CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 5270

Chapter 472, Laws of 1993

53rd Legislature
1993 Regular Session

DEPARTMENT OF FINANCIAL INSTITUTIONS

EFFECTIVE DATE: 10/1/93

Passed by the Senate April 20, 1993
YEAS 46   NAYS 0

JOEL PRITCHARD
President of the Senate

Passed by the House April 9, 1993
YEAS 77   NAYS 21

BRIAN EBERSOLE
Speaker of the House of Representatives

Approved May 17, 1993

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is SUBSTITUTE SENATE BILL 5270 as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN
Secretary

MIKE LOWRY
Governor of the State of Washington

FILED

May 17, 1993 - 2:08 p.m.
AN ACT Relating to the creation of the department of financial institutions; amending RCW 21.20.005, 21.20.450, 21.20.720, 43.17.010, 43.17.020, 43.19.010, 43.19.020, 43.19.030, 43.19.050, 43.19.080, 43.19.090, 43.19.095, and 43.19.112; adding a new chapter to Title 43 RCW; creating new sections; recodifying RCW 43.19.020, 43.19.030, 43.19.050, 43.19.080, 43.19.090, 43.19.095, and 43.19.112; repealing RCW 43.19.040, 43.19.100, and 43.19.110; and providing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. The legislature finds that, given the overlap of powers and products in the companies regulated, the consolidation of the agencies regulating financial institutions and securities into one department will better serve the public interest through more effective use of staff expertise. Therefore, for the convenience of administration and the centralization of control and the more effective use of state resources and expertise, the state desires to combine the regulation of financial institutions and securities into one department.
NEW SECTION. Sec. 2. A state department of financial institutions, headed by the director of financial institutions, is created. The department shall be organized and operated in a manner that to the fullest extent permissible under applicable law protects the public interest, protects the safety and soundness of depository institutions and entities under the jurisdiction of the department, ensures access to the regulatory process for all concerned parties, and protects the interests of investors. The department of financial institutions shall be structured to reflect the unique differences in the types of institutions and areas it regulates.

NEW SECTION. Sec. 3. The director of financial institutions shall be appointed by the governor and shall exercise all powers and perform all of the duties and functions transferred under section 6 of this act, and such other powers and duties as may be authorized by law. The director may deputize, appoint, and employ examiners and other such assistants and personnel as may be necessary to carry on the work of the department. The director of financial institutions shall receive a salary in an amount fixed by the governor.

NEW SECTION. Sec. 4. A person is not eligible for appointment as director of financial institutions unless he or she is, and for the last two years before his or her appointment has been, a citizen of the United States. A person is not eligible for appointment as director of financial institutions if he or she has an interest at the time of appointment, as a director, trustee, officer, or stockholder in any bank, savings bank, savings and loan association, credit union, consumer loan company, trust company, securities broker-dealer or investment advisor, or other institution regulated by the department.

NEW SECTION. Sec. 5. The director of financial institutions may adopt any rules, under chapter 34.05 RCW, necessary to implement the powers and duties of the director under this chapter.

NEW SECTION. Sec. 6. (1) All powers, duties, and functions of the department of general administration under Titles 30, 31, 32, 33, and 43 RCW and any other title pertaining to duties relating to banks, savings banks, foreign bank branches, savings and loan associations, credit unions, consumer loan companies, check cashers and sellers,
trust companies and departments, and other similar institutions are transferred to the department of financial institutions. All references to the director of general administration, supervisor of banking, or the supervisor of savings and loan associations in the Revised Code of Washington are construed to mean the director of the department of financial institutions when referring to the functions transferred in this section. All references to the department of general administration in the Revised Code of Washington are construed to mean the department of financial institutions when referring to the functions transferred in this subsection.

(2) All powers, duties, and functions of the department of licensing under chapters 19.100, 19.110, 21.20, 21.30, and 48.18A RCW and any other statute pertaining to the regulation of securities, franchises, business opportunities, commodities, and any other speculative investments are transferred to the department of financial institutions. All references to the director or department of licensing in the Revised Code of Washington are construed to mean the director or department of financial institutions when referring to the functions transferred in this subsection.

