
SENATE BILL 6788

State of Washington 61st Legislature 2010 Regular Session

By Senators Brown, Morton, Delvin, and Marr

Read first time 01/27/10. Referred to Committee on Judiciary.

1 AN ACT Relating to dissolving the assets and affairs of a nonprofit
2 corporation; amending RCW 24.03.265, 24.03.270, and 24.03.290; and
3 declaring an emergency.

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

5 **Sec. 1.** RCW 24.03.265 and 1986 c 240 s 39 are each amended to read
6 as follows:

7 Superior courts shall have full power to (~~liquidate~~) dissolve the
8 assets and affairs of a corporation:

9 (1) In an action by a member, director, or the attorney general
10 when it is made to appear:

11 (a) That the directors are deadlocked in the management of the
12 corporate affairs and that irreparable injury to the corporation is
13 being suffered or is threatened by reason thereof, and either that the
14 members are unable to break the deadlock or there are no members having
15 voting rights; or

16 (b) That the acts of the directors or those in control of the
17 corporation are illegal, oppressive or fraudulent; or

18 (c) That the corporate assets are being misapplied or wasted; or

19 (d) That the corporation is unable to carry out its purposes.

1 (2) In an action by a creditor:

2 (a) When the claim of the creditor has been reduced to judgment and
3 an execution thereon has been returned unsatisfied and it is
4 established that the corporation is insolvent; or

5 (b) When the corporation has admitted in writing that the claim of
6 the creditor is due and owing and it is established that the
7 corporation is insolvent.

8 (3) Upon application by a corporation to have its dissolution
9 continued under the supervision of the court.

10 (4) When an action has been filed by the attorney general to
11 dissolve a corporation under the provisions of this chapter and it is
12 established that liquidation of its affairs should precede the entry of
13 a decree of dissolution.

14 Proceedings under subsections (1), (2), or (3) of this section
15 shall be brought in the county in which the registered office or the
16 principal office of the corporation is situated.

17 It shall not be necessary to make directors or members parties to
18 any such action or proceedings unless relief is sought against them
19 personally.

20 **Sec. 2.** RCW 24.03.270 and 1967 c 235 s 55 are each amended to read
21 as follows:

22 In proceedings to (~~liquidate~~) dissolve the assets and affairs of
23 a corporation the court shall have the power to issue injunctions, to
24 appoint a receiver or receivers pendente lite, with such powers and
25 duties as the court, from time to time, may direct, and to take such
26 other proceedings as may be requisite to preserve the corporate assets
27 wherever situated, and carry on the affairs of the corporation until a
28 full hearing can be had.

29 After a hearing had upon such notice as the court may direct to be
30 given to all parties to the proceedings and to any other parties in
31 interest designated by the court, the court may appoint a liquidating
32 receiver or receivers with authority to collect the assets of the
33 corporation, or, with or without ordering dissolution, may make such
34 other orders and decrees and issues such injunctions in the case as
35 justice and equity require. Such liquidating receiver or receivers
36 shall have authority, subject to the order of the court, to sell,
37 convey and dispose of all or any part of the assets of the corporation

1 wherever situated, either at public or private sale. The order
2 appointing such liquidating receiver or receivers shall state their
3 powers and duties. Such powers and duties may be increased or
4 diminished at any time during the proceedings.

5 The assets of the corporation or the proceeds resulting from the
6 sale, conveyance, or other disposition thereof shall be applied and
7 distributed as follows:

8 (1) All costs and expenses of the court proceedings and all
9 liabilities and obligations of the corporation shall be paid, satisfied
10 and discharged, or adequate provision shall be made therefor;

11 (2) Assets held by the corporation upon condition requiring return,
12 transfer or conveyance, which condition occurs by reason of the
13 dissolution or liquidation, shall be returned, transferred or conveyed
14 in accordance with such requirements;

15 (3) Assets received and held by the corporation subject to
16 limitations permitting their use only for charitable, religious,
17 eleemosynary, benevolent, educational or similar purposes, but not held
18 upon a condition requiring return, transfer or conveyance by reason of
19 the dissolution or liquidation, shall be transferred or conveyed to one
20 or more domestic or foreign corporations, societies or organizations
21 engaged in activities substantially similar to those of the dissolving
22 or liquidating corporation as the court may direct;

23 (4) Other assets, if any, shall be distributed in accordance with
24 the provisions of the articles of incorporation or the bylaws to the
25 extent that the articles of incorporation or bylaws determine the
26 distributive rights of members, or any class or classes of members, or
27 provide for distribution to others;

28 (5) Any remaining assets may be distributed to such persons,
29 societies, organizations or domestic or foreign corporations, whether
30 for profit or not for profit, specified in the plan of distribution
31 adopted as provided in this chapter, or where no plan of distribution
32 has been adopted, as the court may direct.

33 The court shall have power to allow, from time to time, as expenses
34 of the liquidation compensation to the receiver or receivers and to
35 attorneys in the proceeding, and to direct the payment thereof out of
36 the assets of the corporation or the proceeds of any sale or
37 disposition of such assets.

1 A receiver of a corporation appointed under the provisions of this
2 section shall have authority to sue and defend in all courts in his own
3 name as receiver of such corporation. The court appointing such
4 receiver shall have exclusive jurisdiction of the corporation and its
5 property, wherever situated.

6 **Sec. 3.** RCW 24.03.290 and 1967 c 235 s 59 are each amended to read
7 as follows:

8 In proceedings to (~~liquidate~~) dissolve the assets and affairs of
9 a corporation, when the costs and expenses of such proceedings and all
10 debts, obligations, and liabilities of the corporation shall have been
11 paid and discharged and all of its remaining property and assets
12 distributed in accordance with the provisions of this chapter, or in
13 case its property and assets are not sufficient to satisfy and
14 discharge such costs, expenses, debts, and obligations, and all the
15 property and assets have been applied so far as they will go to their
16 payment, the court shall enter a decree dissolving the corporation,
17 whereupon the existence of the corporation shall cease.

18 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of the
20 state government and its existing public institutions, and takes effect
21 immediately.

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