

The first members to be elected by the firemen shall be for a term of one and two years, respectively, and their successors shall be elected annually for a two year term. The two firemen so elected shall, in turn, select a third fireman who shall serve as an alternate in the event of an absence of one of the regularly elected firemen. In case a vacancy occurs in the membership of the firemen members, the members of the fire department shall in the same manner elect a successor to serve his unexpired term. The board may select and appoint a secretary who may, but need not be a member of the board. In case of absence or inability of the chairman to act, the board may select a chairman pro tempore who shall during such absence or inability perform the duties and exercise the powers of the chairman. A majority of the members of said board shall constitute a quorum and have power to transact business.

Passed the House March 14, 1973.

Passed the Senate April 3, 1973.

Approved by the Governor April 10, 1973.

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CHAPTER 20  
[Substitute House Bill No. 589]  
COLLECTION AGENCIES--  
REGULATION

AN ACT Relating to business regulation; amending section 3, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.120; amending section 7, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.160; amending section 14, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.230; amending section 27, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.360; amending section 31, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.400; amending section 34, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.430; amending section 35, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.440; adding new sections to chapter 19.16 RCW; repealing section 26, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.350; and repealing section 28, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.370.

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

Section 1. Section 3, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.120 are each amended to read as follows:

((No license or any renewal thereof may be granted to any applicant unless)) In addition to other provisions of this chapter, any license issued pursuant to this chapter or any application

therefor may be denied, not renewed, suspended, or revoked:

(1) If an individual applicant or licensee is ((at least)) less than eighteen years of age((; a citizen of the United States, and)) or is not a resident of this state.

(2) If an applicant ((which is not an individual)) or licensee is not authorized to do business in this state.

(3) ((The application is complete, the fees required by RCW 49.46.440 have been paid, and the surety bond or cash deposit or other negotiable security acceptable to the director required by RCW 49.46.490 has been filed with the director:)) If the application or renewal forms required by this chapter are incomplete, fees required under RCW 19.16.140 and 19.16.150 have not been paid, and the surety bond or cash deposit or other negotiable security acceptable to the director required by RCW 19.16.190 has not been filed or renewed or is canceled.

(4) ((Neither an)) If any individual applicant ((nor any)), owner, officer, director, or managing employee of a nonindividual applicant or licensee:

(a) ((Has)) Shall have knowingly made a false statement of a material fact in ((his or its current)) any application for a collection agency license or renewal thereof, or in any data attached thereto ((or in any application (or data attached thereto) made under this chapter within)) and two years ((of the date of the current application)) have not elapsed since the date of such statement:

(b) ((Has)) Shall have had a license to engage in the business of a collection agency ((as defined in this chapter revoked by this state or any other state or foreign country within two years of the date of the current application)) denied, not renewed, suspended, or revoked by this state, any other state, or foreign country, for any reason other than the nonpayment of licensing fees or failure to meet bonding requirements: PROVIDED, That the terms of this subsection shall not apply if:

(i) Two years have elapsed since the time of any such denial, nonrenewal, or revocation; or

(ii) The terms of any such suspension have been fulfilled;

(c) Has been convicted in any court of any felony involving forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, or conspiracy to defraud and ((the application is made within two years of the completion of the sentence for such conviction)) is incarcerated for that offense or five years have not elapsed since the date of such conviction:

(d) Has had any judgment entered against him in any civil action involving forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, or conspiracy to defraud and ((the application is made within two years of)) five years have not elapsed

since the date of the entry of the final judgment in said action; PROVIDED, That in no event shall a license be issued unless the judgment debt has been discharged;

(e) Has had his license to practice law suspended or revoked and ((the application is made within two years of)) two years have not elapsed since the date of such suspension or revocation, unless he has been relicensed to practice law in this state;

(f) Has had any judgment entered against him or it under the provisions of RCW 19.86.080 or 19.86.090 involving a violation or violations of ((the provisions of)) RCW 19.86.020 and ((the application is made within two years of)) two years have not elapsed since the ((date of the)) entry of the final judgment ((in any said action)): PROVIDED, That in no event shall a license be issued unless the terms of such judgment, if any, have been fully complied with: PROVIDED FURTHER, That said judgment shall not be ((a)) grounds for ((the)) denial, suspension, nonrenewal, or revocation of a license ((to any applicant)) unless the judgment arises out of and is based on acts of the applicant, owner, officer, director, managing employee, or licensee while acting for or as a collection agency;

(g) Has petitioned for bankruptcy, and two years have not elapsed since the filing of said petition;

(h) Shall be insolvent in the sense that his or its liabilities exceed his or its assets or in the sense that he or it cannot meet his or its obligations as they mature;

(i) Has knowingly failed to comply with, or violated any provisions of this chapter or any rule or regulation issued pursuant to this chapter, and two years have not elapsed since the occurrence of said noncompliance or violation.

