

## INITIATIVE 925

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 925 to the People is a true and correct copy as it was received by this office.

An act relating to notices to creditors and other parties in interest; adding new sections to RCW 7.60.200; prescribing penalties; and declaring an emergency.

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

### **NEW SECTION.**

Section 1. A new section is added to chapter 7.60.200 RCW to read as follows:

This act may be known and cited as the "Peoples, Parties in Interest, Emergency Act." This act is necessary for the future and immediate preservation and protection of the people's job stability, financial security, peace, health and safety. Of the 98 bills passed from the 2005 session containing emergency clauses, none is more deserving than this legislation. Furthermore, the people of the State of Washington choose to immediately implement these provisions, as quickly as law allows, currently within 30 days of passing by a majority vote of the people.

### **NEW SECTION.**

Section 2. GENERAL PURPOSE

A new section is added to chapter 7.60.200 RCW to read as follows: The purpose of this act is to protect employees and their families within the State of Washington by including them as "parties in interest" if and when their employer files any insolvency proceeding, including, without limitation, receiverships, assignments for the benefit of creditors, bankruptcies, or other liquidations. It is our assertion that all full and part-time employees deserve to be informed of their employer's insolvency proceedings. Since the "bar has been raised" for private citizens, in respect to their potential bankruptcy obligations, their rights as workers should also be

elevated to ensure that they obtain early notice with creditors and other parties in interest. This is the only fair way to guarantee that all people affected would receive immediate opportunity to consider the short and long term risks, access employment stability and plan prudent personal or family monetary expenditures. Without prompt notification workers could also fall, unnecessarily, into personal insolvency or bankruptcy, which now has less forgiving bankruptcy obligation provisions and privileges.

**NEW SECTION.**

Section 3. A new section is added to chapter 7.60.200 RCW to read as follows:

Whereas, economic insecurity due to unemployment is a serious menace to the health, morals and welfare of the people of this state; involuntary, but avoidable, unemployment is, therefore, a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burden which now so often falls with crushing force upon workers and their families. The crippling economic and psychological burdens of unemployment, often resulting in lifelong consequences, are then likewise of primary importance to the governing bodies of Washington State, for without a stable base of workers, the states tax revenues collected would suffer.

The people of the State of Washington, therefore, exercising their right to govern themselves through initiatives, endeavor by the "Peoples, Parties in Interest, Emergency Act," to remedy any unexpected but avoidable unemployment. Without the courtesy and respect of a forewarning notice mandated by the courts, employees and their family's personal financial debts could easily and unknowingly spiral out of control and escalate into an otherwise avoidable financial hardship, personal insolvency, or bankruptcy.

**NEW SECTION.**

Section 4. A new section is added to chapter 7.60.200 RCW to read as follows:

The Washington Constitution establishes under Article 1 DECLARATION OF RIGHTS, SECTION 12, SPECIAL PRIVILEGES AND IMMUNITIES PROHIBITED: No law shall be passed granting to any citizen, class of citizens, or corporation other than municipal, privileges or immunities which upon the same terms shall not equally belong to all citizens, or corporations. However, laws already currently in existence exclude employees, who are indeed Washington State citizens, from receiving fair notice, along with all other parties in interest in insolvency proceedings by their employers. Currently, when a business files for any insolvency proceeding, employees not required to be listed as creditors if they are paid in full, on or before filing, and employers are not seeking to include them as creditors. To remedy this injustice, employers operating as a domestic or foreign business within Washington State shall be mandated to notify all employees if and when they file any insolvency proceeding, including, without limitation, receiverships, assignments for the benefit of creditors, bankruptcies, or any other liquidation for the benefit of creditors. This legislative act will therefore balance the scales of justice in regards to the ongoing, uncertain, and volatile risks associated, while remaining an employee of a financially challenged employer during these legal proceedings.

**NEW SECTION.**

Section 5. A new section is added to chapter 7.60.200 RCW to read as follows:

In any insolvency proceeding, including, without limitation, receiverships, assignments for the benefit of creditors, bankruptcies, or other liquidations, all employees of the business entity undergoing liquidation and/or reorganization shall be considered parties in interest and shall be entitled to notice of the proceeding and an opportunity to be heard in all matters which might come before a court administering such proceedings.

The person signing any schedule, list, or other document listing those entitled to notice of the proceeding as set forth in the preceding paragraph, shall, by signing the document, certify that all parties in interest, including employees, are listed for purpose of receiving notice. In the event the person so certifying intentionally and/or willfully fails to list anyone, that person shall be subject, individually, to a civil penalty equal to one and one-half times the Washington Secretary of State new corporation online filing fee, applying at the time of the infraction, for each person not listed and a reasonable attorney fee plus any actual damages which can be proven to be direct and proximate result of the failure to list. In all cases, actual notice shall be a complete defense.

**NEW SECTION.**

Section 6. A new section is added to chapter 7.60.200 RCW to read as follows:

The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

**NEW SECTION.**

Section 7. A new section is added to chapter 7.60.200 RCW to read as follows:

If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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