publication to be at least twenty-five days preceding the return day, such publication to be in a newspaper of general circulation in the county, or if none then in an adjoining county. And in any event at least twenty-five days prior to the return day a copy of the notice shall be either served upon each beneficiary not represented by guardian or guardian ad litem or mailed to each such beneficiary not so

served at such beneficiary's address last known to the trustee; and shall be either served upon each guardian and guardian ad litem appointed pursuant to RCW 30.30.060, or mailed to each such guardian and guardian ad litem not so served at such guardian or guardian ad litem's address last known to the trustee. Proof of service of the notice may be made by affidavit as provided for service of summons in civil actions, or by written admission of service signed by the person served. The notice shall state the time and place for the return day, the name or names of the trustee or trustees who have filed the account, that the account has been filed, that the court is asked to settle such account, and that any objections or exceptions thereto must be filed with the clerk of said court on or before such return day.

30.30.060 Account filed—Objections—Representation of beneficiaries. Upon or before the return day any beneficiary of the trust may file his written objections or exceptions to the account filed or to any action of the trustee or trustees set forth therein. The court shall appoint either the legal guardian of a beneficiary, or a guardian ad litem to represent the interests of any such beneficiary who is an infant or of unsound mind or otherwise legally incompetent, or who is yet unborn or unascertained, and such beneficiary shall be bound by any action taken by such representative. Every unborn or unascertainable beneficiary shall be concluded by any action taken by the court for or against any living beneficiary of the same class or whose interests are similar to the interests of such unborn or unascertainable beneficiary.

30.30.070 Court to determine accuracy, validity—Decree. At the same time or at some later date fixed by the court if so requested by one or more of the parties, the court without the intervention of a jury and after hearing all the evidence submitted shall determine the correctness of the account and the validity and propriety of all actions of the trustee or trustees set forth therein including the purchase, retention and disposition of any of the property and funds of the trust, and shall render its decree either approving or disapproving the same or any part thereof, and surcharging the trustee or trustees for all losses, if any, caused by negligent or wilful breaches of trust.

30.30.080 Effect of decree. The decree so rendered shall be deemed final, conclusive and binding upon all the parties interested including all incompetent, unborn and unascertained beneficiaries of the trust subject only to the right of appeal hereinafter stated.

30.30.090 Appeal from decree. The decree so rendered shall be a final order from which any party in interest may appeal as in civil actions to the supreme court of the state of Washington.

30.30.100 Settlor may waive or increase accounting requirements—Waiver by beneficiary. The settlor of any trust governed by this chapter may waive any or all of the provisions of RCW 30.30.020 requiring periodical statements to beneficiaries, or may add additional duties, in the instrument creating the trust; and any adult beneficiary entitled to an accounting under either RCW 30.30.020 or 30.30.030 may waive such an accounting by a separate instrument delivered to the trustee.

30.30.110 Waiver—How constituted. This chapter is declared to be of similar import to the uniform trustees' accounting act. A provision in any will, deed or agreement heretofore or hereafter executed which provides in substance:

(1) That the requirements or provisions of the uniform trustees' accounting act, whether by name or other reference thereto are waived, or that the trustee shall not be required to comply therewith; or

(2) That the requirements or provisions of any other act of like or similar import are waived, or that the trustee shall not be required to comply therewith; shall constitute a waiver by the settlor pursuant to RCW 30.30.100.

30.30.120 Execution upon trust income or vested remainder—Permitted, when. Nothing in RCW 6.32.250 shall forbid execution upon the income of any trust created by a person other than the judgment debtor for debt arising through the furnishing of the necessities of life to the beneficiary of such trust; or as to such income forbid the enforcement of any order of the superior court requiring the payment of support for the children under the age of eighteen of any beneficiary; or forbid the enforcement of any order of the superior court subjecting the vested remainder of any such trust upon its expiration to execution for the debts of the remainderman.

Chapter 30.32

DEALINGS WITH FEDERAL LOAN AGENCIES

30.32.010 Membership in federal reserve system—Investment in stock of Federal Deposit Insurance Corporation. Any bank, trust company or mutual savings bank may become a member of the federal reserve system of the United States and to that end may comply with all laws of the United States and all rules, regulations and requirements promulgated pursuant thereto, including the investment of its funds in the stock of a federal reserve bank; and any bank, trust company or mutual savings bank, whether a member of the federal reserve system or not, may invest its

funds in the stock of the Federal Deposit Insurance Corporation created by the act of congress approved June 16, 1933, and may participate in the insurance of bank deposits and obligate itself for the cost of such participation by assessments or otherwise in accordance with the laws of the United States.

30.32.020 Investment in federal home loan bank stock or bonds. Any savings and loan association, building and loan association, bank, trust company, savings bank, or mutual savings bank may become a member of and invest its funds in the bonds and/or the capital stock of a federal home loan bank, and vote such stock in the manner prescribed by its board of directors.

30.32.030 May borrow from home loan bank. Any such bank, trust company, insurance company, or association, may borrow from any home loan bank and as security for borrowing may pledge therewith the notes, mortgages, trust deeds which it holds as shall be required by federal law, and under such rules and regulations as shall be adopted by a federal home loan bank.

30.32.040 Federal home loan bank as depository. Any such bank, trust company, insurance company or association, may designate a federal home loan bank as a depository for its funds.

Chapter 30.36

CAPITAL NOTES OR DEBENTURES

30.36.010 Definitions. Capital notes or debentures, where used in this chapter, shall mean notes or other obligations issued by a bank, trust company or mutual savings bank, for money obtained and used as additional capital or to replace impaired capital stock: *Provided*, Such notes or other obligations are subordinate to the rights of depositors and other creditors.

The term "capital" where used in this chapter shall mean capital stock and/or capital notes.

30.36.020 Issuance and sale—Status. With the approval of the supervisor, any bank, trust company or mutual savings bank may at any time, through action of its board of directors, issue and sell its capital notes or debentures. Such capital notes or debentures shall be subordinate to the claims of depositors and other creditors.

30.36.030 Stock at less than par—Impairment. Where any bank, trust company or mutual savings bank has issued and has outstanding capital notes or debentures, it may carry its capital stock on its books at a sum less than par, and it shall not be considered impaired so long as the amount of such capital notes or debentures equals or exceeds the impairment as found by the supervisor.

30.36.040 Impairment to be corrected before retirement of notes or debentures. Before such capital notes or debentures are retired or paid by the bank, trust company or mutual savings bank, any existing impairment of its capital stock must be overcome or corrected to the satisfaction of the supervisor.

