

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6230

Chapter 287, Laws of 1994

53rd Legislature
1994 Regular Session

CHARITABLE ORGANIZATIONS--REVISIONS

EFFECTIVE DATE: 6/9/94

Passed by the Senate March 9, 1994
YEAS 35 NAYS 11

JOEL PRITCHARD

President of the Senate

Passed by the House March 9, 1994
YEAS 96 NAYS 0

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Approved April 1, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marty Brown, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6230** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MARTY BROWN

Secretary

FILED

April 1, 1994 - 2:35 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6230

AS RECOMMENDED BY CONFERENCE COMMITTEE

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Senate Committee on Law & Justice (originally sponsored by Senators M. Rasmussen, Nelson and Haugen; by request of Secretary of State)

Read first time 02/04/94.

1 AN ACT Relating to business organizations; amending RCW 19.09.076,
2 19.09.100, 19.09.230, 19.77.090, 23B.01.570, 23B.14.200, 24.03.302,
3 24.03.388, 24.06.290, and 24.06.465; adding a new section to chapter
4 19.09 RCW; and prescribing penalties.

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

6 **Sec. 1.** RCW 19.09.076 and 1993 c 471 s 4 are each amended to read
7 as follows:

8 The application requirements of RCW 19.09.075 do not apply to the
9 following:

10 (1) Any charitable organization raising less than (~~five thousand~~
11 ~~dollars~~) an amount as set by rule adopted by the secretary in any
12 accounting year when all the activities of the organization, including
13 all fund raising activities, are carried on by persons who are unpaid
14 for their services and no part of the charitable organization's assets
15 or income inures to the benefit of or is paid to any officer or member
16 of the organization;

17 (2) Any charitable organization located outside of the state of
18 Washington if the organization files the following with the secretary:

1 (a) The registration documents required under the charitable
2 solicitation laws of the state in which the charitable organization is
3 located;

4 (b) The registration required under the charitable solicitation
5 laws of the state of California and the state of New York; and

6 (c) Such federal income tax forms as may be required by rule of the
7 secretary.

8 All entities soliciting charitable donations shall comply with the
9 requirements of RCW 19.09.100.

10 **Sec. 2.** RCW 19.09.100 and 1993 c 471 s 9 are each amended to read
11 as follows:

12 The following conditions apply to solicitations as defined by RCW
13 19.09.020:

14 (1) A charitable organization, whether or not required to register
15 pursuant to this chapter, that directly solicits contributions from the
16 public in this state shall make the following clear and conspicuous
17 disclosures at the point of solicitation:

18 (a) The name of the individual making the solicitation;

19 (b) The identity of the charitable organization and the city of the
20 principal place of business of the charitable organization;

21 (c) If requested by the solicitee, the (~~toll-free~~) published
22 number in the office of the secretary for the donor to obtain
23 additional financial disclosure information on file with the secretary.

24 (2) A commercial fund raiser shall clearly and conspicuously
25 disclose at the point of solicitation:

26 (a) The name of the individual making the solicitation;

27 (b) The name of the entity for which the fund raiser is an agent or
28 employee and the name and city of the charitable organization for which
29 the solicitation is being conducted; and

30 (c) If requested by the solicitee, the (~~toll-free~~) published
31 number in the office of the secretary for the donor to obtain
32 additional financial disclosure information on file with the secretary.

33 The disclosure must be made during an oral solicitation of a
34 contribution, and at the same time at which a written request for a
35 contribution is made.

36 (3) A person or organization soliciting charitable contributions by
37 telephone shall make the disclosures required under subsection (1) or
38 (2) of this section in the course of the solicitation but prior to

1 asking for a commitment for a contribution from the solicitee, and in
2 writing to any solicitee that makes a pledge within five working days
3 of making the pledge. If the person or organization sends any
4 materials to the person or organization solicited before the receipt of
5 any contribution, those materials shall include the disclosures
6 required in subsection (1) or (2) of this section, whichever is
7 applicable.