NEW SECTION. Sec. 7. All reports, documents, surveys, books, records, files, papers, or other written or electronically stored material in the possession of the department of general administration or the department of licensing and pertaining to the powers, functions, and duties transferred by section 6 of this act shall be delivered to the custody of the department of financial institutions. All cabinets, furniture, office equipment, motor vehicles, and other tangible property purchased by the division of banking and the division of savings and loan in carrying out the powers, functions, and duties transferred by section 6 of this act shall be transferred to the department of financial institutions. All cabinets, furniture, office equipment, motor vehicles, and other tangible property employed by the department of licensing in carrying out the powers, functions, and duties transferred by section 6 of this act shall be made available to the department of financial institutions. All funds, credits, or other assets held by the department of general administration or the department of licensing in connection with the powers, functions, and duties transferred by section 6 of this act shall be assigned to the department of financial institutions.
Any appropriations made to the department of general administration or the department of licensing for carrying out the powers, functions, and duties transferred by section 6 of this act shall, on the effective date of this act, be transferred and credited to the department of financial institutions.

If a dispute arises as to the transfer of any personnel, funds, books, documents, records, papers, files, equipment, or other tangible property used or held in the exercise of the powers and the performance of the duties and functions transferred, the director of financial management shall make a determination as to the proper allocation and certify the same to the state agencies concerned.

NEW SECTION. Sec. 8. The director of financial institutions may appoint assistant directors for each of the divisions of the department and delegate to them the power to perform any act or duty conferred upon the director. The director is responsible for the official acts of these assistant directors.

The department of financial institutions shall consist of at least the following four divisions: The division of FDIC insured institutions, with regulatory authority over all state-chartered FDIC insured institutions; the division of credit unions, with regulatory authority over all state-chartered credit unions; the division of consumer affairs, with regulatory authority over state-licensed nondepository lending institutions and other regulated entities; and the division of securities, with regulatory authority over securities, franchises, business opportunities, and commodities. The director of financial institutions is granted broad administrative authority to add additional responsibilities to these divisions as necessary and consistent with applicable law.

For purposes of this section, "FDIC" means the Federal Deposit Insurance Corporation.

NEW SECTION. Sec. 9. All employees classified under chapter 41.06 RCW, the state civil service law, who are employees of the department of general administration or the department of licensing engaged in performing the powers, functions, and duties transferred by section 6 of this act are transferred to the department of financial institutions. All such employees are assigned to the department of financial institutions to perform their usual duties upon the same
terms as formerly, without any loss of rights, subject to any action
that may be appropriate thereafter in accordance with the laws and
rules governing state civil service.

NEW SECTION. Sec. 10. All rules and all pending business before
the department of general administration or the department of licensing
pertaining to the powers, functions, and duties transferred by section
6 of this act shall be continued and acted upon by the department of
financial institutions. All existing contracts and obligations shall
remain in full force and shall be performed by the department of
financial institutions.

NEW SECTION. Sec. 11. The transfer of the powers, duties,
functions, and personnel of the department of general administration or
the department of licensing under sections 6, 7, 9, and 10 of this act
does not affect the validity of any act performed by such an employee
before the effective date of this act.

NEW SECTION. Sec. 12. If apportionments of budgeted funds are
required because of the transfers directed by sections 6 through 11 of
this act, the director of financial management shall certify the
apportionments to the agencies affected, to the state auditor, and to
the state treasurer. Each of these shall make the appropriate transfer
and adjustments in funds and appropriation accounts and equipment
records in accordance with the certification.

NEW SECTION. Sec. 13. Nothing contained in sections 6 through 11
of this act may be construed to alter any existing collective
bargaining unit or the provisions of any existing collective bargaining
agreement until the expiration date of the current agreement or until
the bargaining unit has been modified by action of the personnel board
as provided by law.

Sec. 14. RCW 21.20.005 and 1989 c 391 s 1 are each amended to read
as follows:
The definitions set forth in this section shall apply throughout
this chapter, unless the context otherwise requires:
(1) "Director" means the director of ((licensing)) financial
institutions of this state.
(2) "Salesperson" means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect sales of securities, but "salesperson" does not include an individual who represents an issuer in (a) effecting a transaction in a security exempted by RCW 21.20.310(1), (2), (3), (4), (9), (10), (11), (12), or (13), (as now or hereafter amended,) (b) effecting transactions exempted by RCW 21.20.320, or (c) effecting transactions with existing employees, partners, or directors of the issuer if no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this state.

