

Chapter 32.34 RCW
MERGER, CONSOLIDATION, CONVERSION, ETC.

Sections

- 32.34.010 Conversion of domestic savings bank—Rights, powers, etc., of successor institution.
- 32.34.020 Conversion of federal savings bank, national bank, or state commercial bank to domestic savings bank.
- 32.34.025 Conversion of stock savings bank to savings bank without capital stock.
- 32.34.030 Savings banks converted to stock form—Voluntary liquidation, transfer of assets, merger, consolidation, etc.—Approval of directors and shareholders.
- 32.34.040 Savings bank holding companies—Savings bank subsidiaries.
- 32.34.050 Business trusts for the benefit of depositors.
- 32.34.060 Voluntary liquidation, conversion, acquisition, merger, and consolidation—Right of dissenting shareholder to receive value of shares—Determination.

RCW 32.34.010 Conversion of domestic savings bank—Rights, powers, etc., of successor institution. (1) A domestic savings bank formed or converted under this title may convert itself into a state or federal credit union or a federal mutual or stock savings bank, national bank or, within the meaning of *chapter 30.49 RCW, a resulting state bank. The conversion shall be effected, notwithstanding any restrictions, limitations, and requirements of law:

(a) In the case of the conversion of a mutual savings bank without capital stock to a state or federal credit union or a federal mutual savings bank, by the vote of two-thirds of the trustees at a regular or special meeting of the trustees called for such purpose;

(b) In the case of the conversion of a stock savings bank to a federal stock savings bank, national bank or, within the meaning of *chapter 30.49 RCW, a resulting state bank, by the vote of a majority of the stockholders present, in person or by proxy, at a regular or special meeting of the stockholders called for such purpose;

(c) In the case of the conversion of a savings bank to a federal credit union, federal savings bank, or national bank, in compliance with the procedure, if any, prescribed by the laws of the United States.

(2) Notice of the meeting, stating the purpose thereof, shall be given the director at least thirty days prior to the meeting. If the conversion is authorized by the trustees or stockholders at the meeting, the trustees or stockholders are authorized and shall effect such action, and the officers of the savings bank shall execute all proper conveyances, documents, and other papers necessary or proper thereunto. If conversion is authorized, a copy of the minutes of the meeting shall be filed forthwith with the director.

(3) Upon consummation of the conversion, the successor credit union, federal savings bank, national bank, or resulting state bank shall succeed to all right, title, and interest of the mutual or stock bank, respectively, in and to its assets and to its liabilities to the creditors of the savings bank. Upon the conversion, after the

execution and delivery of all instruments of transfer, conveyance, and assignment, the domestic savings bank shall be deemed dissolved.

(4) Every federal savings bank, the home office of which is located in this state, and the savings accounts therein, have all the rights, powers, and privileges and are entitled to the same immunities and exemptions as pertain to savings banks organized under the laws of this state. [1999 c 14 s 32; 1994 c 92 s 406; 1983 c 45 s 1.]

***Reviser's note:** Chapter 30.49 RCW was recodified as chapter 30A.49 RCW pursuant to 2014 c 37 s 4, effective January 5, 2015.

RCW 32.34.020 Conversion of federal savings bank, national bank, or state commercial bank to domestic savings bank. (1) A federal savings bank, the home office of which is located in this state, a national bank, the head office of which is located in this state, or a state commercial bank incorporated under *chapter 30.08 RCW or resulting under **chapter 30.49 RCW may convert itself into a domestic savings bank under this title upon approval by the director. For any such conversion, the federal savings bank, national bank, or state commercial bank shall proceed as provided in this chapter for the conversion of a domestic savings bank into a federal savings bank, national bank, or resulting bank under **chapter 30.49 RCW. The conversion shall be effected by the vote of a majority of the members or stockholders present, in person or by proxy, at a regular or special meeting of the members or stockholders called for such purpose.

(2) Upon consummation of the conversion, the successor domestic savings bank shall succeed to all right, title, and interest of the federal savings bank in and to its assets, and to its liabilities to the creditors of such federal savings bank, national bank, or a state bank. [1999 c 14 s 33; 1994 c 92 s 407; 1983 c 45 s 2.]

