

2 **SHB 1870** - S COMM AMD
3 By Committee on Labor & Commerce

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature declares that the licensing
8 of bail bond agents should be uniform throughout the state. Therefore,
9 it is the intent of the legislature to preempt any local regulation of
10 bail bond agents, including licensing fees, but not including local
11 business license fees. Nothing in this chapter limits the discretion
12 of the courts of this state to accept or reject a particular surety or
13 recognizance bond in a particular case.

14 NEW SECTION. **Sec. 2.** Unless the context clearly requires
15 otherwise, the definitions in this section apply throughout this
16 chapter.

17 (1) "Department" means the department of licensing.

18 (2) "Director" means the director of licensing.

19 (3) "Collateral or security" means property of any kind given as
20 security to obtain a bail bond.

21 (4) "Bail bond agency" means a business that sells and issues
22 corporate surety bail bonds or that provides security in the form of
23 personal or real property to insure the appearance of a criminal
24 defendant before the courts of this state or the United States.

25 (5) "Qualified agent" means an owner, sole proprietor, partner,
26 manager, officer, or chief operating officer of a corporation who meets
27 the requirements set forth in this chapter for obtaining a bail bond
28 agency license.

29 (6) "Bail bond agent" means a person who is employed by a bail bond
30 agency and engages in the sale or issuance of bail bonds, but does not
31 mean a clerical, secretarial, or other support person who does not
32 participate in the sale or issuance of bail bonds.

33 (7) "Licensee" means a bail bond agency or a bail bond agent or
34 both.

1 NEW SECTION. **Sec. 3.** An applicant must meet the following minimum
2 requirements to obtain a bail bond agent license:

3 (1) Be at least eighteen years of age;

4 (2) Be a citizen or resident alien of the United States;

5 (3) Not have been convicted of a crime in any jurisdiction in the
6 preceding ten years, if the director determines that the applicant's
7 particular crime directly relates to a capacity to perform the duties
8 of a bail bond agent and the director determines that the license
9 should be withheld to protect the citizens of Washington state. If the
10 director shall make a determination to withhold a license because of
11 previous convictions, the determination shall be consistent with the
12 restoration of employment rights act, chapter 9.96A RCW;

13 (4) Be employed by a bail bond agency or be licensed as a bail bond
14 agency; and

15 (5) Pay the required fee.

16 NEW SECTION. **Sec. 4.** (1) In addition to meeting the minimum
17 requirements to obtain a license as a bail bond agent, a qualified
18 agent must meet the following additional requirements to obtain a bail
19 bond agency license:

20 (a) Pass an examination determined by the director to measure the
21 person's knowledge and competence in the bail bond agency business; or

22 (b) Have had at least three years' experience as a manager,
23 supervisor, or administrator in the bail bond business or a related
24 field as determined by the director. A year's experience means not
25 less than two thousand hours of actual compensated work performed
26 before the filing of an application. An applicant shall substantiate
27 the experience by written certifications from previous employers. If
28 the applicant is unable to supply written certifications from previous
29 employers, applicants may offer written certifications from persons
30 other than employers who, based on personal knowledge, can substantiate
31 the employment; and

32 (c) Pay any additional fees as established by the director.

33 (2) An agency license issued under this section may not be assigned
34 or transferred without prior written approval of the director.

35 NEW SECTION. **Sec. 5.** (1) Applications for licenses required under
36 this chapter shall be filed with the director on a form provided by the
37 director. The director may require any information and documentation

1 that reasonably relates to the need to determine whether the applicant
2 meets the criteria, which may include fingerprints.

3 (2) After receipt of an application for a license, the director may
4 conduct an investigation to determine whether the facts set forth in
5 the application are true.

6 NEW SECTION. **Sec. 6.** (1) The director shall issue a bail bond
7 agent license card to each licensed bail bond agent. A bail bond agent
8 shall carry the license card whenever he or she is performing the
9 duties of a bail bond agent and shall exhibit the card upon request.

10 (2) The director shall issue a license certificate to each licensed
11 bail bond agency.

12 (a) Within seventy-two hours after receipt of the license
13 certificate, the licensee shall post and display the certificate in a
14 conspicuous place in the principal office of the licensee within the
15 state.

16 (b) It is unlawful for any person holding a license certificate to
17 knowingly and willfully post the license certificate upon premises
18 other than those described in the license certificate or to materially
19 alter a license certificate.

20 (c) Every advertisement by a licensee that solicits or advertises
21 business shall contain the name of the licensee, the address of record,
22 and the license number as they appear in the records of the director.

