

CHAPTER 168.

[S. B. 51.]

CORPORATIONS.

AN ACT relating to corporations and amending Section 3805 of Remington's Compiled Statutes of Washington, the same being Section 4505 of Pierce's Code, and Section 3823 of Remington's Compiled Statutes, being Section 4524 of Pierce's Code.

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

SECTION 1. That section 3805 of Remington's Compiled Statutes of Washington, the same being Section 4505 of Pierce's Code, be and the same is hereby amended to read as follows:

Amends Rem.
Comp. Stat.
§ 3805;
Pierce's Code
§ 4505.

Section 3805. Any two or more persons, who may desire to form a company for one or more of the purposes specified in either of the two next preceding sections, shall make and subscribe written articles of incorporation in triplicate, and acknowledge the same before any officer authorized to take the acknowledgment of deeds, and file one of such articles in the office of the Secretary of State, and another in the office of the County Auditor of the County in which the principal place of business of the company is intended to be located, and retain the third in the possession of the corporation. Said articles shall state the corporate name of the company, the objects for which the same shall be formed, the amount of its capital stock, the time of its existence, not to exceed fifty years: *Provided*, That this limit of existence shall not apply to any life, accident and health insurance company, the number of shares of which the capital stock shall consist, the number of trustees and their names, who shall manage the concerns of the company for such length of time (not less than two nor more than six months) as may be designated in such certificate, and the name of the city, town, or locality and county in

Formation.

Articles.

Contents.

which the principal place of business of the company is to be located: *Provided further*, That any corporation other than one organized for banking, savings and loan, trust company, insurance, guaranty or surety purposes, may have and issue shares of either common or preferred stock without any nominal or par value, subject to the provisions of this act. The articles of incorporation may provide that the stock of the corporation (except in the case of the corporations excepted in the last preceding proviso) shall consist wholly of stock having a par value or wholly of stock without nominal or par value, or partly of one class of stock and partly of the other class, and, in the case of non-par-value stock, they shall state the total number of shares of such stock. Non-par-value stock, where authorized, may be issued by the corporation from time to time for such consideration, in labor, services, money or property, as may be fixed by the Board of Trustees pursuant to the articles of incorporation, or, if such articles shall not so provide, then by the consent of the holders of two-thirds of every class of stock then outstanding and entitled to vote. In case the articles of incorporation provide, in whole or in part, for non-par-value stock, the articles shall state the amount of capital (herein called "Initial Non-Par-Capital"), with which the corporation will begin to carry on business, which amount shall not be less than Five Hundred Dollars and shall be in addition to any amount of capital which may be designated for stock having par value, if any. Subscription of the amount of designated "Initial Non-Par Capital" together with the subscription of the full amount of stock having par value, if any, shall be sufficient to authorize the corporation to commence business and, in the case of corporations having the power of eminent domain, to condemn land for corporate purposes. The liability of each subscriber to non-par-value

Common,
preferred,
non-par value
stock.

Capital.

stock, prior to the receipt by the corporation of the consideration to be received therefor as aforesaid, shall be his proportion (according to the number of shares) of the said designated "Initial Non-Par Capital," and no more, unless a greater liability is stated in the subscription contract. After the "Initial Non-Par Capital" shall have been paid up, the liability of a subscriber to non-par-value stock shall be such as shall be, or shall have been, mutually agreed upon between the corporation and the subscriber of the stock. The number of shares of non-par-value stock may be increased or diminished by the corporation from time to time by complying with the provisions of law relating to increases and reduction in capital stock, so far as the same may be applicable. Amendments may be made to the articles of incorporation by a majority vote of its trustees and the vote or written assent of two-thirds of the capital stock of such corporation. If the written assent of two-thirds of the capital stock has not been obtained then the vote of said stock may be taken at any regular meeting of the stockholders, or at any special meeting of the stockholders called for that purpose in the manner provided in the by-laws of such corporation for special meetings of the stockholders. The president and secretary of said corporation shall certify said amendments in triplicate under the seal of said corporation to be correct and file and keep the same as in the case of original articles and from the time of filing said amendments such corporation shall have the same powers and it and the stockholders thereof shall be subject to the same liabilities as if such amendments had been embraced in the original articles of incorporation. Nothing contained in this section shall be construed to cure or amend any defect existing in any original articles of incorporation in that such articles did not set forth the matters required to make the same valid

Increase or decrease of non-par value stock.