30.36.050 Not subject to assessments—Liability of holders. Such capital notes or debentures shall in no case be subject to any assessment. The holders of such capital notes or debentures shall not be held individually responsible, as such holders, for any debts, contracts or engagements of such institution, and as such holders, shall not be held liable for assessments to restore impairments in the capital of such institution.

Chapter 30.40

BRANCH BANKS

30.40.010 Reserved.

30.40.020 Branches authorized—Restrictions. A bank or trust company having a paid-in capital of not less than five hundred thousand dollars may, with the approval of the supervisor, establish and operate branches in any city or town within the state. A bank or trust company having a paid-in capital of not less than two hundred thousand dollars may, with the approval of the supervisor, establish and operate branches within the limits of the county in which its principal place of business is located.

The aggregate paid-in capital stock of every bank or trust company operating branches shall at no time be less than the aggregate of the minimum capital required by law for the establishment of an equal number of banks or trust companies in the cities or towns wherein the principal office or place of business of such bank or trust company and its branches are located.

No bank or trust company shall establish or operate any branch in any city or town outside the city or town in which its principal place of business is located in which any bank, trust company or national banking association regularly transacts a banking or trust business, except by taking over or acquiring an existing bank, trust company or national banking association or the branch of any bank, trust company or national banking association operating in such city or town.

30.40.030 Stop-payment orders on branch banks. No stop-payment order, renewal or confirmation issued against check, note, draft or trade acceptance drawn against or payable out of any account or deposit kept or maintained with any branch bank or branch banking office of any bank or banking association doing

business within the state shall be effectual to require compliance therewith by such bank, banking association, branch bank or branch banking office unless and until such stop-payment order, renewal or confirmation has been served upon such bank by delivery of the same or of a copy thereof to some person in charge of such branch bank or branch banking office or employed therein.

30.40.040 Presentment at branch where payable. No presentation of any check, note, draft, or trade acceptance drawn upon, made payable at or to be presented for acceptance at or to any branch bank or branch banking office of any bank or banking association doing business within this state shall constitute a valid presentation of such note, draft, or trade acceptance unless and until presentation shall be made at such branch bank or branch banking office.

30.40.050 Tender of payment at branch bank. No tender of payment, either in whole or in part, of or upon any note or trade acceptance, made payable at any branch bank or branch banking office or any bank or banking association doing business within this state shall be effectual to modify, alter or change the rights or liabilities of any party to such note or trade acceptance, or to any owner or holder thereof, or of any person liable thereon, unless such tender of payment is made at the branch bank or branch banking office at which such note is made payable or at which such trade acceptance is to be presented.

Chapter 30.44

INSOLVENCY AND LIQUIDATION

30.44.010 Delinquencies, notice to correct—Possession may be taken. Whenever it shall in any manner appear to the supervisor that any bank or trust company has violated any provision of law or is conducting its business in an unsafe manner or that it refuses to submit its books, papers, or concerns to lawful inspection or that any director or officer thereof refuses to submit to examination on oath touching its concerns, or that it has failed to carry out any authorized order or direction of an examiner, the supervisor may give notice to the bank or trust company so offending or delinquent or whose director or officer is thus offending or delinquent to correct such offense or delinquency and if such bank or trust company fails to comply with the terms of such notice within thirty days from the date of its issuance or within such further time as said supervisor may allow, then the supervisor may take possession of such bank or trust company as in case of insolvency.

30.44.020 Supervisor may order levy of assessment. Whenever it shall in any manner appear to the supervisor of banking that

any offense or delinquency referred to in RCW 30.44.010 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 title, or that it has suspended payment of its obligations or is insolvent, said supervisor 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 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 RCW 30.12.180.

30.44.030 Supervisor's right to take possession may be contested. Within ten days after the supervisor takes possession thereof, a bank or trust company may serve a notice upon the supervisor to appear before the superior court of the county wherein such corporation is located and at a time to be fixed by said court, which shall not be less than five nor more than fifteen days from the date of the service of such notice, to show cause why such corporation should not be restored to the possession of its assets. Upon the return day of such notice, or such further day as the matter may be continued to, the court shall summarily hear said cause and shall dismiss the same, if it be found that possession was taken by the supervisor in good faith and for cause, but if it find that no cause existed for the taking possession of such corporation, it shall require the supervisor to restore such bank or trust company to possession of its assets and enjoin him from further interference therewith without cause.

30.44.040 Notice of taking possession. Upon taking possession of any bank or trust company, the supervisor shall forthwith give written notice thereof to all persons having possession of any assets of such corporation. No person knowing of the taking of such possession by the supervisor shall have a lien or charge for any payment thereafter advanced or clearance thereafter made or liability thereafter incurred against any of the assets of such corporation.

30.44.050 Powers and duties of supervisor. Upon taking possession of any bank or trust company, the supervisor shall proceed to collect the assets thereof and to preserve, administer and liqui-

date the business and assets of such corporation. With the approval of the superior court of the county in which such corporation is located, he may sell, compound or compromise bad or doubtful debts, and upon such terms as the court shall direct borrow, mortgage, pledge or sell all or any part of the real estate and personal property of such corporation. He shall deliver to each purchaser or lender an appropriate deed, mortgage, agreement of pledge or other instrument of title or security. If real estate is situated outside of said county, a certified copy of the orders authorizing and confirming the sale or mortgage thereof shall be filed for record in the office of the auditor of the county in which such property is situated. He may appoint special deputy supervisors and other necessary agents to assist in the administration and liquidation of such corporation, a certificate of such appointment to be filed with the clerk of the county in which such corporation is located. He shall require each special deputy to give a surety company bond, conditioned as he shall provide, the premium of which shall be paid out of the assets of such corporation. He may also employ an attorney for legal assistance in such administration and liquidation.

30.44.060 Notice to creditors—Claims. The supervisor 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 shall have no power to accept any claim except the claim of a depositor, and all claims except the claims of depositors shall be barred.

30.44.070 Inventory—List of claims. Upon taking possession of such corporation, the supervisor shall make an inventory of the assets in duplicate and file one in his office and one in the office of the county clerk. Upon the expiration of the time fixed for the presentation of claims, he shall make a duplicate list of claims presented, segregating those approved and those rejected, to be

filed as aforesaid. He shall also make and file a supplemental list of claims at least fifteen days before the declaration of any dividend, and in any event at least every six months.

