

1 all-in-one workplace poster purportedly containing required disclosures of certain state and federal
2 laws. Defendants attempt to dupe unsuspecting business owners to purchase their poster by, among
3 other things, citing to federal laws and the threat of penalties and legal action for non-compliance.
4 Over 300 Washington business owners have responded to Defendants' solicitations by
5 sending payment.

6 1.2 Defendants' poster "service" provides no value to Washington business owners, and
7 is part of a larger, nationwide scam that also targets small businesses outside of Washington.
8 Purchase of Defendants' poster is ***not required***. All required workplace posters can be obtained for
9 ***free*** from the Washington Department of Labor & Industries, Washington Employment Security
10 Department, and the U.S. Department of Labor. Indeed, the Department of Labor & Industries
11 warns business owners about the official-looking nature of solicitations similar to Defendants'
12 and the implication of penalties for not purchasing these third-party posters. As a result, the
13 Better Business Bureau has awarded Labor Poster Compliance a D+ rating.

14 1.3 Defendants' egregious, widespread practice of impersonating the government and
15 mailing deceptive solicitations for the purchase of workplace posters violates the Washington
16 Consumer Protection Act, RCW 19.86.020. The State files this lawsuit to recover any amounts paid
17 to Defendants by hard-working Washington business owners, seek civil penalties for Defendants'
18 unlawful behavior, and to put an end to Defendants' deceptive practices in Washington.

19 II. PARTIES

20 2.1 The Plaintiff is the Attorney General of the State of Washington.

21 2.2 Defendant Labor Poster Compliance, LLC ("LPC"), is a Wyoming limited liability
22 company whose principal place of business is at 109 E 17th Street, Suite 470,
23 Cheyenne, WY 82001. LPC is registered to conduct business in Washington and its Unified
24 Business Identifier number is 604 838 744.

1 2.3 Defendant James L. Beard (“Beard”), upon information and belief, is an unmarried
2 individual residing in St. Petersburg, Pinellas County, Florida. At all times material to this
3 Complaint, Beard owned LPC.

4 2.4 Defendant Chad M. Davis a/k/a Chad Merk (“Davis”), upon information and belief,
5 is an unmarried individual residing in Seminole, Pinellas County, Florida. Upon information and
6 belief, at all times material to this Complaint, Davis was an owner, partner, shareholder, employee
7 and/or agent of LPC.

8 2.5 Defendants Beard and Davis are sued in their individual capacity and capacity as
9 owners, partners, shareholders, employees and/or agents of LPC because they are personally liable
10 for the violations alleged herein in that, upon information and belief, they participated in the acts
11 and practices that form the basis of the allegations set forth in this Complaint. These Defendants are
12 also personally liable for the violations alleged herein because they had actual or constructive
13 knowledge of the acts and practices alleged and approved of such deceptive acts and practices.

14 **III. JURISDICTION AND VENUE**

15 3.1 The State files this Complaint and institutes these proceedings under the
16 provisions of the Consumer Protection Act (“CPA”), RCW 19.86.

17 3.2 Defendants have purposefully availed themselves of the privileges and benefits
18 of conducting business in King County and elsewhere in the State of Washington by engaging
19 in the conduct set forth in this Complaint, including but not limited to, mailing solicitations to
20 businesses located in King County.

21 3.3 Venue is proper in King County pursuant to RCW 4.12.020 and 4.12.025, and
22 Court Rule 82 because the cause of action arose, in part, in King County and Defendants
23 transacted business in King County.

24 3.4 The Attorney General is authorized to commence this action pursuant to
25 RCW 19.86.080 and RCW 19.86.140. The Washington State Attorney General’s Office created
26 the Consumer Protection Division to detect, investigate, and prosecute any act prohibited or

declared to be unlawful under the Washington Consumer Protection Act.

IV. FACTS

A. Required Workplace Posters Under State and Federal Law

4.1 Washington and Federal law requires employers to display certain workplace posters that provide employees with information relating to job safety and health law, rights as a worker, unemployment benefits, paid family and medical leave, equal opportunity employment, and the Affordable Care Act, among other information.