(3) "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for that person's own account. "Broker-dealer" does not include (a) a salesperson, issuer, bank, savings institution, or trust company, (b) a person who has no place of business in this state if the person effects transactions in this state exclusively with or through the issuers of the securities involved in the transactions, other broker-dealers, or banks, savings institutions, trust companies, insurance companies, investment companies as defined in the investment company act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees, or (c) a person who has no place of business in this state if during any period of twelve consecutive months that person does not direct more than fifteen offers to sell or to buy into this state in any manner to persons other than those specified in subsection (b) above.

(4) "Guaranteed" means guaranteed as to payment of principal, interest, or dividends.

(5) "Full business day" means all calendar days, excluding therefrom Saturdays, Sundays, and all legal holidays, as defined by statute.

(6) "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. "Investment adviser" also includes financial planners and other persons who, as an integral component of other financially related services, (a) provide
the foregoing investment advisory services to others for compensation as part of a business or (b) hold themselves out as providing the foregoing investment advisory services to others for compensation. Investment adviser shall also include any person who holds himself out as a financial planner.

"Investment adviser" does not include (a) a bank, savings institution, or trust company, (b) a lawyer, accountant, certified public accountant licensed under chapter 18.04 RCW, engineer, or teacher whose performance of these services is solely incidental to the practice of his or her profession, (c) a broker-dealer, (d) a publisher of any bona fide newspaper, news magazine, or business or financial publication of general, regular, and paid circulation, (e) a radio or television station, (f) a person whose advice, analyses, or reports relate only to securities exempted by RCW 21.20.310(1), (g) a person who has no place of business in this state if (i) that person’s only clients in this state are other investment advisers, broker-dealers, banks, savings institutions, trust companies, insurance companies, investment companies as defined in the investment company act of 1940, pension or profit-sharing trust, or other financial institutions or institutional buyers, whether acting for themselves or as trustees, or (ii) during any period of twelve consecutive months that person does not direct business communications into this state in any manner to more than five clients other than those specified in clause (i) above, or (h) such other persons not within the intent of this paragraph as the director may by rule or order designate.

(7) "Issuer" means any person who issues or proposes to issue any security, except that with respect to certificates of deposit, voting trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors (or persons performing similar functions) or of the fixed, restricted management, or unit type; the term "issuer" means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which the security is issued.

(8) "Nonissuer" means not directly or indirectly for the benefit of the issuer.

(9) "Person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interest of the
beneficiaries are evidenced by a security, an unincorporated organization, a government, or a political subdivision of a government. (10) "Sale" or "sell" includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security for value. "Offer" or "offer to sell" includes every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value.

Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing is considered to constitute part of the subject of the purchase and to have been offered and sold for value. A purported gift of assessable stock is considered to involve an offer and sale. Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer, as well as every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security of the same or another issuer, is considered to include an offer of the other security.


(12) "Security" means any note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate or subscription; transferable share; investment contract; investment of money or other consideration in the risk capital of a venture with the expectation of some valuable benefit to the investor where the investor does not receive the right to exercise practical and actual control over the managerial decisions of the venture; voting-trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas or mining title or lease or in payments out of production under such a title or lease; charitable gift annuity; or, in general, any interest or instrument commonly known as a "security(\textsuperscript{1940})"," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing; or any sale of or indenture, bond or contract for the conveyance of land or any interest therein where such land is situated outside of the state of Washington and such sale or
its offering is not conducted by a real estate broker licensed by the state of Washington. "Security" does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay money either in a lump sum or periodically for life or some other specified period.

(13) "State" means any state, territory, or possession of the United States, as well as the District of Columbia and Puerto Rico.

(14) "Investment adviser salesperson" means a person retained or employed by an investment adviser to solicit clients or offer the services of the investment adviser or manage the accounts of said clients.

(15) "Relatives(("))," as used in RCW 21.20.310(11) ((as now or hereafter amended, shall)) includes:
  (a) A member’s spouse;
  (b) Parents of the member or the member’s spouse;
  (c) Grandparents of the member or the member’s spouse;
  (d) Natural or adopted children of the member or the member’s spouse;
  (e) Aunts and uncles of the member or the member’s spouse; and
  (f) First cousins of the member or the member’s spouse.