30.44.080 Objections to approved claims. Objection may be made by any interested person to any claim approved by the supervisor, which objection shall be determined by the court upon such notice to the claimant and objector as the court shall prescribe.

30.44.090 Dividends. At any time after the expiration of the date fixed for the presentation of claims, the supervisor, subject to the approval of the court, may declare one or more dividends out of the funds remaining in his hands after the payment of expenses.

30.44.100 Receiver prohibited except in emergency. No receiver shall be appointed by any court for any bank or trust company nor shall any assignment of any bank or trust company for the benefit of creditors be valid, excepting only that a court otherwise having jurisdiction may in case of imminent necessity appoint a temporary receiver to take possession of and preserve the assets of such corporation. Immediately upon any such appointment, the clerk of such court shall notify the supervisor by telegraph and mail of such appointment and the supervisor shall forthwith take possession of such bank or trust company, as in case of insolvency, and such temporary receiver shall upon demand of the supervisor surrender up to him such possession and all assets which shall have come into the hands of such receiver. The supervisor shall in due course pay such receiver out of the assets of such corporation such amount as the court shall allow.

30.44.110 Preferences prohibited—Penalty. Every transfer of its property or assets by any bank or trust company in this state, made in contemplation of insolvency, or after it shall have become insolvent, with a view to the preference of one creditor over another, or to prevent the equal distribution of its property and assets among its creditors, shall be void. Every director, officer or employee making any such transfer shall be guilty of a felony.

30.44.120 Receiving deposits when insolvent—Penalty. An officer, director or employee of any bank or trust company who shall fraudulently receive for it any deposit, knowing that such bank or trust company is insolvent, shall be guilty of a felony.

30.44.130 Expense of liquidation. All expenses incurred by the supervisor in taking possession, administering and winding up any such corporation, including the expenses of deputies and other assistants and reasonable fees for any attorney who may be employed by him in connection therewith, and the reasonable compensation

of any special deputy placed in charge of such corporation shall be a first charge upon the assets thereof. Such charges shall be fixed by the supervisor, subject to the approval of the court.

30.44.140 Liquidation after claims are paid. When all proper claims of depositors and creditors (not including stockholders) have been paid, as well as all expenses of administration and liquidation and proper provision has been made for unclaimed or unpaid deposits and dividends, and assets still remain in his hands, the supervisor shall call a meeting of the stockholders of such corporation, giving thirty days' notice thereof, by one publication in a newspaper published in the county where such corporation is located. At such meeting, each share shall entitle the holder thereof to a vote in person or by proxy. A vote by ballot shall be taken to determine whether the supervisor shall wind up the affairs of such corporation or the stockholders appoint an agent to do so. The supervisor, if so required, shall wind up such corporation and distribute its assets to those entitled thereto. If the appointment of an agent is determined upon, the stockholders shall forthwith select such agent by ballot. Such agent shall file a bond to the state of Washington in such amount and so conditioned as the supervisor shall require. Thereupon the supervisor shall transfer to such agent the assets of such corporation then remaining in his hands, and be relieved from further responsibility in reference to such corporation. Such agent shall convert the assets of such corporation into cash and distribute the same to the parties thereunto entitled, subject to the supervision of the court. In case of his death, removal or refusal to act, the stockholders may select a successor with like powers.

30.44.150 Unclaimed dividends—Disposition. Any dividends to depositors or other creditors of such bank or trust company remaining uncalled for and unpaid in the hands of the supervisor 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.

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 into the state treasury. It shall not be necessary to have the escheat adjudged in a suit or action.

30.44.160 Voluntary closing—Notice. Any bank or trust company may place itself under the control of the supervisor to be liquidated as herein provided by posting a notice on its door as

follows: "This bank (trust company) is in the hands of the State Supervisor of Banking."

Immediately upon the posting of such notice, the officers of such corporation shall notify the supervisor thereof by telegraph and mail. The posting of such notice or the taking possession of any bank or trust company by the supervisor shall be sufficient to place all of its assets and property of every nature in his possession and bar all attachment proceedings.

30.44.170 Voluntary liquidation—Notice to creditors. Any bank or trust company may, upon receipt of written permission from the supervisor, go into voluntary liquidation by a vote of its stockholders owning two-thirds of its capital stock. When such liquidation is authorized, the directors of such corporation shall publish in a newspaper published in the place where such corporation is located, once a week for four consecutive weeks, a notice requiring creditors of such corporation to present their claims against it for payment.

30.44.180 Unclaimed dividends on voluntary liquidation. Whenever any bank or trust company shall voluntarily liquidate, any dividends to depositors or other creditors of such bank or trust company remaining uncalled for and unpaid at the conclusion of the liquidation shall be transmitted to the supervisor and shall be deposited by him in a bank or trust company to his credit in trust for the benefit of the persons entitled thereto, and shall be paid by him to them upon receipt of satisfactory evidence of their right thereto.

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 into the state treasury. It shall not be necessary to have the escheat adjudged in a suit or action.

30.44.190 Disposition of unclaimed personal property. Whenever any bank or trust company shall be liquidated, voluntarily or involuntarily, and shall retain in its possession at the conclusion of the liquidation, uncalled for and unclaimed personal property left with it for safekeeping, such property shall, in the presence of a least one witness, be inventoried by the liquidating agent and sealed in separate packages, each package plainly marked with the name and last known address of the person in whose name the property stands on the books of the bank or trust company. If the property is in safe deposit boxes, such boxes shall be opened by the liquidating agent in the presence of at least one witness, and the property inventoried, sealed in packages and marked as above required. All the packages shall be transmitted to the super-

visor, together with certificates signed by the liquidating agent and witness or witnesses, listing separately the property standing in the name of any one person on the books of the bank or trust company, together with the date of inventory, and name and last known address of the person in whose name the property stands.

30.44.200 Duty of supervisor—Notice to owner. Upon receiving possession of the packages, the supervisor shall cause them to be opened in the presence of at least one witness, the property re-inventoried, and the packages resealed, and held for safekeeping. The liquidated bank, its directors, officers, and shareholders, and the liquidating agent shall thereupon be relieved of responsibility and liability for the property so delivered to and received by the supervisor. The supervisor shall send immediately to each person in whose name the property stood on the books of the liquidated bank or trust company, at his last known address, in a securely closed, postpaid and registered letter, a notice that the property listed will be held in his name for a period of not less than two years. At any time after the mailing of such notice, and before the expiration of two years, such person may require the delivery of the property so held, by properly identifying himself and offering evidence of his right thereto, to the satisfaction of the supervisor.