4.2 The Washington State Department of Labor & Industries (L&I), Washington Employment Security Department, and U.S. Department of Labor prepare and provide these required workplace posters for *free*.

4.3 Employers are not required to order new posters every year, but simply confirm their current posters contain the same valid date or revised date as that listed on the applicable state or federal agency's website or on the poster itself.²

4.4 For workplace posters prepared by L&I, any time a required workplace poster is updated, L&I gives new copies to all State Fund and self-insured businesses.³

4.5 L&I generally warns about solicitations, similar to those mailed by Defendants, requiring a business owner to purchase workplace posters, stating "Some companies offer merged combinations of state and federal required posters. **Their advertisements sometimes leverage an official look and imply penalties for not buying their posters.** We do not solicit the purchase of our free posters." (emphasis added).⁴

² See, e.g., Required Workplace Posters from L&I, <https://www.lni.wa.gov/forms-publications/required-workplace-posters#> (identifying the "Valid Date" for each poster) (last accessed Mar. 15, 2022); Compliance Assistance Materials, Workplace Posters, https://www.dol.gov/general/topics/posters#CA_Materials (identifying the "Revised" date for each poster) (last accessed Mar. 15, 2022).

³ Common Questions About Required Workplace Posters, <https://www.lni.wa.gov/forms-publications/required-workplace-posters#> (Q. How will I know when a required poster is updated?) (last accessed Mar. 15, 2022).

⁴ Common Questions About Required Workplace Posters, <https://www.lni.wa.gov/forms-publications/required-workplace-posters#> (Q. Are businesses required to purchase posters?) (last accessed Mar. 15, 2022).

1 **B. Defendants’ Mass Mailing Operations**

2 4.6 Shortly after a Washington business owner registers his or her business with the
3 Washington Secretary of State (“SOS”), Defendants mail a deceptive solicitation to that new
4 business owner (“new Washington business owner”).

5 4.7 Defendants prepare their solicitations for mass mailing to new Washington
6 business owners several times per week, through a third-party vendor located in Florida.

7 4.8 Upon information and belief, using a computer script that scrapes information,
8 including the entity’s name, type (*e.g.*, LLC), registration date, principal address, and Unified
9 Business Identifier number (“Washington specific data”), several times per week, Defendants
10 obtain information regarding new Washington business owners from information made publicly
11 available by the SOS.

12 4.9 Several times per week, Defendants provide their vendor with this Washington
13 specific data, which the vendor uses to prepare the solicitations and envelopes for mailing, and
14 regularly mass mails the solicitations on the same day it receives the Washington specific data.

15 4.10 Defendants also mass mail similar, deceptive solicitations to business owners
16 registered in at least 17 other states, including Alabama, Arizona, California, Connecticut,
17 Georgia, Illinois, Indiana, Kentucky, Louisiana, Massachusetts, Maryland, Missouri, North
18 Carolina, New Jersey, New York, Ohio, and Pennsylvania.

19 4.11 Prior to each mass mailing, Beard and/or Davis approve the content and form of
20 the solicitations and envelopes with the vendor, and Beard is responsible for submitting payment
21 to the vendor.

22 **C. Defendants’ Deceptive Solicitations**

23 4.12 On December 2, 2021, Defendants began mass mailing their deceptive
24 solicitations to new Washington business owners.

1 4.13 In just over a two month period, between December 2, 2021 and
2 February 9, 2022, Defendants mailed their deceptive solicitations to 15,743 new Washington
3 business owners.

4 4.14 Through early March 2022, over 300 Washington business owners were deceived
5 into sending Defendants payment to purchase their poster.