Sec. 15. RCW 21.20.450 and 1979 ex.s. c 68 s 33 are each amended to read as follows:

The administration of the provisions of this chapter shall be under the department of ((licensing)) financial institutions. The director may from time to time make, amend, and ((repeal)) repeal such rules and forms as are necessary to carry out the provisions of this chapter, including rules defining any term, whether or not such term is used in the Washington securities law. The director may classify securities, persons, and matters within the director’s jurisdiction, and prescribe different requirements for different classes. No rule or form((,)) may be made unless the director finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter. In prescribing rules and forms the director may cooperate with the securities administrators of the other states and the securities and exchange commission with a view to effectuating the policy of this statute to achieve maximum uniformity in the form and content of registration statements, applications, and
reports wherever practicable. All rules and forms of the director shall be published.

**Sec. 16.** RCW 21.20.720 and 1987 c 421 s 4 are each amended to read as follows:

(1) A director, officer, or controlling person of a debenture company shall not:
   
   (a) Have any interest, direct or indirect, in the gains or profits of the debenture company, except to receive dividends upon the amounts contributed by him or her, the same as any other investor or shareholder and under the same regulations and conditions: PROVIDED, That nothing in this subsection shall be construed to prohibit salaries as may be approved by the debenture company’s board of directors;
   
   (b) Become a member of the board of directors or a controlling shareholder of another debenture company or a bank, trust company, or national banking association, of which board enough other directors or officers of the debenture company are members so as to constitute with him or her a majority of the board of directors.
   
(2) A director, an officer, or controlling person shall not:
   
   (a) For himself or herself or as agent or partner of another, directly or indirectly use any of the funds held by the debenture company, except to make such current and necessary payments as are authorized by the board of directors;
   
   (b) Receive directly or indirectly and retain for his or her own use any commission on or benefit from any loan made by the debenture company, or any pay or emolument for services rendered to any borrower from the debenture company in connection with such loan;
   
   (c) Become an indorser, surety, or guarantor, or in any manner an obligor, for any loan made from the debenture company and except when approval has been given by the director of ((licensing)) financial institutions or the director’s administrator of securities upon recommendation by the company’s board of directors.
   
   (d) For himself or herself or as agent or partner of another, directly or indirectly borrow any of the funds held by the debenture company, or become the owner of real or personal property upon which the debenture company holds a mortgage, deed of trust, or property contract. A loan to or a purchase by a corporation in which he or she is a stockholder to the amount of fifteen percent of the total outstanding stock, or in which he or she and other directors, officers,
or controlling persons of the debenture company hold stock to the amount of twenty-five percent of the total outstanding stock, shall be deemed a loan to or a purchase by such director or officer within the meaning of this section, except when the loan to or purchase by such corporation occurred without his or her knowledge or against his or her protest.

Sec. 17. RCW 43.17.010 and 1989 1st ex.s. c 9 s 810 are each amended to read as follows:

There shall be departments of the state government which shall be known as (1) the department of social and health services, (2) the department of ecology, (3) the department of labor and industries, (4) the department of agriculture, (5) the department of fisheries, (6) the department of wildlife, (7) the department of transportation, (8) the department of licensing, (9) the department of general administration, (10) the department of trade and economic development, (11) the department of veterans affairs, (12) the department of revenue, (13) the department of retirement systems, (14) the department of corrections, (15) the department of community development, (16) the department of health, and (17) the department of financial institutions, which shall be charged with the execution, enforcement, and administration of such laws, and invested with such powers and required to perform such duties, as the legislature may provide.

Sec. 18. RCW 43.17.020 and 1989 1st ex.s. c 9 s 811 are each amended to read as follows:

There shall be a chief executive officer of each department to be known as: (1) The secretary of social and health services, (2) the director of ecology, (3) the director of labor and industries, (4) the director of agriculture, (5) the director of fisheries, (6) the director of wildlife, (7) the secretary of transportation, (8) the director of licensing, (9) the director of general administration, (10) the director of trade and economic development, (11) the director of veterans affairs, (12) the director of revenue, (13) the director of retirement systems, (14) the secretary of corrections, (15) the director of community development, (16) the secretary of health, and (17) the director of financial institutions.