30.44.210 Final notice after two years—Sale. After the expiration of two years from the time of mailing the notice, the supervisor shall mail in a securely closed postpaid registered letter, addressed to such person at his last known address, a final notice stating that two years have elapsed since the sending of the notice referred to in RCW 30.44.200, and that the supervisor will sell all the property or articles of value set out in the notice, at a specified time and place, not less than thirty days after the time of mailing such final notice. Unless such person shall, on or before the day mentioned, claim the property, identify himself and offer evidence of his right thereto, to the satisfaction of the supervisor, the supervisor may sell all the property or articles of value listed in the notice, at public auction, at the time and place stated in the final notice: *Provided*, That a notice of the time and place of sale has been published once within ten days prior to the sale in a newspaper published in the county where the sale is held. Any such property held by the supervisor, the owner of which is not known, may be sold at public auction after it has been held by the supervisor for two years, provided, that a notice of the time and place of sale has been published once within ten days prior to the sale in a newspaper published in the county where the sale is held.

30.44.220 Disposition of proceeds—Escheat. The proceeds of such sale shall be deposited by the supervisor in a bank or trust company

to his credit, in trust for the benefit of the person entitled thereto, and shall be paid by him to such person upon receipt of satisfactory evidence of his right thereto.

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 into the state treasury. It shall not be necessary to have the escheat adjudged in a suit or action.

30.44.230 Procedure as to papers, documents, etc. Whenever the personal property held by a liquidated bank or trust company shall consist either wholly or in part, of documents, letters, or other papers of a private nature, such documents, letters, or papers shall not be sold, but shall be retained by the supervisor for a period of five years, and, unless sooner claimed by the owner, may be thereafter destroyed in the presence of the supervisor and at least one other witness.

30.44.240 Transfer of assets and liabilities to another bank or trust company. A bank or trust company may for the purpose of 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 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 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 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.

30.44.250 Reopening. Whenever the supervisor has taken possession of a bank or trust company for any cause, he may wind up such corporation and cancel its certificate of authority, unless enjoined from so doing, as herein provided. Or if at any time within ninety days after taking possession, he shall determine that all impairment and delinquencies have been made good, and that it is safe and expedient for such corporation to reopen, he may permit such corporation to reopen upon such terms and conditions as he shall prescribe. Before being permitted to reopen, every such corporation shall pay all of the expenses of the supervisor, as herein elsewhere defined.

30.44.260 Destruction of records after liquidation. Where any files, records, documents, books of account or other papers have been taken over and are in the possession of the supervisor in connection with the liquidation of any insolvent banks or trust companies under the laws of this state, the supervisor may, in his discretion at any time after the expiration of one year from the declaration of the final dividend, or from the date when such liquidation has been entirely completed, destroy any of the files, records, documents, books of account or other papers which may appear to the supervisor to be obsolete or unnecessary for future reference as part of the liquidation and files of his office.

Chapter 30.48—Reserved.

Chapter 30.49

MERGER, CONSOLIDATION, AND CONVERSION

30.49.010 Definitions. As used in this chapter:

“Merging bank” means a party to a merger;

“Converting bank” means a bank converting from a state to a national bank, or the reverse;

“Merger” includes consolidation;

“Resulting bank” means the bank resulting from a merger or conversion.

30.49.020 State to resulting national bank—Laws applicable—Vote required—Termination of franchise. This section is applicable where there is to be a resulting national bank.

Nothing in the law of this state shall restrict the right of a state bank to merge with or convert into a resulting national bank. The action to be taken by such merging or converting state bank and its rights and liabilities and those of its shareholders shall be the same as those prescribed at the time of the action for national banks merging with or converting into a resulting state bank by the law of the United States, and not by the law of this state, except that a vote of the holders of two-thirds of each class of voting stock of a state bank shall be required for the merger or conversion, and that on conversion by a state into a national bank the rights of dissenting stockholders shall be those specified in RCW 30.49.090.

Upon the completion of the merger or conversion, the franchise of any merging or converting state bank shall automatically terminate.

30.49.030 State or national to resulting state bank—Law applicable to nationals. This section is applicable where there is to be a resulting state bank.

Upon approval by the supervisor of banking, state or national banks may be merged to result in a state bank, or a national bank may convert into a state bank as hereafter prescribed, except that the action by a national bank shall be taken in the manner prescribed by and shall be subject to limitations and requirements imposed by the law of the United States which shall also govern the rights of its dissenting shareholders.

30.49.040 Merger to resulting state bank—Agreement, contents, approval, amendment. This section is applicable where there is to be a resulting state bank.

(1) The board of directors of each merging state bank shall, by a majority of the entire board, approve a merger agreement which shall contain:

(a) The name of each merging state or national bank and location of each office;

(b) With respect to the resulting state bank, (i) the name and location of the principal and other offices; (ii) the name and residence of each director to serve until the next annual meeting of the stockholders; (iii) the name and residence of each officer; (iv) the amount of capital, the number of shares and the par value of each share; and (v) the amendments to its charters and bylaws;

(c) Provisions governing the manner of converting the shares of the merging state or national banks into shares of the resulting state bank;

(d) A statement that the agreement is subject to approval by the supervisor of banking and the stockholders of each merging state or national bank;

(e) Provisions governing the manner of disposing of the shares of the resulting state bank not taken by dissenting shareholders of merging state or national banks;

(f) Such other provisions as the supervisor of banking requires to enable him to discharge his duties with respect to the merger;

(2) After approval by the board of directors of each merging state bank, the merger agreement shall be submitted to the supervisor of banking for approval, together with certified copies of the authorizing resolutions of each board of directors showing approval by a majority of the entire board and evidence of proper action by the board of directors of any merging national bank;

(3) Within sixty days after receipt by the supervisor of banking of the papers specified in subdivision (2), the supervisor of banking shall approve or disapprove of the merger agreement, and if no action is taken, the agreement shall be deemed approved. The supervisor of banking shall approve the agreement if it appears that:

(a) The resulting state bank meets the requirements of state law as to the formation of a new state bank;

(b) The agreement provides an adequate capital structure including surplus in relation to the deposit liabilities of the resulting state bank and its other activities which are to continue or are to be undertaken;

(c) The agreement is fair;

(d) The merger is not contrary to the public interest.

If the supervisor of banking disapproves an agreement, he shall state his objections and give an opportunity to the merging state or national banks to amend the merger agreement to obviate such objections.