6 4.15 Defendants' solicitation is one page, double sided, and advertises the sale of a
7 "State & Federal All-in-One Labor Law Poster English." *See, e.g., Exhibit A.*

8 4.16 The format and content of Defendants' solicitation creates the deceptive net
9 impression that the solicitation is a bill or invoice from or on behalf of a governmental agency
10 of which payment is required, including:

- 11 • The top left states in bold, capital letters the official-sounding name
12 "LABOR POSTER COMPLIANCE."
- 13 • A local return address in Seattle to create the deceptive net impression
14 that LPC is, or affiliated with, a local governmental agency.
- 15 • The top right states in capital letters "LABOR LAW COMPLIANCE
16 NOTICE" to present as an official document.
- 17 • Citations to Federal law "29 USC Sec. 666 (i) & 29 Sec. 2005" stating
18 that failure to comply or non-compliance with posting regulations can
19 lead to fines "up to" and "in excess" of \$7,000 or "\$7,000 per instance."
- 20 • The bottom left of the reverse side includes a section on "Penalties and
21 risk of non-compliance" again referencing potential fines and implying
22 non-compliance may result in a lawsuit and legal fees up to \$250,000.
- 23 • Purchase of that year's "labor law poster" (*e.g., 2021*) is required,
24 including stating that the business owner "must post **UP-TO-DATE**
25 employment posters in the workplace."
- 26 • Identifying the fee for the poster, \$79.25, *five* times.

- Identifying the business' UBI number *four* times.
- Identifying the mailing date of the solicitation *three* times.
- Creating a false sense of urgency that the "labor law poster" must be purchased by a certain date, stating *two* times, "Please Respond By:" and providing an artificial deadline.
- Placement of *two* barcodes.
- The bottom third of the solicitation is the "coupon" to "Detach & Mail" and requiring "Contact and Signature Authorization."

4.17 Some Washington business owners believed the solicitation was from L&I, as indicated by payment sent to Defendants addressing the payee as "Department of Labor & Industries."

4.18 The two inconspicuous disclaimers, surrounded by official-sounding language, are located in small print on the bottom-front side, and on the bottom-right reverse side.

4.19 As of the date of this lawsuit, LPC has a D+ rating with the Better Business Bureau.⁵

D. The Individual Defendants' Current and Prior Businesses Sending Deceptive Postcards and Solicitations and Related Scam Alerts and State Actions

4.20 Defendants Beard and Davis are prolific scammers who have a long history of operating businesses for the purpose of sending deceptive postcards or solicitations to consumers and business owners, as a result of which various states have issued scam alerts or taken legal action. These businesses include:

- **Division of Corporate Services Inc.**, owned by Davis. In 2015, the Michigan Attorney General sued for misleading solicitations designed to appear as an official state form that a business or non-profit was required to complete

⁵ <https://www.bbb.org/us/la/baton-rouge/profile/labor-posters/labor-poster-compliance-0835-90033326> (last accessed Mar. 15, 2022).

1 annually, and that sought payment for fake business meeting minutes. North
2 Carolina and Pennsylvania issued scam alerts.⁶

3 • **Annual Business Services, LLC aka Business Compliance Division, Inc.,**

4 two companies owned by Davis. In 2015 the:

5 ○ Virginia Attorney General sued for deceptive solicitations that gave
6 the appearance of originating from a government source and that
7 purchase of certain record preparation services was required. The
8 North Dakota Attorney General issued a Cease and Desist order for
9 similar conduct; and

10 ○ Idaho Attorney General settled its dispute for another deceptive
11 practice of mailing official-looking postcards directing business
12 owners to immediately call to “avoid potential fees and penalties,” and
13 if called, were told they needed to purchase a certificate of existence.
14 Georgia, Louisiana, Nevada, and Pennsylvania issued scam alerts.⁷

15 • **United Business Services, LLC, owned by Beard, and Corporations Filing**
16 **Service, LLC, of whom Davis received regular payments. In 2016, the**
17 **Nebraska Attorney General sued for deceptive postcards mailed to business**
18 **owners, appearing as originating from a governmental agency, for the**
19 **purchase of labor law posters and certificates of existence.**

20 • **CA Certificate Service, LLC, owned Beard, and of whom Davis receives**
21 **regular payments. In addition to the State’s current lawsuit, in 2019 and 2021**
22 **the Michigan Attorney General, Utah Department of Commerce, and Virginia**

23
24 ⁶ See, e.g., 2015 Annual Records Statement Scheme,
25 https://www.sosnc.gov/documents/forms/Business_Registration/alerts/2015_annual_records.pdf (last accessed
26 Mar. 15, 2022).