Such officers, except the secretary of transportation, shall be appointed by the governor, with the consent of the senate, and hold
office at the pleasure of the governor. The director of wildlife, however, shall be appointed according to the provisions of RCW 77.04.080. If a vacancy occurs while the senate is not in session, the governor shall make a temporary appointment until the next meeting of the senate. A temporary director of wildlife shall not serve more than one year. The secretary of transportation shall be appointed by the transportation commission as prescribed by RCW 47.01.041.

Sec. 19. RCW 43.19.010 and 1988 c 25 s 10 are each amended to read as follows:

The department of general administration shall be organized into divisions, which shall include (1) (the division of banking, (2) the division of savings and loan associations, (3)) the division of capitol buildings, (4) (2) the division of purchasing, (5) (3) the division of engineering and architecture, and (6) (4) the division of motor vehicle transportation service.

The director of general administration shall have charge and general supervision of the department. He or she may appoint and deputize such clerical and other assistants as may be necessary for the general administration of the department. The director of general administration shall receive a salary in an amount fixed by the governor.

Sec. 20. RCW 43.19.020 and 1977 ex.s. c 185 s 1 are each amended to read as follows:

The director of (general administration) financial institutions shall appoint (and) deputize (an assistant director to be known as the supervisor of banking, who shall have charge and supervision of the division of banking. With the approval of the director, he may appoint) and employ (bank) examiners and such other assistants and personnel as may be necessary to carry on the work of the (division). No person shall be eligible for appointment as supervisor of banking unless he is, and for the last two years prior to his appointment has been, a citizen of the United States and a resident of this state; nor if he is interested in any bank or trust company as director, officer, or stockholder) department of financial institutions.

In the event of the (supervisor’s) director’s absence the director (of general administration) shall have the power to deputize
one of the assistants of the ((supervisor)) director to exercise all
the powers and perform all the duties prescribed by law with respect to
banks ((and)), savings banks, foreign bank branches, savings and loan
associations, credit unions, consumer loan companies, check cashers and
sellers, trust companies((, mutual savings banks, loan agencies)) and
departments, securities, franchises, business opportunities, commodities, and other similar institutions or areas that are performed
by the ((supervisor)) director so long as the ((supervisor)) director
is absent: PROVIDED, That such deputized ((supervisor)) assistant
shall not have the power to approve or disapprove new charters,
licenses, branches, and satellite facilities, unless such action has
received the prior written approval of the ((supervisor)) director.
Any person so deputized shall possess the same qualifications as those
set out in this section for the ((supervisor)) director.

Sec. 21. RCW 43.19.030 and 1977 ex.s. c 270 s 8 are each amended
to read as follows:
Before entering ((upon his)) office each ((bank)) examiner shall
take and subscribe an oath faithfully to discharge the duties of
((his)) the office.
Oaths shall be filed with the secretary of state.
Neither the ((supervisor of banking)) director of financial
institutions, any ((deputy supervisor)) deputized assistant of the
director, nor any ((bank)) examiner or employee shall be personally
liable for any act done ((by him)) in good faith in the performance of
his or her duties.

Sec. 22. RCW 43.19.050 and 1965 c 8 s 43.19.050 are each amended
to read as follows:
The ((supervisor of banking)) director of financial institutions
shall maintain an office at the state capitol, but may with the consent
of the governor also maintain ((an office)) branch offices at ((some))
other convenient ((banking center)) business centers in this state.
((He)) The director shall keep books of record of all moneys received
or disbursed by ((him)) the director into or from the banking
examination fund, the credit union examination fund, the securities
regulation fund, and any other accounts maintained by the department of
financial institutions. ((He shall adopt an official seal.))
Sec. 23. RCW 43.19.080 and 1965 c 8 s 43.19.080 are each amended to read as follows:

(1) It shall be unlawful for the (supervisor or any deputy or employee of his division) director of financial institutions, any deputized assistant of the director, or any employee of the department of financial institutions to borrow money from any bank (or trust company under his jurisdiction), consumer loan company, credit union, foreign bank branch, savings bank, savings and loan association, or trust company or department, securities broker-dealer or investment advisor, or similar lending institution under the department’s direct jurisdiction unless the extension of credit:

(a) Is made on substantially the same terms (including interest rates and collateral) as, and following credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions by the financial institution with other persons that are not employed by either the department or the institution; and

(b) Does not involve more than the normal risk of repayment or present other unfavorable features.