8 (4) In the case of a solicitation by advertisement or mass
9 distribution, including posters, leaflets, automatic dialing machines,
10 publication, and audio or video broadcasts, it shall be clearly and
11 conspicuously disclosed in the body of the solicitation material that:

12 (a) The solicitation is conducted by a named commercial fund
13 raiser, if it is;

14 (b) The notice of solicitation required by the charitable
15 solicitation act is on file with the secretary's office; and

16 (c) The potential donor can obtain additional financial disclosure
17 information at a (~~toll-free~~) published number in the office of the
18 secretary.

19 (5) A container or vending machine displaying a solicitation must
20 also display in a clear and conspicuous manner the name of the
21 charitable organization for which funds are solicited, the name,
22 (~~residence~~) business address, and telephone number of the individual
23 and any commercial fund raiser responsible for collecting funds placed
24 in the containers or vending machines, and the following statement:
25 "This charity is currently registered with the secretary's office under
26 the charitable solicitation act, registration number"

27 (6) A commercial fund raiser shall not represent that tickets to
28 any fund raising event will be donated for use by another person unless
29 all the following requirements are met:

30 (a) The commercial fund raiser prior to conducting a solicitation
31 has written commitments from persons stating that they will accept
32 donated tickets and specifying the number of tickets they will accept;

33 (b) The written commitments are kept on file by the commercial fund
34 raiser for three years and are made available to the secretary,
35 attorney general, or county prosecutor on demand;

36 (c) The contributions solicited for donated tickets may not be more
37 than the amount representing the number of ticket commitments received
38 from persons and kept on file under (a) of this subsection; and

1 (d) Not later than seven calendar days prior to the date of the
2 event for which ticket donations are solicited, the commercial fund
3 raiser shall give all donated tickets to the persons who made the
4 written commitments to accept them.

5 (7) Each person or organization soliciting charitable contributions
6 shall not represent orally or in writing that:

7 (a) The charitable contribution is tax deductible unless the
8 charitable organization for which charitable contributions are being
9 solicited or to which tickets for fund raising events or other services
10 or goods will be donated, has applied for and received from the
11 internal revenue service a letter of determination granting tax
12 deductible status to the charitable organization;

13 (b) The person soliciting the charitable contribution is a
14 volunteer or words of similar meaning or effect that create the
15 impression that the person soliciting is not a paid solicitor unless
16 such person is unpaid for his or her services;

17 (c) The person soliciting the charitable contribution is a member,
18 staffer, helper, or employee of the charitable organization or words of
19 similar meaning or effect that create the impression that the person
20 soliciting is not a paid solicitor if the person soliciting is
21 employed, contracted, or paid by a commercial fund raiser.

22 (8) If the charitable organization is associated with, or has a
23 name that is similar to, any unit of government each person or
24 organization soliciting contributions shall disclose to each person
25 solicited whether the charitable organization is or is not part of any
26 unit of government and the true nature of its relationship to the unit
27 of government. This subsection does not apply to a foundation or other
28 charitable organization that is organized, operated, or controlled by
29 or in connection with a registered public charity, including any
30 governmental agency or unit, from which it derives its name.

31 (9) No person may, in conducting any solicitation, use the name
32 "police," "sheriff," "fire fighter," "firemen," or a similar name
33 unless properly authorized by a bona fide police, sheriff, or fire
34 fighter organization or police, sheriff, or fire department. A proper
35 authorization shall be in writing and signed by two authorized
36 officials of the organization or department and shall be filed with the
37 secretary.

38 (10) A person may not, in conducting any solicitation, use the name
39 of a federally chartered or nationally recognized military veterans'

1 service organization as determined by the United States veterans'
2 administration unless authorized in writing by the highest ranking
3 official of that organization in this state.

4 (11) A charitable organization shall comply with all local
5 governmental regulations that apply to soliciting for or on behalf of
6 charitable organizations.

7 (12) The advertising material and the general promotional plan for
8 a solicitation shall not be false, misleading, or deceptive, and shall
9 afford full and fair disclosure.