Amendments to articles.

at the time of filing, nor to cure or amend any defect in the execution thereof. If the articles of incorporation of any corporation state a time of existence less than fifty years, its time of existence may be extended by amendment but not beyond a period of fifty years from the date of its incorporation ;

Provided, That when valid articles of incorporation have heretofore been duly filed with the Secretary of State and errors have been made in the duplicate filed with the county auditor, such defects may be cured by filing with said county auditor, a certified copy of the original articles filed with the Secretary of State, and when said certified copy is filed, it shall have the same force and effect as though the duplicate had been filed with the county auditor at the same time the original was filed with the Secretary of State. Under the provisions of this section relating to amendments any corporation already existing at the time of making such amendment may avail itself of the provisions of this act relating to non-par-value stock, having due regard to the provisions of laws limiting the reduction of capital stock. In the case of a corporation whose stock is wholly or partly without par value, there shall be filed with the articles of incorporation the affidavit of one of the incorporators, or other representative of the corporation, stating that, to the best of his knowledge and belief, the value of the assets received and to be received by such corporation in return for the issuance of its non-par-value stock does not exceed a certain sum therein named, and the sum so named in such affidavit shall be assumed *prima facie* as the amount of capitalization represented by such non-par-value stock for the purpose of fixing the filing fees and annual license fees to be paid by such corporation under the laws of this State; *provided*, that at any time within two years after the filing of such articles of incorporation, the

Errors in duplicate articles.

Affidavit as to value of assets of non-par value.

Secretary of State may investigate and make a finding as to the value of such assets, and if the value of the assets received in consideration of the issuance of such non-par-value stock is found by him to exceed the amount stated in such affidavit, such corporation shall pay to the Secretary of State the additional filing and license fees payable under the laws of this State, based on the excess of the true valuation, as so found, over the value stated in such affidavit, together with interest on such additional sum at the rate of eight (8) per cent per annum from the date when the same became due, such payment to be made within sixty (60) days after notice mailed by the Secretary of State addressed to such corporation at its last known address: *and provided further* that such finding of the Secretary of State shall be subject to review on such evidence as the parties may submit to the court, if an action for such review be begun by such corporation in the Superior Court of Thurston County within said sixty (60) days. If such action be begun, such corporation shall be allowed sixty (60) days, after judgment of the court finally adjudging the matter, in which to pay any additional fees that may be payable.

Investigation
of assets.Additional
fees required.Court
review.

SEC. 2. That Section 3823 of Remington's Compiled Statutes, being Section 4524 of Pierce's Code, be amended to read as follows:

Amends Rem.
Comp. Stat.
§ 3823;
Pierce's Code
§ 4524.

Section 3823. It shall not be lawful for the trustees to make any dividend except from the net profits arising from the business of the corporation, nor divide, withdraw, or in any way pay to the stockholders, or any of them, any part of the capital stock of the company, nor to reduce the capital stock of the company unless in the manner prescribed in this chapter, or the articles of incorporation or by-laws; and in case of any violation of the provisions of this section, the trustees, under whose administration the same may have happened, except those who may have

No dividends
except from
net profits.Reduction of
capital stock.

caused their dissent therefrom to be entered at large on the minutes of the board of trustees at the time, or were not present when the same did happen, shall, in their individual or private capacities, be jointly or severally liable to the corporation and the creditors thereof in the event of its dissolution, to the full amount so divided, or reduced, or paid out: *Provided*, That this section shall not be construed to prevent a division and distribution of the capital stock of the company which shall remain after the payment of all its debts upon the dissolution of the corporation or the expiration of its charter: *Provided, further*, That in the case of corporations whose stock is wholly or partly without any nominal or par value, the provisions of this section shall not apply to so much of the capital stock as is represented by such non-par-value stock, except in the amount of the designated "Initial Non-Par Capital." The rights of creditors shall not be limited by the provisions of this section.

Distribution
of capital
stock.

Non-par
value stock.

Passed the Senate January 26, 1923.

Passed the House March 2, 1923.

Permitted to become a law without the signature of the Governor.

J. GRANT HINKLE,
Secretary of State.