Reviser's note: *(1) Chapter 30.08 RCW was recodified as chapter 30A.08 RCW pursuant to 2014 c 37 s 4, effective January 5, 2015.

** (2) Chapter 30.49 RCW was recodified as chapter 30A.49 RCW pursuant to 2014 c 37 s 4, effective January 5, 2015.

RCW 32.34.025 Conversion of stock savings bank to savings bank without capital stock. (1) The conversion of a stock savings bank to a savings bank without capital stock requires the affirmative vote or written consent of two-thirds of the directors of the savings bank and requires the affirmative vote of two-thirds of the outstanding stock of the savings bank. The conversion shall proceed as prescribed in chapter 32.32 RCW subject to the authority of the director under RCW 32.32.010 and is complete upon the payment into the guaranty fund of the resulting savings bank without capital stock of any surplus remaining after satisfaction of all debts and liabilities of the savings bank, including but not limited to liabilities to dissenting shareholders under RCW 32.34.060.

(2) Any stock savings bank may provide in its articles of incorporation for a higher percentage of affirmative shareholder votes to approve a conversion to a savings bank without capital stock. [1999 c 14 s 34.]

RCW 32.34.030 Savings banks converted to stock form—Voluntary liquidation, transfer of assets, merger, consolidation, etc.—Approval of directors and shareholders. (1) The voluntary liquidation of a mutual savings bank converted to the stock form requires the affirmative vote or written consent of two-thirds of the directors of the converted savings bank, requires the affirmative vote of two-thirds of the outstanding stock of the savings bank, shall proceed as prescribed in chapter 32.24 RCW, and shall be complete upon the payment of any surplus remaining, after satisfaction of all debts and liabilities of the savings bank, to shareholders in accordance with their legal rights to such surplus.

(2) A savings bank which has converted to the stock form may sell all its assets and transfer all its liabilities upon the affirmative vote or with the written consent of two-thirds of its directors, and upon the affirmative vote of the holders of two-thirds of the outstanding voting shares in each class entitled to vote.

(3) Any merger or consolidation involving a mutual savings bank converted to stock form requires approval by two-thirds of the directors and by the holders of a majority of the outstanding voting shares in each class except that a merger or consolidation approved by two-thirds of the outstanding voting shares in each class requires approval by only a majority of the directors of the converted savings bank, and except as provided in subsection (4) of this section.

(4) A savings bank that has converted to the stock form may engage in a consolidation or merger upon the affirmative vote of two-thirds of its directors, if (a) the transaction is with a wholly-owned subsidiary of the converted savings bank, or (b) (i) the transaction is incident to the establishment of a holding company pursuant to RCW 32.34.040 or 12 U.S.C. Sec. 1467a, (ii) each shareholder will, immediately after the effective date of such transaction, hold the same number of shares of the holding company, with substantially the same designations, preferences, limitations, and rights, as the shares of the converted savings bank that the shareholder held immediately before the effective date, and (iii) the number of authorized shares of the holding company will, immediately after the effective date, be the same as the number of authorized shares of the converted savings bank immediately before the effective date, or (c) (i) the total assets of the converted savings bank, immediately prior to the effective date of the transaction, exceed two-thirds of the assets of the institution that would result from the transaction and (ii) the converted savings bank will survive the transaction without its shareholders surrendering their shares of stock in the converted savings bank.

(5) Any converted savings bank may provide in its articles of incorporation for a higher percentage of affirmative shareholder votes to approve any liquidation, sale of assets, merger, or consolidation. [1994 c 256 s 115; 1985 c 56 s 33.]

Findings—Construction—1994 c 256: See RCW 43.320.007.

RCW 32.34.040 Savings bank holding companies—Savings bank subsidiaries. (1) No savings bank having capital stock may establish a holding company to own all its stock without the approval of the director. Upon tender of their shares of the converted savings bank, the shareholders of the savings bank shall receive all the shares of the holding company which are outstanding at the time of this tender.