10 (13) Solicitations shall not be conducted by a charitable
11 organization or commercial fund raiser that has, or if a corporation,
12 its officers, directors, or principals have, been convicted of a crime
13 involving solicitations for or on behalf of a charitable organization
14 in this state, the United States, or any other state or foreign country
15 within the past ten years or has been subject to any permanent
16 injunction or administrative order or judgment under RCW 19.86.080 or
17 19.86.090, involving a violation or violations of RCW 19.86.020, within
18 the past ten years, or of restraining a false or misleading promotional
19 plan involving solicitations for charitable organizations.

20 (14) No charitable organization or commercial fund raiser subject
21 to this chapter may use or exploit the fact of registration under this
22 chapter so as to lead the public to believe that registration
23 constitutes an endorsement or approval by the state, but the use of the
24 following is not deemed prohibited: "Currently registered with the
25 Washington state secretary of state as required by law. Registration
26 number"

27 (15) No entity may engage in any solicitation for contributions for
28 or on behalf of any charitable organization or commercial fund raiser
29 unless the charitable organization or commercial fund raiser is
30 currently registered with the secretary.

31 (16) No entity may engage in any solicitation for contributions
32 unless it complies with all provisions of this chapter.

33 (17)(a) No entity may place a telephone call for the purpose of
34 charitable solicitation that will be received by the solicitee before
35 eight o'clock a.m. or after nine o'clock p.m.

36 (b) No entity may, while placing a telephone call for the purpose
37 of charitable solicitation, engage in any conduct the natural
38 consequence of which is to harass, intimidate, or torment any person in
39 connection with the telephone call.

1 (18) Failure to comply with subsections (1) through (17) of this
2 section is a violation of this chapter.

3 **Sec. 3.** RCW 19.09.230 and 1993 c 471 s 13 are each amended to read
4 as follows:

5 No charitable organization, commercial fund raiser, or other entity
6 may knowingly use the identical or deceptively similar name, symbol, or
7 emblem of any other entity for the purpose of soliciting contributions
8 from persons in this state without the written consent of such other
9 entity. If the official name or the "doing business name" being
10 registered is the same or deceptively similar as that of another
11 entity, the secretary may request that a copy of the written consent
12 from that entity be filed with the registration. Such consent may be
13 deemed to have been given by anyone who is a director, trustee, or
14 other authorized officer(~~(, employee, agent, or commercial fund raiser~~
15 ~~of the charitable organization, and)) of that entity. A copy of the
16 written consent must be kept on file by the charitable organization or
17 commercial fund raiser and made available to the secretary, attorney
18 general, or county prosecutor upon demand.~~

19 A person may be deemed to have used the name of another person for
20 the purpose of soliciting contributions if such latter person's name is
21 listed on any stationery, advertisement, brochure, or correspondence of
22 the charitable organization or person or if such name is listed or
23 represented to any one who has contributed to, sponsored, or endorsed
24 the charitable organization or person, or its or his activities.

25 The secretary may revoke or deny any application for registration
26 that violates this section.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.09 RCW
28 to read as follows:

29 The secretary may waive penalties that have been set by rule and
30 assessed by the secretary due from a registered charitable organization
31 previously in good standing that would otherwise be penalized. A
32 charitable organization desiring to seek relief under this section
33 must, within fifteen days of discovery by its corporate officials,
34 director, or other authorized officer of the missed filing or lapse,
35 notify the secretary in writing. The notification must include the
36 name and mailing address of the organization, the organization's
37 officer to whom correspondence should be sent, and a statement under

1 oath by a responsible officer of the organization, setting forth the
2 nature of the missed filing or lapse, the circumstances giving rise to
3 the missed filing or lapse, and the relief sought. Upon receipt of the
4 notice, the secretary shall investigate the circumstances of the missed
5 filing or lapse. If the secretary is satisfied that sufficient exigent
6 or mitigating circumstances exist, that the organization has
7 demonstrated good faith and a reasonable attempt to comply with the
8 applicable corporate statutes of this state, the secretary may issue an
9 order allowing relief from the penalty. If the secretary determines
10 the request does not comply with the requirements for relief, the
11 secretary shall deny the relief and state the reasons for the denial.
12 Notwithstanding chapter 34.05 RCW, a denial of relief by the secretary
13 is not reviewable.

