
HOUSE BILL 1799

State of Washington

58th Legislature

2003 Regular Session

By Representatives Chandler, Holmquist, Crouse, Condotta, Mielke, Schindler, Schoesler, Kristiansen, Ahern, Pearson, Sehlin, Bailey, Woods and McMahan

Read first time 02/10/2003. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to false industrial insurance claims; amending RCW
2 51.48.020 and 51.48.270; and prescribing penalties.

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

4 **Sec. 1.** RCW 51.48.020 and 1997 c 324 s 1 are each amended to read
5 as follows:

6 (1)(a) Any employer, who knowingly misrepresents to the department
7 the amount of his or her payroll or employee hours upon which the
8 premium under this title is based, shall be liable to the state for up
9 to ten times the amount of the difference in premiums paid and the
10 amount the employer should have paid and for the reasonable expenses of
11 auditing his or her books and collecting such sums. Such liability may
12 be enforced in the name of the department.

13 (b) An employer is guilty of a class C felony, if:

14 (i) The employer, with intent to evade determination and payment of
15 the correct amount of the premiums, knowingly makes misrepresentations
16 regarding payroll or employee hours; or

17 (ii) The employer engages in employment covered under this title
18 and, with intent to evade determination and payment of the correct

1 amount of the premiums, knowingly fails to secure payment of
2 compensation under this title or knowingly fails to report the payroll
3 or employee hours related to that employment.

4 (c) Upon conviction under (b) of this subsection, the employer
5 shall be ordered by the court to pay the premium due and owing, a
6 penalty in the amount of one hundred percent of the premium due and
7 owing, and interest on the premium and penalty from the time the
8 premium was due until the date of payment. The court shall:

9 (i) Collect the premium and interest and transmit it to the
10 department of labor and industries; and

11 (ii) Collect the penalty and disburse it pro rata as follows: One-
12 third to the investigative agencies involved; one-third to the
13 prosecuting authority; and one-third to the general fund of the county
14 in which the matter was prosecuted.

15 Payments collected under this subsection must be applied until
16 satisfaction of the obligation in the following order: Premium
17 payments; penalty; and interest.

18 (2)(a) Any person claiming benefits under this title, who knowingly
19 gives false information required in any claim or application under this
20 title (~~(shall be)~~) is guilty of a class B felony(~~(, or gross~~
21 ~~misdemeanor in accordance with the theft and anticipatory provisions of~~
22 ~~Title 9A RCW)~~) if the benefits received based on false information
23 exceed the benefits actually due or authorized by at least one thousand
24 dollars; and is a class C felony if the benefits received exceed the
25 benefits actually due or authorized by less than one thousand dollars.

26 (b) Upon conviction under (a) of this subsection, in addition to
27 any other penalties imposed, the person shall be ordered by the court
28 to pay restitution to the department in the amount of the excess
29 benefits received, a penalty in the amount of one hundred percent of
30 the excess benefits received, and interest on the excess benefits and
31 penalty from the time the benefits were paid to the date the person
32 repays the benefits and penalty. The court shall:

33 (i) Collect the excess benefit payment and interest and transmit it
34 to the department; and

35 (ii) Collect the penalty and disburse it pro rata as follows: One-
36 third to the investigative agencies involved; one-third to the
37 prosecuting authority; and one-third to the general fund of the county
38 in which the matter was prosecuted.

1 (c) Payments collected under this subsection must be applied until
2 satisfaction of the obligation in the following order: Excess benefit
3 repayment; penalty; and interest.

4 **Sec. 2.** RCW 51.48.270 and 1987 c 470 s 2 are each amended to read
5 as follows:

6 Any person, firm, corporation, partnership, association, agency,
7 institution, or other legal entity, but not including an injured worker
8 or beneficiary, that:

9 (1) Knowingly makes or causes to be made any false statement or
10 representation of a material fact in any application for any payment
11 under this title; or

12 (2) At any time knowingly makes or causes to be made any false
13 statement or representation of a material fact for use in determining
14 rights to such payment, or knowingly falsifies, conceals, or covers up
15 by any trick, scheme, or device a material fact in connection with such
16 application or payment; or

17 (3) Having knowledge of the occurrence of any event affecting (a)
18 the initial or continued right to any payment, or (b) the initial or
19 continued right to any such payment of any other individual in whose
20 behalf he or she has applied for or is receiving such payment, conceals
21 or fails to disclose such event with an intent fraudulently to secure
22 such payment either in a greater amount or quantity than is due or when
23 no such payment is authorized;

24 ~~((shall be))~~ is guilty of a class B felony if the false statements or
25 representations, concealments, or failures to disclose result in
26 payments that are more than one thousand dollars greater than what is
27 due or authorized, and guilty of a class C felony~~((: PROVIDED, That~~
28 ~~the fine, if imposed, shall not be in an amount more than twenty five~~
29 ~~thousand dollars, except as authorized by RCW 9A.20.030))~~ if the
30 payments are not more than one thousand dollars greater than what is
31 due or authorized.

--- END ---