Any person who is engaged in the collection agency business as of January 1, 1972 shall, upon filing the application, paying the fees, and filing the surety bond or cash deposit or other negotiable security in lieu of bond required by this chapter, be issued a license hereunder.

Sec. 2. Section 7, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.160 are each amended to read as follows:

Each license and branch office certificate, when issued, shall be in the form and size prescribed by the director and shall state in addition to any other matter required by the director:

- (1) The name of the licensee;
- (2) The name under which the licensee will do business;
- (3) The address at which the collection agency business is to be conducted; and
- (4) The number and expiration date of the license or branch office certificate.

A licensee shall display his or its license in a conspicuous

place in his or its principal place of business and, if he or it conducts a branch office, the branch office certificate shall be conspicuously displayed in the branch office.

Concurrently with or prior to engaging in any activity as a collection agency, as defined in this chapter, any person shall furnish to his or its client or customer the number indicated on the collection agency license issued to him pursuant to this section.

Sec. 3. Section 14, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.230 are each amended to read as follows:

(1) Every licensee required to keep and maintain records pursuant to this section shall establish and maintain a regular active business office in the state of Washington for the purpose of conducting his or its collection agency business. Said office must be open to the public during reasonable stated business hours, and must be managed by a resident of the state of Washington.

(2) Every licensee shall keep a record of all sums collected by him or it and all disbursements made by him or it. All such records shall be kept ~~((and maintained in this state))~~ at the business office referred to in subsection (1) of this section.

~~((12))~~ (3) Licensees shall maintain and preserve accounting records of collections and payments to customers for a period of six years from the date of the last entry thereon.

Sec. 4. Section 27, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.360 are each amended to read as follows:

(1) Whenever the director shall have reasonable cause to believe that grounds exist for denial, suspension, nonrenewal, or revocation of a license ~~((under RCW 19.16.420 or for suspension or revocation of a license under RCW 19.16.370 or that a licensee has failed to qualify for renewal of a license;))~~ issued or to be issued under this chapter, he shall notify the applicant or licensee in writing by certified or registered mail, with return receipt requested, stating the grounds upon which it is proposed that the license be denied, suspended, revoked, or not renewed.

(2) Within thirty days from the receipt of notice of the alleged grounds for denial, suspension, revocation, or lack of renewal, the applicant or licensee may serve upon the director a written request for hearing before the board. Service of a request for a hearing shall be by certified mail and shall be addressed to the director at his office in Thurston county. Upon receiving a request for a hearing, the director shall fix a date for which the matter may be heard by the board, which date shall be not less than thirty days from the receipt of the request for such hearing. If no request for hearing is made within the time specified, the license shall be deemed denied, suspended, revoked, or not renewed.

(3) Whenever a licensee who has made timely and sufficient

application for the renewal of a license, receives notice from the director that it is proposed that his or its license is not to be renewed, and said licensee requests a hearing under subsection (2) of this section, the licensee's current license shall not expire until the last day for seeking review of the board's decision expires or if judicial review of the board's decision is sought until final judgment has been entered by the superior court, or in the event of an appeal or appeals, until final judgment has been entered by the last appellate court in which review has been sought.

Sec. 5. Section 31, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.400 are each amended to read as follows:

(1) The director ((on his own motion; or when any person or the attorney general has filed with the director a written statement alleging acts of misconduct or violations of this chapter or any rule or regulation established thereunder by a licensee or employee of a licensee;)) may initiate and conduct investigations as may be reasonably necessary to establish the existence of ((such)) any alleged ((acts of misconduct or such)) violations of or noncompliance with the provisions of this chapter or any rules and regulations issued hereunder. For the purpose of any investigation or proceeding under this chapter, the director or any officer designated by him may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the director deems relevant or material to the inquiry.

