

WAC 388-835-0015 What is a "beneficial owner"? A beneficial owner is any person who:

(1) Has or shares, by contract, arrangement, understanding, relationship, or otherwise, the power to:

(a) Vote or direct the voting of an ownership interest; and/or

(b) Invest, including the power to dispose of or direct the disposition of an ownership interest.

(2) Creates or uses a trust, proxy, power of attorney, pooling arrangement, or any other contract, arrangement, or device to divest a beneficial owner of their ownership or prevent the vesting of their ownership in order to evade the reporting requirements of this chapter;

(3) Has the right to acquire a beneficial ownership interest within sixty days of one of the following occurring:

(a) Exercising any option, warrant, or right;

(b) Converting an ownership interest;

(c) Revoking a trust, discretionary account, or similar arrangement; or

(d) Automatically terminating a trust, discretionary account, or similar arrangement.

(e) Any person acquiring an ownership interest by exercising (a), (b) or (c) of this subsection must be deemed the beneficial owner of that interest.

(4) In the ordinary course of business, according to a written pledge agreement, becomes a pledge of an ownership interest. A pledge must not be deemed the beneficial owner of a pledged ownership interest except when all of the following conditions are met:

(a) The pledge must follow all the steps in the pledge agreement and:

(i) Declare a default and determine the power to vote;

(ii) Direct the vote; or

(iii) Dispose of the pledged ownership interest; or

(iv) Direct how the disposition of the pledged ownership interest will take place.

(b) The agreement must:

(i) Be bona fide;

(ii) Not change or influence a provider's control; and

(iii) Not be related to any transaction attempting to change or influence a provider's control.

(c) The agreement, before default, cannot grant the pledge the power to:

(i) Vote or direct the vote of the pledged ownership interest; or

(ii) Dispose or direct the disposition of the pledged ownership interest except where credit is extended and the pledge is a broker or dealer.

[Statutory Authority: RCW 71A.20.140. WSR 01-10-013, § 388-835-0015, filed 4/20/01, effective 5/21/01.]