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**STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,  
  
Plaintiff,  
  
v.  
  
CLA ESTATE SERVICES, INC.; CLA  
USA INC.; and MITCHELL REED  
JOHNSON, individually and in his  
marital community,  
  
Defendants.

NO. 18-2-06309-4 SEA  
  
FINAL JUDGMENT

**[CLERK'S ACTION REQUIRED]**

**I. JUDGMENT SUMMARY**

- 1.1 Judgment Creditor: State of Washington
- 1.2 Judgment Debtors: CLA Estate Services, Inc. and CLA USA, Inc.
- 1.3 Principal Judgment
  - a) Restitution: \$6,162,913.93 plus prejudgment interest at 12% per annum from date of sale
  - b) Civil Penalties: \$6,546,000
  - c) Costs & Attorneys' Fees: \$1,782,201.30 in fees  
\$58,997.89 in costs
- 1.4 Post Judgment Interest Rate 12% per annum
- 1.5 Attorneys for Judgment Creditor: Cynthia L. Alexander  
Audrey L. Udashen  
Aaron J. Fickes  
Daniel T. Davies

1           1.6    Attorneys for Judgment           Calon Russell  
2                    Debtors:                           David Elkanich  
3    Robert McKenna

4    **II.    JUDGMENT**

5           Based on the Court's Findings of Fact and Conclusions of Law dated December 21, 2020,  
6    Dkt. No. 352, the Court's Order Granting State of Washington's Motion for Partial Summary  
7    Judgment dated July 19, 2019, Dkt. No. 171, and the Court's Findings of Fact and Conclusions  
8    of Law Regarding Plaintiff's Motion for Fees and Costs, Dkt. No. 376, which are incorporated  
9    by reference herein, the Court hereby enters judgment in favor of Plaintiff State of Washington  
10   and against Defendants CLA Estates Services, Inc. and CLA USA, Inc. as follows:

11   **A.    RESTITUTION**

12           Pursuant to RCW 19.86.080(2), Defendants are jointly and severally liable for, and are  
13    hereby ordered to pay \$2,565,626 in restitution to consumers who purchased a Lifetime Estate  
14    Plan (or Service Package) from CLA in Washington, plus prejudgment interest at a rate of 12%  
15    per annum. Defendants shall pay to each consumer who purchased a Lifetime Estate Plan (or  
16    Service Package) the amount of revenue Defendants received from the sale as indicated on Trial  
17    Exhibit 459 plus prejudgment interest at a rate of 12% per annum. Prejudgment interest shall be  
18    calculated from the date of sale.

19           In addition, Defendants are jointly and severally liable for, and are hereby ordered to pay  
20    \$3,597,287.93 in restitution to consumers to whom they sold insurance products in Washington,  
21    plus prejudgment interest at a rate of 12% per annum. Defendants shall pay to each consumer  
22    who purchased such a product the total amount of commission Defendants received (after paying  
23    agent commissions) for the sale as indicated on Trial Exhibit 459, plus prejudgment interest at  
24    the rate of 12% per annum. Prejudgment interest shall be calculated from the date of sale.

25           Defendants shall bear all costs and fees associated with the payment of restitution.  
26    Payment of restitution, including prejudgment interest at 12% per annum from the date of sale,

1 shall be made by check to consumers within 30 days of the date of this Judgment, mailed to the  
2 consumer's last known address with a copy of this judgment.

3 No later than 10 days after mailing the checks to consumers, and monthly thereafter,  
4 Defendants shall provide Plaintiffs with a report identifying the name and address of each  
5 consumer to whom it mailed a check, the mailing date, the amount sent to the consumer, an  
6 indication whether the check has been cashed, and an indication whether the check was returned  
7 as undeliverable.

8 In the event any mailing is returned as undeliverable due to an incorrect address or for  
9 any other reason, Defendants shall make diligent attempts to locate and contact the consumer to  
10 obtain an accurate mailing address.

11 In the event that Defendants are unsuccessful after 180 days of diligent attempts to locate  
12 and compensate any consumer to whom they are required to pay restitution pursuant to this  
13 Judgment, the funds due that consumer shall go to the State of Washington. Similarly, the funds  
14 due any consumer whose restitution check remain uncashed after 180 days shall go to the State  
15 of Washington. Any such amounts distributed to the State shall be used for future monitoring  
16 and enforcement of this Order, future enforcement of RCW 19.86 and RCW 19.295, or for any  
17 lawful purpose in the discharge of the Attorney General's duties at the sole discretion of the  
18 Attorney General.

