

Chapter 32.50 RCW
SUPERVISORY DIRECTION BY THE DIRECTOR OF FINANCIAL INSTITUTIONS

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RCW 32.50.005 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Unsafe condition" means and includes, but is not limited to, any one or more of the following circumstances:

(a) If a savings bank is less than well-capitalized;

(b) If a savings bank or holding company violates the provisions of Title 32 RCW or any other law or regulation applicable to savings banks;

(c) If a savings bank conducts a fraudulent or questionable practice in the conduct of its business that endangers the savings bank's reputation or threatens its solvency;

(d) If a savings bank conducts its business in an unsafe or unauthorized manner;

(e) If a savings bank violates any conditions of its charter or any agreement entered with the director; or

(f) If a savings bank fails to carry out any authorized order or direction of the examiner or the director.

(2) "Exceeded its powers" means and includes, but is not limited to the following circumstances:

(a) If a savings bank has refused to permit examination of its books, papers, accounts, records, or affairs by the director, assistant director, or duly commissioned examiners; or

(b) If a savings bank has neglected or refused to observe an order of the director to make good, within the time prescribed, any impairment of its capital.

(3) "Consent" means and includes a written agreement by the savings bank to either supervisory direction or conservatorship under this chapter. [2010 c 88 § 65.]

RCW 32.50.010 Determination of unsafe condition—Notice—List of director's requirements—Conservator. If upon examination or at any other time it appears to the director that any savings bank is in an unsafe condition and its condition is such as to render the

continuance thereof hazardous to the public or to its depositors or trust beneficiaries and creditors, or if such savings bank appears to have exceeded its powers or has failed to comply with the law, or if such savings bank gives its consent, then the director shall upon his or her determination (1) notify the savings bank of his or her determination, (2) furnish to the savings bank a written list of the director's requirements to abate his or her determination, and (3) if the director makes further determination to directly supervise, he or she shall notify the savings bank that it is under the supervisory direction of the director and that the director is invoking the provisions of this chapter. If placed under supervisory direction the savings bank shall comply with the lawful requirements of the director within such time as provided in the notice of the director, subject however, to the provisions of this chapter. If the savings bank fails to comply within such time the director may appoint a conservator as hereafter provided. [2010 c 88 § 66.]

RCW 32.50.020 Director may appoint representative—Restrictions placed on savings bank. During the period of supervisory direction the director may appoint a representative to supervise such savings bank and may provide that the savings bank may not do any of the following during the period of supervisory direction, without the prior approval of the director or the appointed representative:

- (1) Dispose of, convey, or encumber any of the assets;
- (2) Withdraw any of its bank accounts;
- (3) Lend any of its funds;
- (4) Invest any of its funds;
- (5) Transfer any of its property; or
- (6) Incur any debt, obligation, or liability. [2010 c 88 § 67.]

RCW 32.50.030 Failure of savings bank to comply—Appointment of conservator—Powers and duties of conservator, immunity. (1) After the period of supervisory direction specified by the director for compliance, if he or she determines that such savings bank has failed to comply with the lawful requirements imposed, upon due notice and hearing by the department or by consent of the savings bank, the director may appoint a conservator, who shall immediately take charge of such savings bank and all of its property, books, records, and effects. The conservator shall conduct the business of the savings bank and take such steps toward the removal of the causes and conditions which have necessitated such order, as the director may direct. During the pendency of the conservatorship the conservator shall make such reports to the director from time to time as may be required by the director, and shall be empowered to take all necessary measures to preserve, protect, and recover any assets or property of such savings bank, including claims or causes of actions belonging to or which may be asserted by such bank, and to deal with the same in his or her own name as conservator, and shall be empowered to file, prosecute, and defend any suit and suits which have been filed or which may thereafter be filed by or against such savings bank which are deemed by the conservator to be necessary to protect all of the interested parties for a property affected thereby. The director, or any newly appointed assistant, may be appointed to serve as conservator. If the director, however, is satisfied that such savings

bank is not in condition to continue business in the interest of its depositors or creditors under the conservator under this section, the director may proceed with appropriate remedies provided by other provisions of this title.

(2) A person appointed as conservator by the director pursuant to this chapter is immune from criminal, civil, and administrative liability for any act done in good faith in the performance of the duties of conservator. [2013 c 76 § 28; 2010 c 88 § 68.]

RCW 32.50.040 Costs of supervisory direction and conservatorship. All costs incident to supervisory direction and the conservatorship shall be fixed and determined by the director and shall be a charge against the assets of the savings bank to be allowed and paid as the director may determine. [2010 c 88 § 69.]

RCW 32.50.050 Request for review of actions taken by representative or conservator. During the period of the supervisory direction and during the period of conservatorship, the savings bank may request the director to review an action taken or proposed to be taken by the representative or conservator; specifying wherein the action complained of is believed not to be in the best interest of the savings bank, and such request shall stay the action specified pending review of such action by the director. Any order entered by the director appointing a representative and providing that the savings bank shall not do certain acts as provided in RCW 32.50.020 and 32.50.030, any order entered by the director appointing a conservator, and any order by the director following the review of an action of the representative or conservator under this section shall be subject to review in accordance with the administrative procedure act of the state of Washington. [2010 c 88 § 70.]

RCW 32.50.060 Suit filed after savings bank in conservatorship. Any suit filed against a savings bank, or its conservator, after the entrance of an order by the director placing such savings bank in conservatorship and while such order is in effect, shall be brought in the superior court of the county of its principal place of business and not elsewhere. The conservator appointed for such savings bank may file suit in the superior court of the county of its principal place of business or other court of competent jurisdiction against any person for the purpose of preserving, protecting, or recovering any asset or property of such savings bank, including claims or causes of action belonging to or which may be asserted by such savings bank. [2010 c 88 § 71.]

RCW 32.50.070 Duration of conservatorship. The conservator shall serve for such time as is necessary to accomplish the purposes of the conservatorship as intended by this chapter. If rehabilitated, the rehabilitated savings bank shall be returned to management or new managements under such conditions as are reasonable and necessary to prevent recurrence of the condition which occasioned the conservatorship. [2010 c 88 § 72.]

RCW 32.50.080 Authority of director to act—Administrative discretion. If the director determines to act under authority of this chapter, the sequence of his or her acts and proceedings shall be as set forth in this chapter. However, it is the purpose and substance of this chapter to authorize administrative discretion, to allow the director administrative discretion in the event of unsound banking operations, and in furtherance of that purpose the director is hereby authorized to proceed with regulation either under this chapter or under any other applicable provisions of law or under this chapter in connection with other law, either as such law is now existing or is hereinafter enacted, and it is so provided. [2010 c 88 § 73.]

RCW 32.50.900 Effective date—2010 c 88. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 17, 2010]. [2010 c 88 § 76.]