⁷ See, e.g., Secretary Schedler Warns Businesses about Misleading Postcards,
<https://www.sos.la.gov/OurOffice/PublishedDocuments/082515BusinessCompliancePostcard.pdf> (Aug. 24, 2015)
(last accessed Mar. 15, 2022).

1 Attorney General sued for deceptive solicitations mailed to business owners
2 for the purchase of non-mandatory certificates, which the State alleges creates
3 the deceptive net impression that the solicitation is a bill or invoice from or
4 on behalf of a governmental agency of which payment is required. Georgia,
5 Ohio, and Washington issued scam alerts.⁸

- 6 • **FL Certificate Services LLC**, where upon information and belief, Davis
7 approves the content and form of the solicitations, and of whom Davis
8 received regular payments. In 2021, the Pennsylvania Attorney General sued
9 for deceptive solicitations similar to CA Certificate Service. Illinois,
10 Louisiana, Maryland, Oregon, and Pennsylvania issued scam alerts.⁹

11 **V. CLAIM FOR VIOLATION OF THE CONSUMER PROTECTION ACT,**
12 **RCW 19.86.020**

13 5.1 Plaintiff re-alleges Paragraphs 1.1 through 4.20 and incorporates them as if set
14 fully herein.

15 5.2 Pursuant to the CPA, RCW 19.86.020, “unfair or deceptive acts or practices in
16 the conduct of any trade or commerce are hereby declared unlawful.”

17 5.3 Defendants’ solicitations constitute deceptive acts or practices in violation of the
18 CPA because these solicitations create the deceptive net impression that they are being sent by
19 or on behalf of a governmental agency and that the solicitations are bills or invoices that must
20 be paid.

21 5.4 Defendants, at all times relevant to this action, have been engaged in trade or
22 commerce within the meaning of RCW 19.86.010(2) because Defendants solicited the sale of, and
23 sold, a service—purchase of free labor posters—to Washington business owners.

24 ⁸ See, e.g., Misleading letters asking for fees, [https://www.sos.wa.gov/corps/misleading-letters-asking-](https://www.sos.wa.gov/corps/misleading-letters-asking-for-fees.aspx)
25 [for-fees.aspx](https://www.sos.wa.gov/corps/misleading-letters-asking-for-fees.aspx) (last accessed Mar. 15, 2022).

26 ⁹ See, e.g., Alert: Maryland Businesses Receiving Fake “2020 Certificate of Good Standing Request
Form” Letter; Same Scam Letter Circulated in Late 2019,
<https://www.marylandattorneygeneral.gov/press/2020/081320ca.pdf> (last accessed Mar. 15, 2022).

5.5 Defendants' deceptive acts and practices have impacted the public interest. These practices constitute a pattern of conduct repeated thousands of times that Defendants committed in the course of business and for which Defendants continue to repeat and are likely to continue without relief from this Court.

VI. PRAYER FOR RELIEF

Wherefore, the State prays for the following relief:

6.1 That the Court adjudge and decree that the Defendants have engaged in the conduct complained of herein.

6.2 That the Court adjudge and decree that the conduct complained of constitutes unfair or deceptive acts or practices and is unlawful in violation of the Consumer Protection Act, RCW 19.86.

6.3 That the Court issue a preliminary injunction pursuant to the Consumer Protection Act, RCW 19.86.080, enjoining and restraining Defendants and their representatives, successors, assigns, officers, agents, servants, employees, and all other persons acting or claiming to act for, on behalf of, or in concert or participation with Defendants, from continuing or resuming the unlawful conduct complained of herein.

6.4 That the Court assess civil penalties of up to \$7,500, pursuant to RCW 19.86.140, against Defendants jointly and severally for each and every violation of RCW 19.86.020 caused by the conduct complained of herein.