14 **Sec. 5.** RCW 19.77.090 and 1982 c 35 s 184 are each amended to read
15 as follows:

16 The secretary of state shall be the agent for service of process in
17 any action relating to the registration of any registrant who is at the
18 time of such service a nonresident or a foreign firm, corporation,
19 association, union, or other organization without a resident of this
20 state designated as the registrant's agent for service of record with
21 the secretary of state, or who cannot be found in this state, and
22 service of process, pleadings and papers in such action made upon the
23 secretary of state shall be held as due and sufficient process upon the
24 registrant. The secretary of state shall charge and collect ~~((a fee of
25 twenty-five dollars))~~ an assessment, as set by rule by the secretary of
26 state, at the time of any service of process upon the secretary of
27 state under this section. The ~~((fee))~~ assessment may be recovered as
28 taxable costs by the party to the suit or action causing such service
29 to be made if such party prevails in the suit or action. The ~~((fee))~~
30 assessment shall be deposited in the secretary of state's revolving
31 fund.

32 **Sec. 6.** RCW 23B.01.570 and 1991 c 72 s 30 are each amended to read
33 as follows:

34 In the event any corporation, foreign or domestic, fails to file a
35 full and complete initial report under RCW 23B.02.050(4) and
36 23B.16.220(3) or does business in this state without having paid its
37 annual corporate license fee and without having filed a substantially

1 complete annual report under RCW 23B.16.220(1) when either is due,
2 there shall become due and owing the state of Washington a penalty ((of
3 ~~twenty-five dollars~~)) as established by rule by the secretary.

4 A corporation organized under this title may at any time prior to
5 its dissolution as provided in RCW 23B.14.200, and a foreign
6 corporation qualified to do business in this state may at any time
7 prior to the revocation of its certificate of authority as provided in
8 RCW 23B.15.300, pay to the state of Washington its current annual
9 license fee, provided it also pays an amount equal to all previously
10 unpaid annual license fees plus the penalty ((~~specified in this~~
11 ~~section~~)) established by rule by the secretary.

12 **Sec. 7.** RCW 23B.14.200 and 1991 c 72 s 37 are each amended to read
13 as follows:

14 The secretary of state may administratively dissolve a corporation
15 under RCW 23B.14.210 if:

16 (1) The corporation does not pay any license fees or penalties,
17 imposed by this title, when they become due;

18 (2) The corporation does not deliver its completed initial report
19 or annual report to the secretary of state when it is due;

20 (3) The corporation is without a registered agent or registered
21 office in this state;

22 (4) The corporation does not notify the secretary of state that its
23 registered agent or registered office has been changed, that its
24 registered agent has resigned, or that its registered office has been
25 discontinued;

26 (5) The corporation's period of duration stated in its articles of
27 incorporation expired after July 1, 1990; or

28 (6) The corporation's period of duration stated in its articles of
29 incorporation expired prior to July 1, 1990, but the corporation has
30 timely paid all license fees imposed by this title and set by rule by
31 the secretary, has timely filed annual reports with the secretary of
32 state, has never been without a registered agent or registered office
33 in this state for sixty days or more, and has never failed to notify
34 the secretary of state of changes in a registered agent or registered
35 office within sixty days of such change.

36 **Sec. 8.** RCW 24.03.302 and 1993 c 356 s 5 are each amended to read
37 as follows:

1 A corporation shall be administratively dissolved by the secretary
2 of state upon the conditions prescribed in this section when the
3 corporation:

4 (1) Has failed to file or complete its annual report within the
5 time required by law; or

6 (2) Has failed for thirty days to appoint or maintain a registered
7 agent in this state; or

8 (3) Has failed for thirty days, after change of its registered
9 agent or registered office, to file in the office of the secretary of
10 state a statement of such change.