(2) Any company owning more than twenty-five percent of the outstanding voting stock of a savings bank doing business under this Title 32 RCW shall, in addition to the restrictions of RCW 32.32.228, be subject to regulation as a savings bank holding company. Any savings bank holding company which is not subject to regulation by the federal reserve board or the federal home loan bank board, and all holding company subsidiaries engaging in businesses which are not subject to regulation or licensing by the federal home loan bank board, the director, the commissioner of insurance, or the administrator authorized to regulate loan companies doing business under Title 31 RCW, will be subject to such regulation of accounting practices and of the qualifications of directors and officers, and such inspection and visitation by the director as the director shall deem appropriate, subject to the limitations imposed on regulation, inspection, and visitation of a savings bank under this title. In addition, any savings bank holding company and all holding company subsidiaries will be subject to visitation by the director as such shall deem appropriate, subject to the limitations imposed on visitation of a savings bank under this Title 32 RCW and under the supremacy clause of the Constitution of the United States. The savings bank subsidiary of this holding corporation may engage in subsequent mergers, consolidations, acquisitions, and conversions, only to the extent authorized by RCW 32.32.500, and only upon complying with the applicable requirements in RCW 32.34.030 and this chapter.

(3) In the event a savings bank forms a subsidiary to carry out any of the powers of savings banks under this title, any institution with which this subsidiary merges shall continue to be subject to regulation, inspection, and visitation by the director if the subsidiary is authorized to do business by Title 33 RCW. [1994 c 92 s 408; 1985 c 56 s 34.]

RCW 32.34.050 Business trusts for the benefit of depositors. A savings bank not having capital stock may establish a business trust for the benefit of its depositors, with the approval of the director and subject to such rules as the director may adopt. The director may permit this business trust to become a mutual holding company owning all shares of an interim stock savings bank, the sole purpose of which shall be to merge into the mutual savings bank that formed the business trust. The depositors in an unconverted savings bank which has merged with the subsidiary of such a mutual holding company, in the event of a later conversion of this mutual holding company to the stock form, shall retain all their rights to their deposits in the savings bank, and shall also receive, without payment, nontransferable rights to subscribe for the stock of the holding company, and rights to a liquidation account maintained by the holding company in proportion to their deposits in the savings bank, to the same extent that they would receive these rights in a stock conversion of the savings bank as prescribed in chapter 32.32 RCW. [1994 c 92 s 409; 1985 c 56 s 35.]

RCW 32.34.060 Voluntary liquidation, conversion, acquisition, merger, and consolidation—Right of dissenting shareholder to receive value of shares—Determination. (1) Any holder of shares of a savings bank shall be entitled to receive the value of these shares, as

specified in subsection (2) of this section, if (a) the savings bank is voluntarily liquidating, converting to a savings bank without capital stock, being acquired, merging, or consolidating, (b) the shareholder voted, in person or by proxy, against the liquidation, conversion, acquisition, merger, or consolidation, at a meeting of shareholders called for the purpose of voting on such transaction, and (c) the shareholder delivers a written demand for payment, with the stock certificates, to the savings bank within thirty days after such meeting of shareholders. The value of shares shall be paid in cash, within ten days after the later of the effective date of the transaction or the completion of the appraisal as specified in subsection (2) of this section.

(2) The value of such shares shall be determined as of the close of business on the business day before the shareholders' meeting at which the shareholder dissented, 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 institution that will survive the transaction, and the third by the two so chosen. The valuation agreed upon by any two appraisers shall govern. If such appraisal is not completed by the later of the effective date of the transaction or the thirty-fifth day after receipt of the written demand and stock certificates, the director shall cause an appraisal to be made.

(3) The dissenting shareholders shall bear, on a pro rata basis based on the number of dissenting shares owned, the cost of their appraisal and one-half of the cost of a third appraisal, and the surviving institution shall bear the cost of its appraisal and one-half the cost of the third appraisal. If the director causes an appraisal to be made, the cost of that appraisal shall be borne equally by the dissenting shareholders and the surviving institution, with the dissenting shareholders sharing their half of the cost on a pro rata basis based on the number of dissenting shares owned.

The institution that is to survive the transaction may fix an amount which it considers to be not more than the fair market value of the shares of a savings bank at the time of the stockholder's meeting approving the transaction, which it will pay dissenting shareholders entitled to payment in cash. The amount due under such accepted offer or under the appraisal shall constitute a debt of the surviving institution. [1999 c 14 s 35; 1994 c 256 s 116; 1985 c 56 s 36.]

Findings—Construction—1994 c 256: See RCW 43.320.007.