23 (d) The licensee shall notify the director within thirty days of
24 any change in the licensee's officers or directors or any material
25 change in the information furnished or required to be furnished to the
26 director.

27 NEW SECTION. **Sec. 7.** (1) The director shall adopt rules
28 establishing prelicense training and testing requirements, which shall
29 include a minimum of four hours of classes. The director may
30 establish, by rule, continuing education requirements for bail bond
31 agents.

32 (2) The director shall consult with the bail bond industry before
33 adopting or amending the prelicensing training or continuing education
34 requirements of this section.

35 (3) The director may appoint an advisory committee consisting of
36 representatives from the bail bond industry and a consumer to assist in
37 the development of rules to implement this chapter.

1 (4) A bail bond agent need not fulfill the prelicensing training
2 requirements of this chapter if he or she, within sixty days prior to
3 July 1, 1994, provides proof to the director that he or she previously
4 has met the training requirements of this chapter or has been employed
5 as a bail bond agent for at least eighteen consecutive months
6 immediately prior to the date of application.

7 NEW SECTION. **Sec. 8.** (1) No bail bond agency license may be
8 issued under the provisions of this chapter unless the qualified agent
9 files with the director a bond, executed by a surety company authorized
10 to do business in this state, in the sum of ten thousand dollars
11 conditioned to recover against the agency and its servants, officers,
12 agents, and employees by reason of its violation of the provisions of
13 section 11 of this act. The bond shall be made payable to the state of
14 Washington, and anyone so injured by the agency or its servants,
15 officers, agents, or employees shall have the right and shall be
16 permitted to sue directly upon this obligation in his or her own name.
17 This obligation shall be subject to successive suits for recovery until
18 the face amount is completely exhausted.

19 (2) Every licensed bail bond agency must at all times maintain on
20 file with the director the bond required by this section in full force
21 and effect. Upon failure by a licensee to do so, the director shall
22 suspend the licensee's license and shall not reinstate the license
23 until this requirement is met.

24 (3) In lieu of posting a bond, a qualified agent may deposit in an
25 interest-bearing account, ten thousand dollars.

26 (4) The director may waive the bond requirements of this section,
27 in his or her discretion, pursuant to adopted rules.

28 NEW SECTION. **Sec. 9.** (1) The provisions of this chapter relating
29 to the licensing for regulatory purposes of bail bond agents and bail
30 bond agencies are exclusive. No governmental subdivision of this state
31 may enact any laws or rules licensing for regulatory purposes such
32 persons, except as provided in subsections (2) and (3) of this section.

33 (2) This section shall not be construed to prevent a political
34 subdivision of this state from levying a business fee, business and
35 occupation tax, or other tax upon bail bond agencies if such fees or
36 taxes are levied by the political subdivision on other types of
37 businesses within its boundaries.

1 (3) This section shall not be construed to prevent this state or a
2 political subdivision of this state from licensing for regulatory
3 purposes bail bond agencies with respect to activities that are not
4 regulated under this chapter.

5 NEW SECTION. **Sec. 10.** (1) A bail bond agency shall notify the
6 director within thirty days after the death or termination of
7 employment of any employee who is a licensed bail bond agent.

8 (2) A bail bond agency shall notify the director within seventy-two
9 hours upon receipt of information affecting a licensed bail bond
10 agent's continuing eligibility to hold a license under the provisions
11 of this chapter.

12 NEW SECTION. **Sec. 11.** (1) Every qualified agent shall keep
13 adequate records for three years of all collateral and security
14 received, all trust accounts required by this section, and all bail
15 bond transactions handled by the bail bond agency, as specified by
16 rule. The records shall be open to inspection without notice by the
17 director or authorized representatives of the director.

18 (2) Every qualified agent who receives collateral or security is a
19 fiduciary of the property and shall keep adequate records for three
20 years of the receipt, safekeeping, and disposition of the collateral or
21 security. Every qualified agent shall maintain a trust account in a
22 federally insured financial institution located in this state. All
23 moneys, including cash, checks, money orders, wire transfers, and
24 credit card sales drafts, received as collateral or security or
25 otherwise held for a bail bond agency's client shall be deposited in
26 the trust account not later than the third banking day following
27 receipt of the funds or money. A qualified agent shall not in any way
28 encumber the corpus of the trust account or commingle any other moneys
29 with moneys properly maintained in the trust account. Each qualified
30 agent required to maintain a trust account shall report annually under
31 oath to the director the account number and balance of the trust
32 account, and the name and address of the institution that holds the
33 trust account, and shall report to the director within ten business
34 days whenever the trust account is changed or relocated or a new trust
35 account is opened.