(2) The director of the office of financial management shall adopt rules, policies, and procedures interpreting and implementing this section.

(3) Every person who knowingly violates this section shall forfeit his or her office or employment and be guilty of a gross misdemeanor.

Sec. 24. RCW 43.19.090 and 1977 c 75 s 43 are each amended to read as follows:

The (supervisor) director of financial institutions shall file in his or her office all reports required to be made to (him) the director, prepare and furnish to banks (and), savings banks, foreign bank branches, savings and loan associations, credit unions, consumer loan companies, check cashers and sellers, and trust companies and departments blank forms for such reports as are required of them, and each year make a report to the governor showing:

(1) A summary of the conditions of the banks, savings banks, foreign bank branches, savings and loan associations, credit unions, consumer loan companies, check cashers and sellers, and trust companies and departments at the date of their last report; and

(2) A list of those organized or closed during the year.
((The director)) The director may publish such other statements, reports, and pamphlets as he or she deems advisable.

Sec. 25. RCW 43.19.095 and 1981 c 241 s 1 are each amended to read as follows:

There is created a local fund known as the "banking examination fund" which shall consist of all moneys received by the department of financial institutions from banks, savings banks, foreign bank branches, savings and loan associations, consumer loan companies, check cashers and sellers, and trust companies and departments, and which shall be used for the purchase of supplies and necessary equipment and the payment of salaries, wages, utilities, and other incidental costs required for the proper regulation of these companies. The state treasurer shall be the custodian of the fund. Disbursements from the fund shall be on authorization of the director of financial institutions or the director's designee. In order to maintain an effective expenditure and revenue control, the fund shall be subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditures and payment of obligations from the fund.

Sec. 26. RCW 43.19.112 and 1981 c 241 s 2 are each amended to read as follows:

There is created a local fund known as the "savings and loan associations and credit unions examination fund" which shall consist of all moneys received by the department of financial institutions from credit unions and which shall be used for the purchase of supplies and necessary equipment and the payment of salaries, wages, utilities, and other incidental costs required for the regulation of these institutions. The state treasurer shall be the custodian of the fund. Disbursements from the fund shall be on authorization of the director of financial institutions or the director's designee. In order to maintain an effective expenditure and revenue control, the fund shall be subject in all respects to chapter 43.88 RCW, but no appropriation is required to permit expenditures and payment of obligations from the fund.
NEW SECTION. Sec. 27. There is created in the state treasury a fund known as the "securities regulation fund" that shall consist of thirteen percent of all moneys received by the division of securities of the department of financial institutions. Expenditures from the account may be used only for the purchase of supplies and necessary equipment and the payment of salaries, wages, utilities, and other incidental costs required for the regulation of securities, franchises, business opportunities, commodities, and other similar areas regulated by the division. Moneys in the account may be spent only after appropriation.

NEW SECTION. Sec. 28. The following acts or parts of acts are each repealed:

(1) RCW 43.19.040 and 1965 c 8 s 43.19.040;
(2) RCW 43.19.100 and 1982 c 3 s 113, 1977 ex.s. c 185 s 2, & 1965 c 8 s 43.19.100; and
(3) RCW 43.19.110 and 1965 c 8 s 43.19.110.

NEW SECTION. Sec. 29. Sections 1 through 13 and 27 of this act shall constitute a new chapter in Title 43 RCW.

NEW SECTION. Sec. 30. RCW 43.19.020, 43.19.030, 43.19.050, 43.19.080, 43.19.090, 43.19.095, and 43.19.112 are recodified as sections in chapter 43.__ RCW (sections 1 through 13 and 27 of this act).

NEW SECTION. Sec. 31. This act takes effect October 1, 1993.

NEW SECTION. Sec. 32. The directors of the department of general administration and the department of licensing shall take such steps as are necessary to ensure that this act is implemented on October 1, 1993.

Passed the Senate April 20, 1993.
Passed the House April 9, 1993.
Approved by the Governor May 17, 1993.
Filed in Office of Secretary of State May 17, 1993.