

**Chapter 32.24 RCW
INSOLVENCY AND LIQUIDATION**

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RCW 32.24.010 Liquidation of solvent bank. If the trustees of any solvent mutual savings bank deem it necessary or expedient to close the business of such bank, they may, by affirmative vote of not less than two-thirds of the whole number of trustees, at a meeting called for that purpose, of which one month's notice has been given, either personally or by mailing such notice to the post office address of each trustee, declare by resolution their determination to close such business and pay the moneys due depositors and creditors and to surrender the corporate franchise. Subject to the approval and under the direction of the director, such savings bank may adopt any lawful plan for closing up its affairs, as nearly as may be in accordance with the original plan and objects. [1994 c 92 s 339; 1955 c 13 s 32.24.010. Prior: 1915 c 175 s 45; RRS s 3374.]

RCW 32.24.020 Procedure to liquidate and dissolve. When the trustees, acting under the provisions of RCW 32.24.010, have paid the sums due respectively to all creditors and depositors, who, after such notice as the director shall prescribe, claim the money due and their deposits, the trustees shall make a transcript or statement from the books in the bank of the names of all depositors and creditors who have not claimed or have not received the balance of the credit due them, and of the sums due them, respectively, and shall file such transcript with the director and pay over and transfer all such unclaimed and unpaid deposits, credits, and moneys to the director. The trustees shall then report their proceedings, duly verified, to the superior court of the county wherein the bank is located, and upon such report and the petition of the trustees, and after notice to the attorney general and the director, and such other notice as the court may deem necessary, the court shall adjudge the franchise surrendered and the existence of the corporation terminated. Certified copies of the judgment shall be filed in the offices of the secretary of state and the director and shall be recorded in the office of the secretary

of state. [1994 c 92 s 340; 1981 c 302 s 29; 1955 c 13 s 32.24.020. Prior: 1931 c 132 s 4; 1915 c 175 s 46; RRS s 3375.]

Severability—1981 c 302: See note following RCW 19.76.100.

RCW 32.24.030 Transfer of assets and liabilities to another bank. An unconverted mutual savings bank may for the purpose of consolidation, acquisition, pooling of assets, merger, or voluntary liquidation arrange for its assets and liabilities to become assets and liabilities of another mutual savings bank, by the affirmative vote or with the written consent of two-thirds of the whole number of its trustees, but only with the written consent of the director and upon such terms and conditions as he or she may prescribe.

Upon any such transfer being made, or upon the liquidation of any such mutual savings bank for any cause whatever, or upon its being no longer engaged in the business of a mutual savings bank, the director shall terminate its certificate of authority, which shall not thereafter be revived or renewed. When the certificate of authority of any such corporation has been revoked, it shall forthwith collect and distribute its remaining assets, and when that is done, the director shall certify the fact to the secretary of state, whereupon the corporation shall cease to exist and the secretary of state shall note the fact upon his or her records.

In case of the consolidation with or voluntary liquidation of a mutual savings bank by another mutual savings bank, as herein provided, any sums advanced by its incorporators, or others, to create or maintain its guaranty fund or its expense fund shall not be liabilities of such mutual savings bank unless the mutual savings bank, so assuming its liabilities shall specifically undertake to pay the same, or a stated portion thereof. [1994 c 92 s 341; 1985 c 56 s 14; 1955 c 13 s 32.24.030. Prior: 1931 c 132 s 5; RRS s 3375a.]

RCW 32.24.040 Notice to correct unsafe conditions—Possession may be taken under specified circumstances. (1) Under the circumstances set forth in subsection (2) of this section, the director may give to a savings bank notice of unsafe condition of the savings bank; and if the savings bank fails to comply with the terms of such notice within thirty days from the date of its issuance, or within such further time as the director may allow, then the director may take possession of such savings bank as in the case of insolvency.

(2) The director is authorized to give notice and take possession of a savings bank, as described in subsection (1) of this section, under the following circumstances:

(a) The obligations to its creditors, depositors, members, trust beneficiaries, if applicable, and others exceed its assets;

(b) It has willfully violated a supervisory directive, cease and desist order, or other authorized directive or order of the director;

(c) It has concealed its books, papers, records, or assets, or refused to submit its books, records, or affairs to any examiner of the department;

(d) It is likely to be unable to pay its immediate obligations or meet its depositors' immediate demands in the normal course of business;

(e) It ceases to have deposit insurance acceptable to the director;

(f) It fails to submit a capital restoration plan acceptable to the department within a time previously called for or materially fails to implement a capital restoration plan that was previously submitted and accepted by the department; or

(g) It is critically undercapitalized or otherwise has substantially insufficient capital. [2010 c 88 s 58; 1994 c 92 s 342; 1955 c 13 s 32.24.040. Prior: 1931 c 132 s 6; RRS s 3375b.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.24.050 Director may order levy of assessment—Liquidation of bank in unsound condition or insolvent. (1) Whenever it appears to the director that any offense or delinquency referred to in RCW 32.24.040 has resulted in a savings bank being critically undercapitalized with no reasonably foreseeable prospect of recovery, or that it has suspended payment of its obligations, or is insolvent, the director may notify such savings bank to levy an assessment on its stock, if any, or otherwise to make good such impairment or offense or other delinquency within such time and in such manner as the director may specify, or if the director deems necessary, the director may take possession thereof without notice.