36 (3) Whenever a bail bond is exonerated by the court, the bail bond
37 agency shall, within five business days after written notification of

1 exoneration and upon demand, return all collateral or security to the
2 person entitled thereto.

3 NEW SECTION. **Sec. 12.** The following acts are prohibited and
4 constitute grounds for disciplinary action or denial, suspension, or
5 revocation of any license under this chapter, as deemed appropriate by
6 the director:

7 (1) Knowingly violating any of the provisions of this chapter or
8 the rules adopted under this chapter;

9 (2) Knowingly making a material misstatement or omission in the
10 application for or renewal of a license;

11 (3) Failing to meet the qualifications set forth in sections 3 and
12 4 of this act;

13 (4) Conviction of a gross misdemeanor or felony or the commission
14 of any act involving moral turpitude, dishonesty, or corruption whether
15 the act constitutes a crime or not. If the act constitutes a crime,
16 conviction in a criminal proceeding is not a condition precedent to
17 disciplinary action. Upon such a conviction, however, the judgment and
18 sentence is conclusive evidence at the ensuing disciplinary hearing of
19 the guilt of the license holder or applicant of the crime described in
20 the indictment or information, and of the person's violation of the
21 statute on which it is based. For the purposes of this section,
22 conviction includes all instances in which a plea of guilty or nolo
23 contendere is the basis for the conviction and all proceedings in which
24 the sentence has been deferred or suspended. Nothing in this section
25 abrogates rights guaranteed under chapter 9.96A RCW;

26 (5) Advertising that is false, fraudulent, or misleading;

27 (6) Incompetence or negligence that results in injury to a person
28 or that creates an unreasonable risk that a person may be harmed;

29 (7) Suspension, revocation, or restriction of the individual's
30 license to practice the profession by competent authority in any state,
31 federal, or foreign jurisdiction, a certified copy of the order,
32 stipulation, or agreement being conclusive evidence of the revocation,
33 suspension, or restriction;

34 (8) Failure to cooperate with the director by not:

35 (a) Furnishing any necessary papers or documents requested by the
36 director for purposes of conducting an investigation for disciplinary
37 action, denial, suspension, or revocation of a license under this
38 chapter;

1 (b) Furnishing in writing a full and complete explanation covering
2 the matter contained in a complaint filed with the department; or
3 (c) Responding to subpoenas issued by the director, whether or not
4 the recipient of the subpoena is the accused in the proceeding;
5 (9) Failure to comply with an order issued by the director or an
6 assurance of discontinuance entered into with the director;
7 (10) Aiding or abetting an unlicensed person to practice if a
8 license is required;
9 (11) Knowingly committing, or being a party to, any material fraud,
10 misrepresentation, concealment, conspiracy, collusion, trick, scheme,
11 or device whereby any other person lawfully relies upon the word,
12 representation, or conduct of the licensee;
13 (12) Failure to adequately supervise employees to the extent that
14 the client funds are at risk;
15 (13) Interference with an investigation or disciplinary proceeding
16 by willful misrepresentation of facts before the director or the
17 director's authorized representative, or by the use of threats or
18 harassment against any client or witness to prevent them from providing
19 evidence in a disciplinary proceeding or any other legal action;
20 (14) Assigning or transferring any license issued pursuant to the
21 provisions of this chapter, except as provided in section 4 of this
22 act;
23 (15) Conversion of any money or contract, deed, note, mortgage, or
24 other evidence of title, to his or her own use or to the use of his or
25 her principal or of any other person, when delivered to him or her in
26 trust or on condition, in violation of the trust or before the
27 happening of the condition; and failure to return any money or
28 contract, deed, note, mortgage, or other evidence of title within
29 thirty days after the owner is entitled to possession, and makes demand
30 for possession, shall be prima facie evidence of conversion;
31 (16) Failing to keep records, maintain a trust account, or return
32 collateral or security, as required by section 11 of this act;
33 (17) Any conduct in a bail bond transaction which demonstrates bad
34 faith, dishonesty, or untrustworthiness; or
35 (18) Violation of an order to cease and desist that is issued by
36 the director under this chapter.