30.49.050 Same — Stockholders' vote — Notice of meeting — Waiver of notice. To be effective, a merger which is to result in a state bank must be approved by the stockholders of each merging state bank by a vote of two-thirds of the outstanding voting stock of each class at a meeting called to consider such action, which vote shall constitute the adoption of the charter and bylaws of the resulting state bank, including the amendments in the merger agreement.

Unless waived in writing, notice of the meeting of stockholders shall be given by publication in a newspaper of general circulation in the place where the principal office of each merging state bank is located, at least once each week for four successive weeks, and by mail, at least fifteen days before the date of the meeting, to each stockholder of record of each merging state bank at his address on the books of his bank; no notice of publication need be given if written waivers are received from the holders of two-thirds of the outstanding shares of each class of stock. The notice shall state that dissenting stockholders will be entitled to payment of the value of only those shares which are voted against approval of the plan.

30.49.060 Same—Effective date—Termination of charters—Certificate of merger. A merger which is to result in a state bank shall, unless a later date is specified in the agreement, become effective after the filing with and upon the approval of the supervisor of banking of the executed agreement together with copies of the resolutions of the stockholders of each merging state or national bank approving it, certified by the bank's president or a vice president and a secretary. The charters of the merging banks, other than the resulting bank, shall thereupon automatically terminate.

The supervisor of banking shall thereupon issue to the resulting state bank a certificate of merger specifying the name of each merging state or national bank and the name of the resulting state bank. Such certificate shall be conclusive evidence of the merger and of the correctness of all proceedings therefor in all courts and

places, and may be recorded in any office for the recording of deeds to evidence the new name in which the property of the merging state or national bank is held.

30.49.070 Conversion of national to state bank—Requirements—Procedure. Except as provided in RCW 30.49.100, a national bank located in this state which follows the procedure prescribed by the laws of the United States to convert into a state bank shall be granted a state charter by the supervisor of banking if he finds that the bank meets the standards as to location of offices, capital structures, and business experience and character of officers and directors for the incorporation of a state bank.

The national bank may apply for such charter by filing with the supervisor of banking a certificate signed by its president and cashier and by a majority of the entire board of directors, setting forth the corporate action taken in compliance with the provisions of the laws of the United States governing the conversion of a national to a state bank, and the articles of incorporation, approved by the stockholders, for the government of the bank as a state bank.

30.49.080 Resulting bank as same business and corporate entity—Use of name of merging, converting bank. A resulting state or national bank shall be the same business and corporate entity as each merging state or national bank or as the converting state or national bank with all property, rights, powers and duties of each merging state or national bank or the converting state or national bank, except as affected by the state law in the case of a resulting state bank or the federal law in the case of a resulting national bank, and by the charter and bylaws of the resulting state or national bank.

A resulting state or national bank shall have the right to use the name of any merging state or national bank or of the converting bank whenever it can do any act under such name more conveniently.

Any reference to a merging or converting state or national bank in any writing, whether executed or taking effect before or after the merger or conversion, shall be deemed a reference to the resulting state or national bank if not inconsistent with the other provisions of such writing.

30.49.090 Rights of dissenting shareholder—Appraisal—Amount due as debt. The owner of shares of a state bank which were voted against a merger to result in a state bank, or against the conversion of a state bank into a national bank, shall be entitled to receive their value in cash, if and when the merger or conversion becomes effective, upon written demand made to the resulting state or national bank at any time within thirty days after the effective

date of the merger or conversion, accompanied by the surrender of the stock certificates. The value of such shares shall be determined, as of the date of the shareholders' meeting approving the merger or conversion, by three appraisers, one to be selected by the owners of two-thirds of the dissenting shares, one by the board of directors of the resulting state or national bank, and the third by the two so chosen. The valuation agreed upon by any two appraisers shall govern. If the appraisal is not completed within ninety days after the merger or conversion becomes effective, the supervisor of banking shall cause an appraisal to be made.

The expenses of appraisal shall be paid by the resulting state bank.

The resulting state or national bank may fix an amount which it considers to be not more than the fair market value of the shares of a merging or the converting bank at the time of the stockholders' meeting approving the merger or conversion, which it will pay dissenting shareholders of the bank entitled to payment in cash. The amount due under such accepted offer or under the appraisal shall constitute a debt of the resulting state or national bank.

30.49.100 Provision for successors to fiduciary positions. Where a resulting state bank is not to exercise trust powers, the supervisor of banking shall not approve a merger or conversion until satisfied that adequate provision has been made for successors to fiduciary positions held by the merging state or national banks or the converting state or national bank.

30.49.110 Assets, business—Time for conformance with state law. If a merging or converting state or national bank has assets which do not conform to the requirements of state law for the resulting state bank or carries on business activities which are not permitted for the resulting state bank, the supervisor of banking may permit a reasonable time to conform with state law.

30.49.120 Resulting state bank—Valuation of certain assets limited. Without approval by the supervisor of banking no asset shall be carried on the books of the resulting state bank at a valuation higher than that on the books of the merging or converting state or national bank at the time of its last examination by a state or national bank examiner before the effective date of the merger or conversion.

30.49.130 Severability. If any provision of this chapter or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the chapter which can be given effect without the invalid provision or application, and to this end the provisions of the chapter are declared to be severable. The invalidity of any provision as

to a national bank or as to the stockholders of a national bank shall not affect its validity as to a state bank or as to the stockholders of a state bank.

Chapter 30.52

BANK COLLECTION CODE

30.52.010 "Bank" and "item" defined. For the purposes of this chapter: "Bank" shall include any person, firm or corporation engaged in the business of receiving and paying deposits of money within this state. A branch or office of any such bank shall be deemed a bank for the purpose of this chapter.

"Item" means any check, note or other instrument providing for the payment of money.

30.52.020 Deposits for collection—Agency of bank. Except as otherwise provided by agreement and except as to subsequent holders of a negotiable instrument payable to bearer or indorsed specially or in blank, where an item is deposited or received for collection, the bank of deposit shall be agent of the depositor for its collection and each subsequent collecting bank shall be subagent of the depositor but shall be authorized to follow the instructions of its immediate forwarding bank and any credit given by any such agent or subagent bank therefor shall be revocable until such time as the proceeds are received in actual money or an unconditional credit given on the books of another bank, which such agent has requested or accepted. Where any such bank allows any revocable credit for an item to be withdrawn, such agency relation shall nevertheless continue except the bank shall have all the rights of an owner thereof against prior and subsequent parties to the extent of the amount withdrawn.