11 A corporation shall not be dissolved under this section unless the
12 secretary of state has given the corporation not less than sixty days'
13 notice of its delinquency or omission, by first class mail, postage
14 prepaid, addressed to the registered office, or, if there is no
15 registered office, to the last known address of any officer or director
16 as shown by the records of the secretary of state, and unless the
17 corporation has failed to correct the omission or delinquency before
18 expiration of the sixty-day period.

19 When a corporation has given cause for dissolution under this
20 section, and has failed to correct the delinquency or omission as
21 provided in this section, the secretary of the state shall dissolve the
22 corporation by issuing a certificate of administrative dissolution
23 containing a statement that the corporation has been dissolved and the
24 date and reason for which it was dissolved. The original certificate
25 of administrative dissolution shall be filed in the records of the
26 secretary of state, and a copy of the certificate shall forthwith be
27 mailed to the corporation at its registered office or, if there is no
28 registered office, to the last known address of the corporation or any
29 officer, director, or incorporator of the corporation, as shown by the
30 records of the secretary of state. Upon the filing of the certificate
31 of administrative dissolution, the existence of the corporation shall
32 cease, except as otherwise provided in this chapter, and its name shall
33 be available to and may be adopted by another corporation after the
34 dissolution.

35 Any notice provided by the secretary of state under this section
36 shall be designed to clearly identify and warn the recipient of the
37 contents thereof. A delinquency notice shall provide a succinct and
38 readable description of the delinquency or omission, the date on which

1 dissolution will occur, and the action necessary to cure the
2 delinquency or omission prior to dissolution.

3 A corporation which has been dissolved by operation of this section
4 may be reinstated within a period of three years following its
5 administrative dissolution if it completes and files a current annual
6 report for the reinstatement year or if it appoints or maintains a
7 registered agent, or if it files with the secretary of state a required
8 statement of change of registered agent or registered office and in
9 addition, if it pays a reinstatement fee (~~(of twenty-five dollars)~~) as
10 set by rule by the secretary plus the full amount of all annual fees
11 that would have been assessed for the years of administrative
12 dissolution had the corporation been in active status, including the
13 reinstatement year plus any penalties established by rule by the
14 secretary of state. If, during the period of dissolution, another
15 person or corporation has reserved or adopted a corporate name which is
16 identical to or deceptively similar to the dissolved corporation's
17 name, the dissolved corporation seeking reinstatement shall be required
18 to adopt another name consistent with the requirements of this chapter
19 and to amend its articles of incorporation accordingly. When a
20 corporation has been dissolved by operation of this section, remedies
21 available to or against it shall survive in the manner provided in RCW
22 24.03.300 and the directors of the corporation shall hold the title to
23 the property of the corporation as trustees for the benefit of its
24 creditors and members.

25 **Sec. 9.** RCW 24.03.388 and 1993 c 356 s 9 are each amended to read
26 as follows:

27 (1) An application processing fee as provided in RCW 24.03.405
28 shall be charged for an application for reinstatement under RCW
29 24.03.386.

30 (2) An application processing fee as provided in RCW 24.03.405
31 shall be charged for each amendment or supplement to an application for
32 reinstatement.

33 (3) The corporation seeking reinstatement shall file a current
34 annual report and pay the full amount of all annual corporation fees
35 which would have been assessed for the years of the period of
36 administrative revocation, had the corporation been in active status,
37 including the reinstatement year, plus any penalties as established by
38 rule by the secretary.

1 **Sec. 10.** RCW 24.06.290 and 1993 c 356 s 18 are each amended to
2 read as follows:

3 Failure of the corporation to file its annual report within the
4 time required shall not derogate from the rights of its creditors, or
5 prevent the corporation from being sued and from defending lawsuits,
6 nor shall it release the corporation from any of the duties or
7 liabilities of a corporation under law.

