

may adopt rules making confidential portions of the reports if in the supervisor's opinion the public disclosure of the portions of the report would impair the ability to obtain the information which the supervisor considers necessary to fully evaluate the application.

(8) Every person who violates any provision of this section shall forfeit the person's office or employment and be guilty of a gross misdemeanor.

NEW SECTION. Sec. 5. The following acts or parts of acts are each repealed:

- (1) Section 43.19.060, chapter 8, Laws of 1965 and RCW 43.19.060;
- (2) Section 43.19.070, chapter 8, Laws of 1965 and RCW 43.19.070; and
- (3) Section 43.19.120, chapter 8, Laws of 1965 and RCW 43.19.120.

NEW SECTION. Sec. 6. If any provision of this act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 7. 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 House June 6, 1977.

Passed the Senate June 3, 1977.

Approved by the Governor June 15, 1977.

Filed in Office of Secretary of State June 15, 1977.

CHAPTER 246

[Substitute House Bill No. 393]

BANKS AND TRUST COMPANIES—CONTROL, ACQUISITION

AN ACT Relating to banks and trust companies; adding new sections to Title 30 RCW; and prescribing penalties.

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

NEW SECTION. Section 1. There is added to Title 30 RCW a new section to read as follows:

As used in this 1977 act, the following words shall have the following meanings:

(1) "Control" means directly or indirectly alone or in concert with others to own, control, or hold the power to vote twenty-five percent or more of the outstanding stock or voting power of the "controlled" entity;

(2) "Acquiring party" means the person acquiring control of a bank through the purchase of stock; and

(3) "Person" means any individual, corporation, partnership, association, business trust, or other organization.

NEW SECTION. Sec. 2. There is added to Title 30 RCW a new section to read as follows:

(1) It is unlawful for any person to acquire control of a bank until thirty days after filing with the supervisor a completed application. The application shall be under oath and contain substantially all of the following information plus any additional information that the supervisor may prescribe as necessary or appropriate

in the particular instance for the protection of bank depositors, borrowers, or shareholders and the public interest:

(a) The identity, banking and business experience of each person by whom or on whose behalf acquisition is to be made;

(b) The financial and managerial resources and future prospects of each person involved in the acquisition;

(c) The terms and conditions of any proposed acquisition and the manner in which the acquisition is to be made;

(d) The source and amount of the funds or other consideration used or to be used in making the acquisition, and a description of the transaction and the names of the parties if any part of these funds or other consideration has been or is to be borrowed or otherwise obtained for the purpose of making the acquisition;

(e) Any plan or proposal which any person making the acquisition may have to liquidate the bank, to sell its assets, to merge it with any other bank, or to make any other major change in its business or corporate structure for management;

(f) The identification of any person employed, retained, or to be compensated by the acquiring party, or by any person on its behalf, who makes solicitations or recommendations to shareholders for the purpose of assisting in the acquisition and a brief description of the terms of the employment, retainer, or arrangement for compensation; and

(g) Copies of all invitations for tenders or advertisements making a tender offer to shareholders for the purchase of their stock to be used in connection with the proposed acquisition.

(2) Notwithstanding any other provision of this section, a bank or bank holding company need only notify the supervisor of an intent to acquire control and the date of the proposed acquisition of control at least thirty days before the date of the acquisition of control.

(3) When a person, other than an individual or corporation, is required to file an application under this section, the supervisor may require that the information required by subsection (1)(a), (b), and (f) of this section be given with respect to each person, as defined in section 1(3) of this act, who has an interest in or controls a person filing an application under this subsection.

(4) When a corporation is required to file an application under this section, the supervisor may require that information required by subsection (1)(a), (b), and (f) of this section be given for the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of twenty-five percent or more of the outstanding voting securities of the corporation.

(5) If any tender offer, request, or invitation for tenders or other agreements to acquire control is proposed to be made by means of a registration statement under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C., Sec. 77(a)), as amended, or in circumstances requiring the disclosure of similar information under the Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C., Sec. 78(a)), as amended, the registration statement or application may be filed with the supervisor in lieu of the requirements of this section.

(6) Any acquisition of control in violation of this section shall be ineffective and void.

(7) Any person who wilfully or intentionally violates this section or any rule adopted pursuant thereto is guilty of a gross misdemeanor pursuant to chapter 9A-.20 RCW. Each day's violation shall be considered a separate violation, and any person shall upon conviction be fined not more than one thousand dollars for each day the violation continues.

NEW SECTION. Sec. 3. There is added to Title 30 RCW a new section to read as follows:

The supervisor may file an action in the superior court of the county in which the bank is located to restrain the pending acquisition or control of a bank if he finds after considering the application and within thirty days after its filing any of the following:

(1) The poor financial condition of any acquiring party might jeopardize the financial stability of the bank or might prejudice the interests of the bank depositors, borrowers, or shareholders;

(2) The plan or proposal of the acquiring party to liquidate the bank, to sell its assets, to merge it with any person, or to make any other major change in its business or corporate structure or management is not fair and reasonable to the bank's depositors, borrowers, or stockholders or is not in the public interest;

(3) The banking and business experience and integrity of any acquiring party who would control the operation of the bank indicates that approval would not be in the interest of the bank's depositors, borrowers, or shareholders;

(4) The information provided by the application is insufficient for the supervisor to make a determination or there has been insufficient time to verify the information provided and conduct an examination of the qualification of the acquiring party; or

(5) The acquisition would not be in the public interest.

Passed the House June 7, 1977.

Passed the Senate June 4, 1977.

Approved by the Governor June 15, 1977.

Filed in Office of Secretary of State June 15, 1977.

CHAPTER 247

[Substitute House Bill No. 402]

STATE BUDGET DOCUMENT OR DOCUMENTS

AN ACT Relating to the budget and accounting act; amending section 43.88.030, chapter 8, Laws of 1965 as amended by section 3, chapter 100, Laws of 1973 1st ex. sess. and RCW 43.88.030; amending section 43.88.060, chapter 8, Laws of 1965 as amended by section 4, chapter 100, Laws of 1973 1st ex. sess. and RCW 43.88.060; and declaring an emergency.

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

Section 1. Section 43.88.030, chapter 8, Laws of 1965 as amended by section 3, chapter 100, Laws of 1973 1st ex. sess. and RCW 43.88.030 are each amended to read as follows:

(1) The budget document or documents shall consist of the governor's budget message which shall be explanatory of the budget and shall contain an outline of the proposed financial policies of the state for the ensuing fiscal period and shall describe in connection therewith the important features of the budget. The message