37 NEW SECTION. **Sec. 13.** The director has the following authority in
38 administering this chapter:

- 1 (1) To adopt, amend, and rescind rules as deemed necessary to carry
2 out this chapter;
- 3 (2) To issue an order providing for one or any combination of the
4 following upon violation or violations of this chapter: Denying,
5 suspending, or revoking a license; assessing monetary penalties;
6 restricting or limiting practice; complying with conditions of
7 probation for a designated period of time; making restitution to the
8 person harmed by the licensee; or other corrective action;
- 9 (3) To issue subpoenas and administer oaths in connection with an
10 investigation, hearing, or proceeding held under this chapter;
- 11 (4) To take or cause depositions to be taken and use other
12 discovery procedures as needed in an investigation, hearing, or
13 proceeding held under this chapter;
- 14 (5) To compel attendance of witnesses at hearings;
- 15 (6) To establish fees by rule under RCW 43.24.086 and chapter 34.05
16 RCW;
- 17 (7) To take emergency action ordering summary suspension of a
18 license, or restriction or limitation of the licensee's practice
19 pending proceedings by the director;
- 20 (8) To use the office of administrative hearings as authorized in
21 chapter 34.12 RCW to conduct hearings. However, the director or the
22 director's designee shall make the final decision in the hearing;
- 23 (9) To enter into contracts for professional services determined to
24 be necessary for adequate enforcement of this chapter;
- 25 (10) To adopt standards of professional conduct or practice;
- 26 (11) In the event of a finding of unprofessional conduct by an
27 applicant or license holder, to impose sanctions against an applicant
28 or license holder as provided by this chapter;
- 29 (12) To enter into an assurance of discontinuance in lieu of
30 issuing a statement of charges or conducting a hearing. The assurance
31 shall consist of a statement of the law in question and an agreement to
32 not violate the stated provision. The applicant or license holder
33 shall not be required to admit to any violation of the law, and the
34 assurance shall not be construed as such an admission. Violation of an
35 assurance under this subsection is grounds for disciplinary action;
- 36 (13) To designate individuals authorized to sign subpoenas and
37 statements of charges; and
- 38 (14) To employ such investigative, administrative, and clerical
39 staff as necessary for the enforcement of this chapter.

1 NEW SECTION. **Sec. 14.** Any person may submit a written complaint
2 to the department charging a license holder or applicant with
3 unprofessional conduct and specifying the grounds for the charge. If
4 the director determines that the complaint merits investigation, or if
5 the director has reason to believe, without a formal complaint, that a
6 license holder or applicant may have engaged in unprofessional conduct,
7 the director shall investigate to determine if there has been
8 unprofessional conduct. A person who files a complaint under this
9 section in good faith is immune from suit in any civil action related
10 to the filing or contents of the complaint.

11 NEW SECTION. **Sec. 15.** (1) If the director determines, upon
12 investigation, that there is reason to believe a violation of this
13 chapter has occurred, a statement of charges shall be prepared and
14 served upon the license holder or applicant and notice of this action
15 given to the owner or qualified agent of the employing bail bond
16 agency. The statement of charges shall be accompanied by a notice that
17 the license holder or applicant may request a hearing to contest the
18 charges. The license holder or applicant must file a request for
19 hearing with the department within twenty days after being served the
20 statement of charges. The failure to request a hearing constitutes a
21 default, whereupon the director may enter an order under RCW 34.05.440.

22 (2) If a hearing is requested, the time of the hearing shall be
23 scheduled but the hearing shall not be held earlier than thirty days
24 after service of the charges upon the license holder or applicant. A
25 notice of hearing shall be issued at least twenty days prior to the
26 hearing, specifying the time, date, and place of the hearing.

27 NEW SECTION. **Sec. 16.** The procedures governing adjudicative
28 proceedings before agencies under chapter 34.05 RCW, the administrative
29 procedure act, shall govern all hearings before the director.

30 NEW SECTION. **Sec. 17.** If an order for payment of a monetary
31 penalty is made as a result of a hearing and timely payment is not made
32 as directed in the final order, the director may enforce the order for
33 payment in the superior court in the county in which the hearing was
34 held. This right of enforcement shall be in addition to any other
35 rights the director may have as to a licensee ordered to pay a monetary

1 penalty but shall not be construed to limit a licensee's ability to
2 seek judicial review.

3 In an action for enforcement of an order of payment of a monetary
4 penalty, the director's order is conclusive proof of the validity of
5 the order of payment of a penalty and the terms of payment.

