

CHAPTER 32.

[H. B. 199.]

CORPORATIONS. LIMITING LIABILITY OF OFFICERS AND DIRECTORS SERVING IN ARMED FORCES.

AN ACT relating to corporations, limiting the liability of directors and officers in the military service of the United States, amending section 31, chapter 185, Laws of 1933, as amended by section 5, chapter 143, Laws of 1939 (section 3803-31, Remington's Revised Statutes).

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

Amendments.

SECTION 1. Section 31 of chapter 185 of the Laws of 1933, as amended by section 5 of chapter 143 of the Laws of 1939 (section 3803-31, Remington's Revised Statutes) is amended to read as follows:

Board of directors.

I. The business of every corporation shall be managed by a board of at least three directors, who need not be shareholders unless the articles of incorporation so require. A director shall hold office for the term for which he was named or elected and until his successor is elected and qualified.

Term of office.

Names and terms shall be stated.

II. The names and terms of office of the first directors shall be stated in the articles of incorporation. Except as provided in paragraph (b) of subdivision III of this section, directors other than those constituting the first board, shall be elected by the shareholders.

Shareholders elect.

Articles or by-laws prescribe.

III. The number, qualifications, terms of office, manner of election, time and place of meeting, and the powers and duties of the directors may, subject to the provisions of this act, be prescribed by the articles or by-laws. Except as otherwise prescribed in the articles or by-laws:

Director.

a. a director shall be elected for a term of one year;

Vacancies.

b. vacancies in the board of directors shall be filled by the remaining members of the board, and

each person so elected shall be a director until his successor is elected by the shareholders who make such election at the next annual meeting of the shareholders, or at any special meeting duly called for that purpose and held prior thereto;

c. the meetings of the board of directors may be held at such place, whether in this state or elsewhere, as a majority of the directors may from time to time appoint;

Meetings.

d. a majority of the board of directors shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board of directors;

Quorum.

e. the board of directors may, by resolution passed by a majority of the whole board, designate two or more of their number to constitute an executive committee, who, to the extent provided in said resolution, shall have and exercise the authority of the board of directors in the management of the business of the corporation;

Executive
Committee.

f. the board of directors may, by resolution passed by a majority of the whole board, grant a leave of absence to a director or officer of the corporation during the period he is in the military service of the United States, and said director or officer so granted said leave of absence shall not be responsible or liable to any person for any act or thing done or omitted to be done by or on behalf of the corporation, its directors, officers, agents or employees during the period of the leave of absence so granted, unless said act or omission to act was brought to the actual notice of, and actually approved by, the person so granted said leave of absence, and said notice and approval regularly evidenced by minutes duly entered in the corporate records.

Military
leave.Non-liability
of absentee.

IV. The entire board of directors or any individual director, may, at a special meeting of the

Removal.

shareholders called for that purpose in the manner provided by section 27 of this act, be removed from office by a vote of shareholders holding a majority of the outstanding shares entitled to a vote at an election of directors. In case the board or any one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which, if cumulatively voted at an election of the full board, would be sufficient to elect one or more directors.

Meetings,
how called.

V. A meeting of the board of directors may be called, as provided for in the by-laws of the corporation. If the by-laws make no provision for such regular or special meetings, or if the last regular meeting provided for has not been held, then any two members of the board may call a meeting by signing a request that the same be called and deliver said request to the secretary of the corporation, who shall forthwith give notice to the board of directors of the time and place of the meeting, which notice shall fix the date thereof at not less than ten days nor more than twenty days after the time the said request is filed. In case the secretary fails to give such notice within ten days after the request has been filed with him, any two directors of the corporation may call such meeting, giving the same notice as herein provided.

Passed the House February 10, 1943.

Passed the Senate February 19, 1943.

Approved by the Governor February 25, 1943.