6.5 That the Court award prejudgment interest at a rate of 12 percent per annum. *See* RCW 19.52.020.

6.6 That the Court, as an equitable remedy, disgorge Defendants of money or property acquired by Defendants as a result of the conduct and violations complained of herein.

6.7 That the Court issue a permanent injunction pursuant to the Consumer Protection Act, RCW 19.86.080, enjoining and restraining Defendants and their representatives, successors, assigns, officers, agents, servants, employees, and all other persons acting or claiming to act for, on

1 | behalf of, or in concert or participation with Defendants, from continuing or resuming the unlawful
2 | conduct complained of herein.

3 | 6.8 That the Court make such orders pursuant to RCW 19.86.080 as it deems
4 | appropriate to provide for restitution to consumers of money or property unlawfully acquired by
5 | Defendants as a result of the conduct complained of herein.

6 | 6.9 That the Court make such orders pursuant to RCW 19.86.080 to provide that the
7 | Plaintiff, State of Washington, have and recover from Defendants the costs of this action, including
8 | reasonable attorneys' fees.

9 | 6.10 For such other relief as the Court may deem just and proper.

10 |
11 | DATED this 17th day of March, 2022.

12 |
13 | ROBERT W. FERGUSON
14 | Attorney General

15 | s/ Shidon B. Aflatooni
16 | SHIDON B. AFLATOONI, WSBA #52135
17 | SEBASTIAN MILLER, WSBA #50261
18 | Assistant Attorneys General
19 | Attorneys for Plaintiff State of Washington
20 | 800 Fifth Avenue, Suite 2000
21 | Seattle, WA 98104
22 |
23 |
24 |
25 |
26 |

EXHIBIT A

LABOR POSTER COMPLIANCE

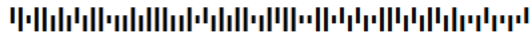
720 Seneca St Ste 107 #129
Seattle, WA 98101

LABOR LAW COMPLIANCE NOTICE

Failure to comply with posting regulations can lead to fines up to \$7,000
(29 USC Sec. 666 (i) & (29 USC Sec. 2005))

10 1 *****AUTO**MIXED AADC 335

62625-0003723



Record ID#	604841863
Sent Date:	12/09/2021
Please Respond By:	December 30, 2021
Document Fee:	<u>\$79.25</u>

2021 LABOR LAW POSTER

ID: 604841863

**Please Respond By:
December 30, 2021**

**2021 State & Federal
All-In-One Labor Law
Poster English
\$79.25**

Your business is required by Federal Law to post a current compliant labor law poster in the workplace. Federal law requires that this poster be placed on the property of the business whether you have 1 employee or 1,000. You must post **UP-TO-DATE** employment posters in the workplace. The poster must also include information about workers' compensation benefits.

Pursuant to Federal Law 29 USC Sec. 666 (i) & 29 Sec. 2005 penalties and risks of non-compliance with posting regulations can lead to potential fines in excess of **\$7,000 per instance**, for failure to post federally required information. Further, lawsuits can be tolled based on failing to display mandatory posters. You must post a compliant employment poster in a conspicuous place in the workplace where all employees and applicants can see it. To obtain your federal employment labor law poster, please detach the bottom portion of this letter and return in the enclosed envelope with your document processing fee of \$79.25.

Please allow 2 - 3 weeks for delivery of the All-In-One Labor Law Poster.

Business Name:	Document Number: 604841863
Address:	Amount: \$79.25
City, State, Zip:	Notice Sent: 12/09/2021

All company information listed above is the information used in issuance of the federal labor law compliance poster. Please confirm all of the company information that is currently on file. If any information is incorrect make note of it and include it with your coupon and payment. All corrections will be made prior to issuing the compliance poster. Please allow 1-3 business days for corrections to be made. For your convenience we have simplified the process for you with this form.