30.52.030 Provisional credit—Revocation. (1) In any case in which a bank receives, other than for immediate payment over the counter, a demand item payable by, at or through such bank and gives credit therefor before midnight of the day of receipt, the bank may have until midnight of its next business day after receipt within which to dishonor or refuse payment of such item. Any credit so given, together with all related entries on the receiving bank's books, may be revoked by returning the item, or if the item is held for protest or at the time is lost or is not in possession of the bank, by giving written notice of dishonor, nonpayment, or revocation: *Provided*, That such item or notice is dispatched in the mails or by other expeditious means not later than midnight of the bank's next business day after the item was received. For the purpose of determining when notice of dishonor must be given or pro-

test made under the law relative to negotiable instruments, an item duly presented which is dishonored or credit for which is revoked as authorized by this section, shall be deemed dishonored on the day the item or notice is dispatched. A bank, revoking credit pursuant to the authority of this section, is entitled to refund of, or credit for, the amount of the item.

(2) For the purpose of this section:

(a) An item received by a bank on a day other than its business day, or received on a business day after its regular business hours or during afternoon or evening periods when it has reopened or remained open for limited functions, shall be deemed to have been received at the opening of its next business day;

(b) The term "credit" includes payment, remittance, advice of credit or authorization to charge and, in cases where the item is received for deposit as well as for payment, also includes the passing of appropriate entries to the receiving bank's general ledger without regard to whether the item is posted to individual customers' ledgers.

30.52.040 Presumptions as to endorsements—Restrictive endorsements—Payable to bearer. An endorsement of an item by the payee or other depositor "for deposit" shall be deemed a restrictive endorsement and indicate that the endorsee bank is an agent for collection and not owner of the item.

An endorsement of an item in blank made for the purpose of depositing such item with or of obtaining payment thereof from a bank shall be deemed to be an endorsement thereof to or to the order of such bank.

An endorsement "pay any bank or banker" or having equivalent words shall be deemed a restrictive endorsement and shall indicate the creation of an agency relation in any subsequent bank to whom the paper is forwarded, unless coupled with words indicating the creation of a trustee relationship; and such endorsement, and/or an endorsement to or to the order of any bank and/or any other restrictive endorsement, whether creating an agency or trustee relationship, shall constitute a guaranty by the endorser to all subsequent holders and to the drawee or payer of the genuineness of and the authority to make prior endorsements, and also to save the drawee or payer harmless in the event any prior endorsement appearing thereon is defective or irregular in any respect unless such endorsement be coupled with appropriate words disclaiming such liability as guarantor.

Where a deposited item is payable to bearer or endorsed by the depositor in blank or by special endorsement, the fact that such item is so payable or endorsed shall not change the relation of agent of the bank of deposit to the depositor, but subsequent hold-

ers shall have the right to rely on the presumption that the bank of deposit is the owner of the item. The endorsement of an item by the bank of deposit or by any subsequent holder in blank or by special endorsement or its delivery when payable to bearer, shall carry the presumption that the endorsee or transferee is owner provided there is nothing upon the face of the paper or in any prior endorsement to indicate an agency or trustee relation of any prior party. But where an item is deposited or is received for collection endorsed specially or in blank, the bank may convert such an endorsement into a restrictive endorsement by writing over the signature of the endorser the words "for deposit" or "for collection" or other restrictive words to negative the presumption that such bank of deposit or endorsee bank is owner; and in the case of an item deposited or received for collection payable to bearer, may negative such presumption by endorsing thereon the words "received for deposit" or "received for collection" or words of like import.

30.52.050 Ordinary care required. It shall be the duty of the initial or any subsequent agent collecting bank to exercise ordinary care in the collection of an item and when such duty is performed such agent bank shall not be responsible if for any cause payment is not received in money or an unconditional credit given on the books of another bank, which bank shall be liable for its own lack of exercise of ordinary care but shall not be liable for the neglect, misconduct, mistakes or defaults of any other agent bank or of the drawee or payor bank.

30.52.060 Ordinary care defined. (1) Where an item is received on deposit or by a subsequent agent bank for collection, payable in another town or city, it shall be deemed the exercise of ordinary care to forward such item by mail, not later than the business day next following its receipt either (a) direct to the drawee or payor in the event such drawee or payor is a bank or (b) to another bank collecting agent according to the usual banking custom, either located in the town or city where the item is payable or in another town or city.

(2) Where an item is received on deposit or by a subsequent agent bank for collection, payable by or at another bank in the same town or city in which such agent bank is located, it shall be deemed the exercise of ordinary care to present the item for payment at any time not later than the next business day following the day on which the item is received either (a) at the counter of the drawee or payor by agent or messenger or (b) through the local clearing house under the regular established procedure, or according to the usual banking custom where the collecting or payor bank is located in an outlying district.

(3) The designation of the above methods shall not exclude any other method of forwarding or presentment which under existing rules of law would constitute ordinary care.

30.52.070 Item deemed paid—When. Where the item is received by mail by a solvent drawee or payor bank, it shall be deemed paid when the amount is finally charged to the account of the maker or drawer.

30.52.080 Loss or destruction in transit. Where an agent bank forwards an item for collection, it shall not be responsible for its loss or destruction in transit or, when in the possession of others, for its inability to repossess itself thereof, provided there has been no lack of ordinary care on its part.

30.52.090 Methods of payment. Where ordinary care is exercised, any agent collecting bank may receive in payment of an item without becoming responsible as debtor therefor, whether presented by mail, through the clearing house or over the counter of the drawee or payor, in lieu of money, either (1) the check or draft of the drawee or payor upon another bank or (2) the check or draft of any other bank upon any bank other than the drawee or payor of the item or (3) such method of settlement as may be customary in a local clearing house or between clearing banks or otherwise: *Provided*, That whenever such agent collecting bank shall request or accept in payment an unconditional credit which has been given to it on the books of the drawee or payor or on the books of any other bank, such agent collecting bank shall become debtor for such item and shall be responsible therefor as if the proceeds were actually received by it in money.

30.52.100 Payment by remitting bank. Where ordinary care is exercised, any agent collecting bank may receive from any subsequent bank in the chain of collection in remittance for an item which has been paid, in lieu of money, the check or draft of the remitting bank upon any bank other than itself or the drawee or payor of the item or such other method of settlement as may be customary: *Provided*, That whenever such agent collecting bank shall request or accept an unconditional credit which has been given to it on the books of the remitting bank or on the books of any other bank, such agent collecting bank shall become debtor for such item and shall be responsible therefor as if the proceeds were actually received by it in money.