(2) Upon taking possession of any savings bank, the director shall forthwith proceed to liquidate the business, affairs, and assets thereof and such liquidation shall be had in accordance with the provisions of law governing the liquidation of insolvent banks and savings banks. [2010 c 88 s 59; 1994 c 92 s 343; 1955 c 13 s 32.24.050. Prior: 1931 c 132 s 7; RRS s 3375c.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.24.060 Possession by director—Bank may contest. Within ten days after the director takes possession thereof, a mutual savings bank may serve notice upon such director to appear before the superior court in the county wherein such corporation is located, at a time to be fixed by the 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 the director's action taking possession of the savings bank should not be affirmed. Upon the return day of such notice, or such further day as the matter may be continued to, the court shall summarily hear the cause and shall dismiss the same, if it finds that possession was taken by the director in good faith and for cause, but if it finds that no cause existed for taking possession of the savings bank, it shall require the director to restore the savings bank to the possession of its assets and enjoin the director from further interference therewith without cause. [2010 c 88 s 60; 1994 c 92 s 344; 1955 c 13 s 32.24.060. Prior: 1931 c 132 s 8; RRS s 3375d.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.24.070 Receiver prohibited except in emergency. No receiver shall be appointed by any court for any savings bank, nor

shall any assignment of any such bank 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 the savings bank. Immediately upon any such appointment, the clerk of the court shall notify the director in writing of such appointment and the director shall immediately take possession of the savings bank, as in case of insolvency, and the temporary receiver shall upon demand of the director surrender up to him or her such possession and all assets which have come into his or her possession. The director shall in due course pay such receiver out of the assets of the savings bank such amount as the court shall allow. [2010 c 88 s 61; 1994 c 92 s 345; 1955 c 13 s 32.24.070. Prior: 1931 c 132 s 9; RRS s 3375e.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.24.073 Voluntary closing—Possession of the director—Notice. (1) Subject to the consent of the director, a savings bank may voluntarily stipulate and consent to an order taking possession and thereby place itself under the control of the director to be liquidated and be made subject to receivership as provided in this chapter.

(2) Upon issuance of such order taking possession, the savings bank shall post a notice on its door as follows: "This savings bank is in the possession of the Director of the Washington State Department of Financial Institutions."

(3) The posting of such notice or the taking possession of any savings bank by the director shall be sufficient to place all of its assets and property of every nature in the director's possession and bar all attachment proceedings. [2010 c 88 s 62.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.24.080 Transfer of assets when insolvent—Penalty. (1) Every transfer of its property or assets by any savings bank, made (a) after it has become insolvent, (b) within ninety days before the date the director takes possession of such savings bank under RCW 32.24.040, 32.24.050, or 32.24.073, or the federal deposit insurance corporation is appointed as receiver or liquidator of such savings bank under RCW 32.24.090, and (c) with the view to the preference of one creditor over another or to prevent equal distribution of its property and assets among its creditors, shall be void.

(2) Every trustee or board director, officer, or employee knowingly making any such transfer of assets is guilty of a class B felony punishable according to chapter 9A.20 RCW. [2010 c 88 s 63; 2003 c 53 s 196; 1994 c 92 s 346; 1985 c 56 s 15; 1955 c 13 s 32.24.080. Prior: 1931 c 132 s 10; RRS s 3379a.]

Effective date—2010 c 88: See RCW 32.50.900.

Intent—Effective date—2003 c 53: See notes following RCW 2.48.180.

RCW 32.24.090 Federal deposit insurance corporation as receiver or liquidator—Appointment—Powers and duties. (1) The federal deposit insurance corporation is hereby authorized and empowered to be and act without bond as receiver or liquidator of any savings bank the deposits in which are to any extent insured by that corporation and which the director shall have taken possession pursuant to RCW 32.24.040, 32.24.050, or 32.24.073.

(2) In the event of such closing, the director may appoint the federal deposit insurance corporation as receiver or liquidator of such savings bank.

(3) If the corporation accepts such appointment, it shall have and possess all the powers and privileges provided by the laws of this state with respect to a liquidator of a mutual savings bank, its depositors and other creditors, and be subject to all the duties of such liquidator, except insofar as such powers, privileges, or duties are in conflict with the provisions of the federal deposit insurance act, as now or hereafter amended. [2010 c 88 s 64; 1994 c 92 s 347; 1973 1st ex.s. c 54 s 3.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.24.100 Payment or acquisition of deposit liabilities by federal deposit insurance corporation—Not hindered by judicial review—Liability. The pendency of any proceedings for judicial review of the director's actions in taking possession and control of a mutual savings bank and its assets for the purpose of liquidation shall not operate to defer, delay, impede, or prevent the payment or acquisition by the federal deposit insurance corporation of the deposit liabilities of the mutual savings bank which are insured by the corporation. During the pendency of any proceedings for judicial review, the director shall make available to the federal deposit insurance corporation such facilities in or of the mutual savings bank and such books, records, and other relevant data of the mutual savings bank as may be necessary or appropriate to enable the corporation to pay out or to acquire the insured deposit liabilities of the mutual savings bank. The federal deposit insurance corporation and its directors, officers, agents, and employees, the director, and his or her agents and employees shall be free from liability to the mutual savings bank, its directors, stockholders, and creditors for or on account of any action taken in connection herewith. [1994 c 92 s 348; 1973 1st ex.s. c 54 s 4.]