19 The State of Washington may execute upon the restitution award consistent with the  
20 Washington Civil Rules should Defendants fail to pay restitution as ordered.

21 **B. INJUNCTION**

22 Defendants and their successors, assigns, employees, contractors, representatives,  
23 officers, directors, principals, owners, and all others who are acting or have acted in concert or  
24 active participation with Defendants are **PERMANENTLY ENJOINED** as follows:

25 a. Defendants shall not engage in the following acts or practices without  
26 being authorized to practice law or without a statutory exemption:

1           i.       Marketing estate distribution documents, as defined by  
2 RCW 19.295.010, in Washington or to Washington consumers;

3           ii.       Providing individualized advice about a will, a trust, or an estate  
4 distribution document as defined by RCW 19.295.010 in Washington or to Washington  
5 consumers;

6           iii.       Gathering or offering to gather data, facts, figures, records, or  
7 other particulars about a specific person or persons for the preparation of an estate distribution  
8 document as defined by RCW 19.295.010 in Washington or with regard to Washington  
9 consumers; or

10           iv.       Engaging in any other conduct in violation of RCW Ch. 19.295.

11           b.       Defendants shall not collect financial, asset, or estate information from  
12 any Washington consumer for use to develop or generate leads for sales of annuities, insurance,  
13 or any other financial product to consumers, or use such information collected by another person  
14 or entity to develop or generate such leads.

15           c.       Defendants shall not make, directly or by implication, any material  
16 misrepresentations or omissions about Washington probate law, trust law, federal law, or the  
17 relative advantages of estate distribution mechanisms to consumers.

18           d.       Defendants shall not attempt to dissuade any Washington consumer from  
19 consulting with a financial advisor, attorney, family member, or other advisor regarding estate  
20 planning.

21           e.       Defendants shall not misrepresent the purpose of, nor deceptively market,  
22 any meeting with Washington consumers or any meeting that takes place in Washington,  
23 including but not limited to delivery meetings, 90-day review meetings, annual review meetings,  
24 death settlement meetings, or any other meetings with Washington consumers or that take place  
25 in Washington.

1 f. Defendants shall not collect financial or asset information from any  
2 Washington consumer without clearly disclosing the reasons for the collection of such  
3 information and obtaining the consumer's express consent for each use of the consumer's data.

4 g. Defendants shall not attempt to sell annuities or any other insurance  
5 products to Washington consumers at any meeting that Defendants represent as being for any  
6 other purpose, including but not limited to estate planning or settlement.

7 h. Defendants shall not attempt to sell annuities or other insurance products  
8 to a Washington consumer at any meeting, in the consumer's home or elsewhere, without first  
9 taking the following steps:

10 i. At the time of scheduling a meeting with a Washington consumer,  
11 and again at least one week prior to the meeting if no response has been received, Defendants  
12 shall transmit a written notice to the consumer that clearly, conspicuously, and unambiguously  
13 explains the following:

14 1. If the consumer consents in writing, Defendants will  
15 market and/or discuss annuities and other insurance products at the meeting;

16 2. If the consumer does not consent in writing, Defendants  
17 will refrain from marketing or discussing annuities and other insurance products at the  
18 meeting;

19 3. The consumer is welcome to invite others to the meeting,  
20 including but not limited to family members, advisors, and financial planners;

21 4. The consumer may end the meeting at any time.

22 ii. The notice must contain the name, license number, mailing  
23 address and phone number of all persons who will attend the meeting. The notice must also  
24 contain a signature line on which the consumer may sign to indicate consent to having  
25 Defendants market and/or discuss annuities and other insurance products at the meeting.  
26

1                   iii.           Defendants may contact a consumer to whom they have sent the  
2 notice but from whom they have not received written consent by phone to ask whether the  
3 consumer wishes to discuss annuities or other financial products during the meeting. During the  
4 call, Defendants must clearly and unambiguously provide the consumer oral notice of each item  
5 listed in paragraph (h)(i) and ask the consumer whether he or she wishes to sign the written  
6 notice.