30.52.110 Dishonor by nonpayment. Where an item is duly presented by mail to the drawee or payor, whether or not the same has been charged to the account of the maker or drawer thereof or returned to such maker or drawer, the agent collecting bank so

presenting may, at its election, exercised with reasonable diligence, treat such item as dishonored by nonpayment and recourse may be had upon prior parties thereto in any of the following cases:

(1) Where the check or draft of the drawee or payor bank upon another bank received in payment therefor shall not be paid in due course;

(2) Where the drawee or payor bank shall without request or authority tender as payment its own check or draft upon itself or other instrument upon which it is primarily liable;

(3) Where the drawee or payor bank shall give an unrequested or unauthorized credit therefor on its books or the books of another bank; or

(4) Where the drawee or payor shall retain such item without remitting therefor on the day of receipt or on the day of maturity if payable otherwise than on demand and received by it prior to or on such day of maturity: *Provided, however,* That in any case where the drawee or payor bank shall return any such item unpaid not later than the day of receipt or of maturity as aforesaid in the exercise of its right to make payment only at its own counter, such item cannot be treated as dishonored by nonpayment and the delay caused thereby shall not relieve prior parties from liability.

Provided further, That no agent collecting bank shall be liable to the owner of an item where, in the exercise of ordinary care in the interest of such owner, it makes or does not make the election above provided or takes such steps as it may deem necessary in cases (2), (3) and (4) above.

30.52.120 Notice of dishonor. In case of the dishonor of an item duly presented by mail as provided for in RCW 30.52.110, notice of dishonor of such item to prior parties shall be sufficient if given with reasonable diligence after such dishonor; and further in the event of failure to obtain the return of any such item notice of dishonor may be given upon a copy or written particulars thereof, and delay in giving notice of dishonor caused by an attempt with reasonable diligence to obtain return of such item shall be excused.

30.52.130 Effect of bank failure. (1) When the drawee or payor, or any other agent collecting bank shall fail or be closed for business by the supervisor or by action of the board of directors or by other proper legal action, after an item shall be mailed or otherwise entrusted to it for collection or payment but before the actual collection or payment thereof, it shall be the duty of the receiver or other official in charge of its assets to return such item, if same is in his possession, to the forwarding or presenting bank with reasonable diligence.

(2) Except in cases where an item or items is treated as dis-

honored by nonpayment as provided in RCW 30.52.110, when a drawee or payor bank has presented to it for payment an item or items drawn upon or payable by or at such bank and at the time has on deposit to the credit of the maker or drawer an amount equal to such item or items and such drawee or payor shall fail or close for business as above, after having charged such item or items to the account of the maker or drawer thereof or otherwise discharged his liability thereon but without such item or items having been paid or settled for by the drawee or payor either in money or by an unconditional credit given on its books or on the books of any other bank, which has been requested or accepted so as to constitute such drawee or payor or other bank debtor therefor, the assets of such drawee or payor shall be impressed with a trust in favor of the owner or owners of such item or items for the amount thereof, or for the balance payable upon a number of items which have been exchanged, and such owner or owners shall be entitled to a preferred claim upon such assets, irrespective of whether the fund representing such item or items can be traced and identified as part of such assets or has been intermingled with or converted into other assets of such failed bank.

(3) Where an agent collecting bank other than the drawee or payor shall fail or be closed for business as above, after having received in any form the proceeds of an item or items entrusted to it for collection, but without such item or items having been paid or remitted for by it either in money or by an unconditional credit given on its books or on the books of any other bank which has been requested or accepted so as to constitute such failed collecting or other bank debtor therefor, the assets of such agent collecting bank which has failed or been closed for business as above shall be impressed with a trust in favor of the owner or owners of such item or items for the amount of such proceeds and such owner or owners shall be entitled to a preferred claim upon such assets, irrespective of whether the fund representing such item or items can be traced and identified as part of such assets or has been intermingled with or converted into other assets of such failed bank.

30.52.140 Other rules and laws to apply, when. In any case not provided for in this chapter the rules of law and equity, including the law merchant and those rules of law and equity relating to trusts, agency, negotiable instruments and banking, shall continue to apply.

30.52.150 Construction of chapter. This chapter shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states which enact it.

30.52.160 Chapter designated "bank collection code." This chapter may be cited as the bank collection code.

Chapter 30.56**BANK STABILIZATION ACT**

30.56.010 "Bank" and "directors" defined. In this chapter the word "bank" includes savings banks, mutual savings banks, and trust companies, and "directors" shall include trustees.

30.56.020 Postponement of payments on deposits—Order—Posting. The supervisor of banking is hereby empowered, upon the written application of the directors of a bank, if in his judgment the circumstances warrant it, to authorize a bank to postpone, for a period of ninety days and for such further period or periods as he may deem expedient, the payment of such proportions or amounts of the demands of its depositors from time to time as he may deem necessary. The period or periods of postponement and the proportions or amounts of the demands to be deferred shall be determined by him according to the ability of the bank to pay withdrawals. By the regulations prescribed for deferred payments, the supervisor may classify accounts and limit payments to depositors of the several classes differently. The supervisor's orders, regulations and directions shall be in writing and be filed in his office, and copies thereof shall be delivered to the bank and be forthwith posted in a conspicuous place in the banking room.

30.56.030 Business during postponement. During postponement of payments the bank shall remain open for business and be in charge of its officers, but shall not make any loans, investments or expenditures except such as the supervisor will approve as necessary to conserve its assets and pay the cost of operation. The bank's failure during a period of postponement to repay deposits existing at the commencement of the period, shall not authorize or require the supervisor to take charge of or liquidate the bank, nor constitute ground for the appointment of a receiver.

30.56.040 Deposits received during postponement. Deposits received during a period of postponement and for sixty days thereafter shall be kept separate from other assets of the bank, shall not draw interest, shall not be loaned or invested except by depositing with reserve banks or investing in liquid securities approved by the supervisor, and shall be withdrawable upon demand. If during a postponement of payments, or at the expiration thereof, the supervisor shall take charge of the bank for liquidation, deposits made during the period of postponement shall be deemed trust funds and be repaid to the depositors forthwith.

30.56.050 Plan for reorganization—Conditions. At the request of the directors of a bank, the supervisor may propose a plan for its reorganization, if in his judgment it would be for the best in-

terests of the bank's creditors and of the community which the bank serves. The plan may contemplate such temporary ratable reductions of the demands of depositors and other creditors as would leave its reserve adequate and its capital and surplus unimpaired after the charging off of bad and doubtful debts; and also may contemplate a postponement of payments as in a case falling within RCW 30.56.020. The plan shall be fully described in a writing, the original of which shall be filed in the office of the supervisor and several copies of which shall be furnished the bank, where one or more copies shall be kept available for inspection by stockholders, depositors and other creditors.