(2) If any individual fails to obey a subpoena or obeys a subpoena but refuses to give evidence, any court of competent jurisdiction, upon application by the director, may issue to that person an order requiring him to appear before the court, to show cause why he should not be compelled to obey the subpoena and give evidence material to the matter under investigation. The failure to obey an order of the court may be punishable ((by)) as contempt.

Sec. 6. Section 34, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.430 are each amended to read as follows:

(1) Any person who knowingly operates as a collection agency without a license or knowingly aids and abets such violation is punishable by a fine not exceeding five hundred dollars or by imprisonment not exceeding one year or both. ((Any officer or agent of a firm, corporation, or association who shall personally participate in or aid or abet such violation shall be subject to the same penalties as set forth in this section:))

(2) Any person who operates as a collection agency in the state of Washington without a valid license issued pursuant to this chapter shall not charge or receive any fee or compensation on any moneys received or collected while operating without a license or on

any moneys received or collected while operating with a license but received or collected as a result of his or its acts as a collection agency while not licensed hereunder. All such moneys collected or received shall be forthwith returned to the owners of the accounts on which the moneys were paid.

Sec. 7. Section 35, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.440 are each amended to read as follows:

The operation of a collection agency without a license as prohibited by RCW 19.16.110 and the commission by a licensee or an employee of a licensee of an act or practice prohibited by RCW 19.16.250 ((is hereby)) are declared to be ((an)) unfair acts or practices or unfair methods of competition in the conduct of trade or commerce for the purpose of the application of the Consumer Protection Act found in chapter 19.86 RCW.

NEW SECTION. Sec. 8. There is added to chapter 19.16 RCW a new section to read as follows:

The board, in addition to any other powers and duties granted under this chapter:

(1) May adopt, amend, and rescind such rules and regulations for its own organization and procedure and such other rules and regulations as it may deem necessary in order to perform its duties hereunder.

(2) When an applicant or licensee has requested a hearing as provided in RCW 19.16.360 the board shall meet and after notice and hearing may deny any application for a license hereunder, and may fail to renew, suspend, or revoke any license issued hereunder, if the applicant or licensee has failed to comply with or violated any provision of this chapter or any rule or regulation issued pursuant to this chapter. It shall be the duty of the board within thirty days after the last day of hearing to notify the appellant of its decision.

(3) May inquire into the needs of the collection agency business, the needs of the director, and the matter of the policy of the director in administering this chapter, and make such recommendations with respect thereto as, after consideration, may be deemed important and necessary for the welfare of the state, the welfare of the public, and the welfare and progress of the collection agency business.

(4) Upon request of the director, confer and advise in matters relating to the administering of this chapter.

(5) May consider and make appropriate recommendations to the director in all matters referred to the board.

(6) Upon his request, confer with and advise the director in the preparation of any rules and regulations to be adopted, amended, or repealed.

(7) May assist the director in the collection of such information and data as the director may deem necessary to the proper administration of this chapter.

NEW SECTION. Sec. 9. There is added to chapter 19.16 RCW a new section to read as follows:

No licensee shall receive any money from any debtor as a result of the collection of any claim until he or it shall have submitted a financial statement showing the assets and liabilities of the licensee truly reflecting that the licensee's net worth is not less than the sum of seven thousand five hundred dollars, in cash or its equivalent, of which not less than five thousand dollars shall be deposited in a bank, available for the use of the licensee's business. Any money so collected shall be subject to the provisions of section 6 (2) of this 1973 amendatory act. The financial statement shall be sworn to by the licensee, if the licensee is an individual, or by a partner, officer, or manager in its behalf if the licensee is a partnership, corporation, or unincorporated association. The information contained in the financial statement shall be confidential and not a public record, but is admissible in evidence at any hearing held, or in any action instituted in a court of competent jurisdiction, pursuant to the provisions of this chapter: PROVIDED, That this section shall not apply to those persons holding a valid license issued pursuant to this chapter on the effective date of this 1973 amendatory act.

NEW SECTION. Sec. 10. The following acts or parts of acts are each hereby repealed:

(1) Section 26, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.350; and

(2) Section 28, chapter 253, Laws of 1971 ex. sess. and RCW 19.16.370.

Passed the House March 17, 1973.

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## CHAPTER 21

[House Bill No. 601]

VOTERS' REGISTRATION PROCEDURES--

REVISION

AN ACT Relating to elections; amending section 29.07.060, chapter 9, Laws of 1965 as amended by section 8, chapter 202, Laws of 1971 ex. sess. and RCW 29.07.060; adding a new section to