FOR QUESTIONS PLEASE CONTACT US AT 844-258-8386



Detach & Mail

STEP 1. Check the appropriate payment method and fill out the sub items

☐ **CHECK OR MONEY ORDER ENCLOSED: \$79.25**



MAKE CHECKS PAYABLE TO: Labor Poster Compliance

Date Notice Sent: 12/09/2021	Business Name:
Document #: 604841863	Address:
Amount: <u>\$79.25</u>	City, State, Zip:

Contact & Signature Authorization

CONTACT NUMBER:	CONTACT NAME:	EMAIL ADDRESS:	SIGNATURE:
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Return this completed form with the return envelope included. Please allow 2-3 weeks for delivery of labor law poster
Labor Poster Compliance is a Non-Government publisher of copyrighter compliance poster compilations which are intended to assist employers in meeting their legal obligations under labor posting regulations. If you are not 100% satisfied with this product, simply return it within 30 days for a full refund

See Reverse for More Information and Disclaimer

STATE AND FEDERAL COMPLIANCE POSTER INCLUDES:

Compliant 2021 Federal Poster ENGLISH

This poster includes all required federal posting such as federal minimum wage the NRLA Nation Labor Relations Act employee rights notice.

Compliant 2021 State Poster ENGLISH

This poster includes information about workers compensation benefits, payday schedule and emergency contacts

National Labor Relations Act

This is a federally mandated poster

Unemployment Insurance

Offer notice of insurance benefits in the event an employee is injured (and the injury is not work related)

State Disability Insurance

Provides notice of disability insurance benefits in the event an employee is injured (and the injury is not work related)

Sexual Harassment Information Sheets

Describes the problem and penalties of sexual harassment

Workers Compensation Rights & Benefits

Gives the employees details of their right to workers' compensation benefits should they sustain an on-the-job injury.

Updated with new laws IMPORTANT: New regulation revisions which includes text regarding nursing mothers and overtime rules. Also, new regulation revisions as of August 2016 which includes the removal of penalty amount up to \$10,000 against violators and revised contact numbers.

You must post compliant Employment Poster in a conspicuous place in the workplace where all employees and applicants can see it. The posters must also include information about your workers compensation benefits, per day schedule emergency contacts.

Poster Set Includes:

- * Minimum Wage
- * Employee Rights Enforcement
- * USERRA Military Leave Benefits Notice
- * Emergency Notice
- * Pay Day Notice
- * Safety & Health (OSHA)
- * Workers Compensation (DEFEH)
- * Family Medical Leave Act
- * Whistle-blower Protection Act
- * Equal Employment Opportunity
- * Discrimination Notice
- * Pregnancy Disability Leave Notice
- * Eligibility Requirements (FMLA)
- * Use Of Leave (FMLA)

Penalties and risk of non-compliance:

Penalties for non-compliance are faced with a potential fines in excess of \$7,000 for failure to post federally required information. Further lawsuits can be tolled based on failing to display mandatory notices. Tolling the extension of the statute of limitations for failing to post can cause an employer to spend up to \$250,000 in legal fees defending a case that otherwise would never exist. Employee and labor issues are top reasons for lawsuits against businesses.

Changes in the law require employers to display the 2021 Employment Law poster in their place of business.

Poster includes the following REQUIRED notices:

Federal Changes:

- * National Labor Relations Act
- * EDD Notice To Employees
- * State and Federal Minimum Wage Orders
- * OSHA Job Safety & Health Protection
- * Workers Compensation Notice
- * DFEH Harassment or Discrimination
- * Pregnancy Disability Leave Notice
- * Family Medical Leave Act
- * Tobacco Smoking
- * Time Off To Vote Notice
- * ADA Equal Employment Opportunity
- * Whistle-blower Protection Act
- * Employee Rights Enforcement
- * Emergency Notice
- * Use Of Leave

DISCLAIMER: Labor Poster Compliance is a NON-GOVERNMENT publisher of labor law employment posters. These posters are intended to assist employers in meeting their legal obligations under federal labor law posting regulations. This service has not been approved or endorsed by any agency of the government. Individual panels are available to be requested by any agent of the corporation from the government free of charge. This offer serves as a solicitation and is not to be intended or interpreted as a bill due. Labor Poster Compliance makes no representations or warranties as to the information provided herein.