30.56.060 Approval of plan—Unsecured claims. If, within ninety days after the filing of the plan, creditors having unsecured demands against the bank aggregating not less than three-fourths of the amount of the unsecured demands of all its creditors, approved the plan, the supervisor shall have power to declare the plan to be in effect. Thereupon the unsecured demands of creditors shall be ratably reduced according to the plan and appropriate debits shall be made in the books. The right of a secured creditor to enforce his security shall not be affected by the operation of the plan, but the amount of any deficiency to which he may be entitled shall be reduced as unsecured demands were reduced. If the plan contemplates a temporary postponement of payments, RCW 30.56-.020, 30.56.030 and 30.56.040 shall be applicable, and the bank shall comply therewith and conduct its affairs accordingly.

30.56.070 No dividends until reductions paid. A bank for which such a plan has been put into effect shall not declare or pay a dividend or distribute any of its assets among stockholders until there shall have been set aside for and credited ratably to the creditors whose demands were reduced an amount equal to the aggregate of the reductions.

30.56.080 Failure to pay in excess of plan, effect. The failure of a bank operating under such a plan to pay to a creditor at any time a sum greater than the plan then requires, shall not constitute a default nor authorize or require the supervisor to take charge of or liquidate the bank nor entitle the creditor to maintain an action against the bank.

30.56.090 New bank may be authorized. If the net assets of a bank operating under such a plan are sufficient to provide the capital and surplus of a newly organized bank in the same place, the supervisor, under such reasonable conditions as he shall prescribe, may approve the incorporation of a new bank and permit it to take over the assets and business and assume the liabilities of the existing bank.

30.56.100 Chapter designated "bank stabilization act." This chapter shall be known as the bank stabilization act.

Chapter 30.98**CONSTRUCTION**

30.98.010 Continuation of existing law. The provisions of this title insofar as they are substantially the same as statutory provisions repealed by this chapter and relating to the same subject matter, shall be construed as restatements and continuations, and not as new enactments.

30.98.020 Title, chapter, section headings not part of law. Title headings, chapter headings, and section or subsection headings, as used in this title do not constitute any part of the law.

30.98.030 Invalidity of part of title not to affect remainder. If any provision of this title, or its application to any person or circumstance is held invalid, the remainder of the title, or the application of the provision to other persons or circumstances is not affected.

30.98.040 Prior investments or transactions not affected. Nothing in this title shall be construed to affect the legality of investments, made prior to March 10, 1917, or of transactions had before March 10, 1917, pursuant to any provisions of law in force when such investment were made or transactions had. (Adopted from 1917 c 80 § 77)

30.98.050 Repeals and saving. The following acts or parts of acts are repealed:

- (1) Chapter 129, Laws of 1905.
- (2) Sections 1, 5 through 8, 10, 12, 14, 15, 16 through 83, Chapter 80, Laws of 1917.
- (3) Sections 1, 4, 5, and 7 through 20, Chapter 209, Laws of 1919.
- (4) Chapter 73, Laws of 1921.
- (5) Chapter 94, Laws of 1921.
- (6) Chapter 114, Laws of 1923.
- (7) Chapter 115, Laws of 1923.
- (8) Chapter 44, Laws of 1925 ex. s.
- (9) Chapter 55, Laws of 1925 ex. s.
- (10) Chapter 114, Laws of 1925 ex. s.
- (11) Chapter 179, Laws of 1927.
- (12) Chapter 224, Laws of 1927.
- (13) Chapter 72, Laws of 1929.
- (14) Chapter 73, Laws of 1929.
- (15) Chapter 174, Laws of 1929.
- (16) Chapter 203, Laws of 1929.
- (17) Chapter 8, Laws of 1931.
- (18) Chapter 9, Laws of 1931.

- (19) Chapter 10, Laws of 1931.
- (20) Chapter 11, Laws of 1931.
- (21) Chapter 127, Laws of 1931.
- (22) Chapter 12, Laws of 1933.
- (23) Chapter 42, Laws of 1933.
- (24) Chapter 49, Laws of 1933.
- (25) Chapter 105, Laws of 1933.
- (26) Chapter 9, Laws of 1933 ex. s.
- (27) Chapter 42, Laws of 1935.
- (28) Chapter 43, Laws of 1935.
- (29) Chapter 93, Laws of 1935.
- (30) Chapter 31, Laws of 1937.
- (31) Chapter 48, Laws of 1937.
- (32) Chapter 61, Laws of 1937.
- (33) Chapter 59, Laws of 1939.
- (34) Chapter 61, Laws of 1939.
- (35) Chapter 16, Laws of 1941.
- (36) Chapter 38, Laws of 1941.
- (37) Chapter 41, Laws of 1941.
- (38) Chapter 55, Laws of 1943.
- (39) Chapter 114, Laws of 1943.
- (40) Chapter 142, Laws of 1943.
- (41) Chapter 143, Laws of 1943.
- (42) Chapter 148, Laws of 1943.
- (43) Chapter 167, Laws of 1943.
- (44) Chapter 187, Laws of 1943.
- (45) Chapter 69, Laws of 1945.
- (46) Chapter 204, Laws of 1945.
- (47) Chapter 100, Laws of 1947.
- (48) Chapter 129, Laws of 1947.
- (49) Chapter 131, Laws of 1947.
- (50) Chapter 132, Laws of 1947.
- (51) Chapter 146, Laws of 1947.
- (52) Chapter 147, Laws of 1947.
- (53) Chapter 148, Laws of 1947.
- (54) Chapter 149, Laws of 1947.
- (55) Chapter 221, Laws of 1947.
- (56) Chapter 18, Laws of 1951.
- (57) Chapter 23, Laws of 1951.
- (58) Chapter 132, Laws of 1951.
- (59) Chapter 218, Laws of 1951.
- (60) Chapter 226, Laws of 1951.
- (61) Chapter 234, Laws of 1953.
- (62) Chapter 236, Laws of 1953.

Such repeals shall not be construed as affecting any existing right

acquired under the provisions of the statutes repealed, nor as affecting any proceeding instituted thereunder.

30.98.060 Emergency. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate January 21, 1955.

Passed the House February 7, 1955.

Approved by the Governor February 23, 1955.