8 A corporation shall be dissolved by the secretary of state upon the
9 conditions prescribed in this section when the corporation:

10 (1) Has failed to file or complete its annual report within the
11 time required by law;

12 (2) Has failed for thirty days to appoint or maintain a registered
13 agent in this state; or

14 (3) Has failed for thirty days, after change of its registered
15 agent or registered office, to file in the office of the secretary of
16 state a statement of such change.

17 A corporation shall not be dissolved under this section unless the
18 secretary of state has given the corporation not less than sixty days'
19 notice of its delinquency or omission, by first class mail, postage
20 prepaid, addressed to the registered office, or, if there is no
21 registered office, to the last known address of any officer or director
22 as shown by the records of the secretary of state, and unless the
23 corporation has failed to correct the omission or delinquency before
24 expiration of the sixty-day period.

25 When a corporation has given cause for dissolution under this
26 section, and has failed to correct the delinquency or omission as
27 provided in this section, the secretary of state shall dissolve the
28 corporation by issuing a certificate of involuntary dissolution
29 containing a statement that the corporation has been dissolved and the
30 date and reason for which it was dissolved. The original certificate
31 of involuntary dissolution shall be filed in the records of the
32 secretary of state, and a copy of the certificate shall forthwith be
33 mailed to the corporation at its registered office or, if there is no
34 registered office, to the last known address of the corporation or any
35 officer, director, or incorporator of the corporation, as shown by the
36 records of the secretary of state. Upon the filing of the certificate
37 of involuntary dissolution, the existence of the corporation shall
38 cease, except as otherwise provided in this chapter, and its name shall

1 be available to and may be adopted by another corporation after the
2 dissolution.

3 A corporation which has been dissolved by operation of this section
4 may be reinstated within a period of three years following its
5 dissolution if it (~~((shall file or))~~) completes and files a current
6 annual report(~~((, appoint and maintain))~~) for the current reinstatement
7 year or it appoints or maintains a registered agent, or files a
8 required statement of change of registered agent or registered office
9 and in addition pays the reinstatement fee (~~((of twenty five dollars~~
10 ~~plus any other fees that may be due or owing the secretary of state~~
11 ~~including the full amount of all annual fees that would have been~~
12 ~~assessed for the years of administrative dissolution had the~~
13 ~~corporation been in active status, including the reinstatement year))~~)
14 as set by rule by the secretary of state, plus the full amount of all
15 annual fees that would have been assessed for the years of
16 administrative dissolution had the corporation been in active status,
17 including the reinstatement year plus any penalties as established by
18 rule by the secretary of state. If during the period of dissolution
19 another person or corporation has reserved or adopted a corporate name
20 which is identical or deceptively similar to the dissolved
21 corporation's name, the dissolved corporation seeking reinstatement
22 shall be required to adopt another name consistent with the
23 requirements of this chapter and to amend its articles accordingly.
24 When a corporation has been dissolved by operation of this section,
25 remedies available to or against it shall survive in the manner
26 provided by RCW 24.06.335 and thereafter the directors of the
27 corporation shall hold title to the property of the corporation as
28 trustees for the benefit of its creditors and shareholders.

29 **Sec. 11.** RCW 24.06.465 and 1969 ex.s. c 120 s 93 are each amended
30 to read as follows:

31 Each corporation, domestic or foreign, which fails or refuses to
32 file its annual report for any year within the time prescribed by this
33 chapter shall be subject to a penalty (~~((of five dollars to be))~~) as
34 established and assessed by the secretary of state.

35 Each corporation, domestic or foreign, which fails or refuses to
36 answer truthfully and fully within the time prescribed by this chapter
37 any interrogatories propounded by the secretary of state in accordance
38 with the provisions of this chapter, shall be deemed to be guilty of a

1 misdemeanor and upon conviction thereof shall be fined in an amount not
2 to exceed five hundred dollars on each count.

Passed the Senate March 9, 1994.

Passed the House March 9, 1994.

Approved by the Governor April 1, 1994.

Filed in Office of Secretary of State April 1, 1994.