7                   iv.           Defendants shall refrain from marketing or discussing annuities or  
8 other financial products during any meeting with a consumer who has not provided the written  
9 notice described in this paragraph.

10                  i.           Defendants shall use due diligence to ensure that each application for an  
11 insurance product it submits on behalf of a Washington consumer contains complete and  
12 accurate information about the consumer, including but not limited to the consumer's assets and  
13 financial information.

14                  j.           Defendants shall not misrepresent, directly or by implication or omission,  
15 to Washington consumers any material term of a sale, including but not limited to surrender  
16 periods, surrender penalties, income rider fees, and commissions that will be paid on the sale of  
17 any product.

18                  k.           Defendants shall provide clear, conspicuous and unambiguous  
19 notification in writing to Washington consumers about each and every material term in any  
20 insurance products marketed to such consumers. Such notification shall be provided in addition  
21 to any information provided to the consumer in the insurance company's materials.

22                  l.           Defendants shall not provide investment advice to Washington  
23 consumers, without being properly registered with the Washington Department of Financial  
24 Institutions, and shall not misrepresent their credentials to Washington consumers.

1 **C. CIVIL PENALTIES**

2 Pursuant to RCW 19.86.140, Defendants are jointly and severally liable for, and are  
3 hereby ordered to pay, civil penalties to the Plaintiff State of Washington in the amount of  
4 \$6,546,000.

5 **D. COSTS AND ATTORNEYS' FEES**

6 Pursuant to RCW 19.86.080, Defendants are jointly and severally liable for and are  
7 hereby ordered to pay Plaintiff State of Washington attorney fees in the amount of \$1,782,201.30  
8 and costs in the amount of \$58,997.89.

9 **E. POST JUDGMENT INTEREST**

10 Defendants shall be jointly and severally liable for post-judgment interest in the amount  
11 of 12% per annum.

12 **III. PAYMENT AND ENFORCEMENT**

13 Payment of civil penalties, fees and costs under this Judgment shall be made in full  
14 immediately in the form of a valid check paid to the order of the "Attorney General – State of  
15 Washington." Payment shall be sent to the Office of the Attorney General, Attention: Margaret  
16 Farmer, Litigation Support Manager, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-  
17 3188.

18 Nothing in this Judgment shall be construed as to limit or bar any other governmental  
19 entity or any consumer in the pursuit of other remedies against Defendants. Representatives of  
20 the Office of the Attorney General shall be permitted, upon reasonable notice to Defendants, to  
21 access and inspect all business records or documents under the control of the Defendants to  
22 monitor compliance with the terms of this Judgment. Violation of any of the injunctions  
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1 contained in this Judgment, as determined by the Court, shall subject Defendants to a civil  
2 penalty of up to \$25,000 per violation pursuant to RCW 19.86.140.

3  
4 DATED this 23<sup>rd</sup> day of March, 2021.

5  
6 *Electronic signature attached*

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8 

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THE HONORABLE MICHAEL SCOTT  
King County Superior Court Judge

9 Presented by:

10 ROBERT W. FERGUSON  
Attorney General

11  
12 *s/ Cynthia L. Alexander*

13 

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CYNTHIA L. ALEXANDER, WSBA #46019  
14 AUDREY L. UDASHEN, WSBA #42868  
15 AARON J. FICKES, WSBA #51584  
DANIEL T. DAVIES, WSBA #41793  
Assistant Attorneys General  
16 Attorneys for the State of Washington



King County Superior Court  
Judicial Electronic Signature Page

Case Number: 18-2-06309-4  
Case Title: STATE OF WASHINGTON VS CLA ESTATE SERVICES INC ET  
AL  
Document Title: ORDER RE FINAL JUDGMENT  
  
Signed By: Michael R. Scott  
Date: March 23, 2021



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Judge: Michael R. Scott

This document is signed in accordance with the provisions in GR 30.

Certificate Hash: B5A3B5FE79E17714D2D0890F5E0D5DD2F97A50F5  
Certificate effective date: 4/3/2018 3:49:12 PM  
Certificate expiry date: 4/3/2023 3:49:12 PM  
Certificate Issued by: C=US, E=kcscefiling@kingcounty.gov, OU=KCDJA,  
O=KCDJA, CN="Michael R.Scott:  
2nriflr95BGjnGJmHl1GsA=="