6 NEW SECTION. **Sec. 18.** (1) The director shall investigate
7 complaints concerning practice by unlicensed persons of a profession or
8 business for which a license is required by this chapter. In the
9 investigation of the complaints, the director has the same authority as
10 provided the director under section 15 of this act. The director shall
11 issue a cease and desist order to a person after notice and hearing and
12 upon a determination that the person has violated this subsection. If
13 the director makes a written finding of fact that the public interest
14 will be irreparably harmed by delay in issuing an order, the director
15 may issue a temporary cease and desist order. The cease and desist
16 order shall not relieve the person practicing or operating a business
17 without a license from criminal prosecution therefor, but the remedy of
18 a cease and desist order shall be in addition to any criminal
19 liability. The cease and desist order is conclusive proof of
20 unlicensed practice and may be enforced under RCW 7.21.060. This
21 method of enforcement of the cease and desist order may be used in
22 addition to, or as an alternative to, any provisions for enforcement of
23 agency orders.

24 (2) The attorney general, a county prosecuting attorney, the
25 director, or any person may, in accordance with the law of this state
26 governing injunctions, maintain an action in the name of this state to
27 enjoin any person practicing a profession or business for which a
28 license is required by this chapter without a license from engaging in
29 such practice or operating such business until the required license is
30 secured. However, the injunction shall not relieve the person
31 practicing or operating a business without a license from criminal
32 prosecution therefor, but the remedy by injunction shall be in addition
33 to any criminal liability.

34 (3) After June 30, 1994, any person who performs the functions and
35 duties of a bail bond agent in this state without being licensed in
36 accordance with the provisions of this chapter, or any person
37 presenting or attempting to use as his or her own the license of
38 another, or any person who gives false or forged evidence of any kind

1 to the director in obtaining a license, or any person who falsely
2 impersonates any other licensee, or any person who attempts to use an
3 expired or revoked license, or any person who violates any of the
4 provisions of this chapter is guilty of a gross misdemeanor.

5 (4) After January 1, 1994, a person is guilty of a gross
6 misdemeanor if he or she owns or operates a bail bond agency in this
7 state without first obtaining a bail bond agency license.

8 (5) After June 30, 1994, the owner or qualified agent of a bail
9 bond agency is guilty of a gross misdemeanor if he or she employs any
10 person to perform the duties of a bail bond agent without the employee
11 having in his or her possession a permanent bail bond agent license
12 issued by the department.

13 (6) All fees, fines, forfeitures, and penalties collected or
14 assessed by a court because of a violation of this section shall be
15 remitted to the department.

16 NEW SECTION. **Sec. 19.** A person or business that violates an
17 injunction issued under this chapter shall pay a civil penalty, as
18 determined by the court, of not more than twenty-five thousand dollars,
19 which shall be paid to the department. For the purpose of this
20 section, the superior court issuing any injunction shall retain
21 jurisdiction.

22 NEW SECTION. **Sec. 20.** The director or individuals acting on the
23 director's behalf are immune from suit in any action, civil or
24 criminal, based on disciplinary proceedings or other official acts
25 performed in the course of their duties in the administration and
26 enforcement of this chapter.

27 NEW SECTION. **Sec. 21.** The director, in implementing and
28 administering the provisions of this chapter, shall act in accordance
29 with the administrative procedure act, chapter 34.05 RCW.

30 NEW SECTION. **Sec. 22.** Failure to fulfill the fiduciary duties and
31 other duties as prescribed in section 11 of this act is not reasonable
32 in relation to the development and preservation of business. A
33 violation of section 11 of this act is an unfair or deceptive act in
34 trade or commerce for the purpose of applying the consumer protection
35 act, chapter 19.86 RCW.

1 NEW SECTION. **Sec. 23.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.

5 NEW SECTION. **Sec. 24.** The director of licensing may take such
6 steps as are necessary to ensure that this act is implemented on its
7 effective date.

8 NEW SECTION. **Sec. 25.** This act is necessary for the immediate
9 preservation of the public peace, health, or safety, or support of the
10 state government and its existing public institutions, and shall take
11 effect July 1, 1993.

12 NEW SECTION. **Sec. 26.** Sections 1 through 23 of this act shall
13 constitute a new chapter in Title 18 RCW."

14 **SHB 1870** - S COMM AMD
15 By Committee on Labor & Commerce

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17 On page 1, line 1 of the title, after "agents;" strike the
18 remainder of the title and insert "adding a new chapter to Title 18
19 RCW; creating a new section; prescribing penalties; providing an
20 effective date; and declaring an emergency."

--- END ---