
SENATE BILL 6665

State of Washington

55th Legislature

1998 Regular Session

By Senators Roach and Goings

Read first time 01/27/98. Referred to Committee on Law & Justice.

1 AN ACT Relating to any cause of action based on negligence brought
2 against any accountant licensed under chapter 18.04 RCW; adding a new
3 section to chapter 4.24 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 4.24 RCW
6 to read as follows:

7 (1) This section applies to any action based on negligence brought
8 against any accountant or firm of accountants practicing and licensed
9 under chapter 18.04 RCW in this state by any person or entity claiming
10 to have been injured as a result of financial statements or other
11 information examined, compiled, reviewed, certified, audited, or
12 otherwise reported or opined on by the defendant accountant or in the
13 course of an engagement to provide other public accountancy services.

14 (2) An action under subsection (1) of this section may not be
15 brought unless:

16 (a) The plaintiff (i) is issuer, or successor of the issuer, of the
17 financial statements or other information examined, compiled, reviewed,
18 certified, audited, or otherwise reported or opined on by the
19 defendant, and (ii) engaged the defendant accountant to examine,

1 compile, review, certify, audit, or otherwise report or render an
2 opinion on such financial statements or to provide other public
3 accountancy services; or

4 (b) The defendant accountant or firm: (i) Was aware at the time the
5 engagement was undertaken that the financial statements or other
6 information were to be made available for use in connection with a
7 specified transaction by the plaintiff who was specifically identified
8 to the defendant accountant; (ii) was aware that the plaintiff intended
9 to rely upon such financial statements or other information in
10 connection with the specified transaction; and (iii) had direct contact
11 and communication with the plaintiff and expressed by words or conduct
12 the defendant accountant's understanding of the reliance on such
13 financial statements or other information.

14 NEW SECTION. **Sec. 2.** This act applies to all causes of action
15 commenced on or after the effective date of this act, regardless of
16 when the cause of action arose. To this extent, this act applies
17 retroactively, but in all other respects it applies prospectively.

--- END ---