

**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

REED HEIN & ASSOCIATES, LLC,
d/b/a TIMESHARE EXIT TEAM;
BRANDON REED; TREVOR HEIN;
MAKAYMAX, INC.; and HEIN & SONS
INDUSTRIES, INC.,

Defendants.

NO. 20-2-03141-1 SEA

CONSENT DECREE

**[CLERK'S ACTION
REQUIRED]**

I. JUDGMENT SUMMARY

- | | | |
|-----|------------------------------|--|
| 1.1 | Judgment Creditor: | State of Washington |
| 1.2 | Judgment Debtors: | Reed Hein & Associates, LLC; Brandon Reed; Trevor Hein; Makaymax, Inc.; and Hein & Sons Industries, Inc. |
| 1.3 | Total Judgment: | \$22,000,000.00 |
| | a) Payment to Washington: | \$2,610,000.00 |
| | b) Civil Penalty: | \$19,390,000.00 (suspended in accordance with paragraph IV.A.1.) |
| 1.4 | Post Judgment Interest Rate: | 12 percent per annum |

1.5 Attorneys for Judgment Creditor: M. Elizabeth Howe
Aaron J. Fickes
Shidon B. Aflatooni
Daniel L. Allen
John A. Nelson
Assistant Attorneys General

1.6 Attorneys for Judgment Debtors: Steven W. Fogg, Jack M. Lovejoy,
Maia R. Robbins, John T. Bender,
Timothy Bradshaw of Corr Cronin LLP
for Reed Hein & Associates, LLC,
Brandon Reed, and Makaymax, Inc.; and

Bret Finkelstein of Lane Powell PC for
for Trevor Hein and Hein & Sons
Industries, Inc.

1.7 Plaintiff State of Washington (“State” or “Washington”) conducted an investigation and commenced this action on February 4, 2020 against the above-captioned defendants (“Defendants”) pursuant to the Consumer Protection Act (CPA), RCW 19.86, *et seq.*, Debt Adjusting Act (DAA), RCW 18.28, *et seq.*, and the Credit Services Organizations Act (CSOA), RCW 19.134, *et seq.*

1.8 Defendant Reed Hein & Associates, LLC (“Reed Hein”) is a Washington-based for-profit limited liability company registered with the Washington Secretary of State. Reed Hein’s corporate office is located 121 3rd Avenue, Suite 200, Kirkland, Washington, 98033. Reed Hein operates under the trade names “Reed Hein,” “Timeshare Exit Team,” “TET,” “TSET,” and “RHA,” and formerly operated under the name “Reed Hein Travel.” In July 2013, Brandon Reed and Trevor Hein founded Reed Hein & Company, LLC, which used the trade name “World Travel Seattle.” Brandon Reed and Trevor Hein founded Reed Hein, which was incorporated and began doing business on December 31, 2012.

1.9 Defendant Brandon Reed is the co-founder and Chief Executive Officer of Reed Hein. Brandon Reed is presently the sole owner of Reed Hein through a wholly-owned Washington corporation, Makaymax, Inc. Brandon Reed resides in Bellevue, Washington.

1 1.10 Defendant Trevor Hein was a co-founder of Reed Hein. Trevor Hein was, from
2 Reed Hein’s creation up until July 2016, a vice president of Reed Hein. Until December 2019,
3 Trevor Hein was a 40% owner of Reed Hein through a wholly-owned Delaware corporation,
4 Hein & Sons Industries, Inc. Trevor Hein resides in British Columbia, Canada.

5 1.11 Defendant Makaymax, Inc. (“Makaymax”), is a Washington corporation
6 incorporated on June 2, 2015. Makaymax is wholly-owned by Brandon Reed and has been
7 operated by Brandon Reed since its formation as a holding company.

8 1.12 Defendant Hein & Sons Industries, Inc. (“Hein & Sons”), is a Delaware
9 corporation incorporated on March 20, 2012. Hein & Sons is wholly-owned by Trevor Hein and
10 has been operated by Trevor Hein since its formation as a holding company.

11 1.13 Defendants Reed Hein, Brandon Reed, and Makaymax were served or waived
12 service and appeared by and through their attorneys, Steven W. Fogg, Jack M. Lovejoy, Maia
13 R. Robbins, John T. Bender, and Timothy A. Bradshaw of Corr Cronin LLP.

14 1.14 Defendants Trevor Hein and Hein & Sons were served or waived service and
15 appeared by and through their attorney, Bret Finkelstein of Lane Powell PC.

16 1.15 The State appears by and through its attorneys, Robert W. Ferguson, Attorney
17 General, and M. Elizabeth Howe, Aaron J. Fickes, Shidon B. Aflatooni, Daniel L. Allen, and John
18 A. Nelson, Assistant Attorneys General.

19 1.16 The State and Defendants have agreed on a basis for settlement of the matters
20 alleged in the State’s Complaint and to entry of this Consent Decree against Defendants without
21 the need for trial or adjudication of any issue of law or fact.

22 1.17 Defendants recognize and agree that this Consent Decree is entered into
23 voluntarily and that no promises, representations, or threats have been made by the Attorney
24 General’s Office (AGO) or any member, officer, agent, or representative thereof to induce
25 Defendants to enter into this Consent Decree, except the provisions and representations herein
26 and continued litigation in this action.

1.18 The State and Defendants waive any right they may have to appeal from this Consent Decree or to otherwise contest the validity of this Consent Decree.

1.19 The State and Defendants further agree that by signing this Consent Decree the Court will be ordering that it will retain jurisdiction of this action and jurisdiction over the parties for the purpose of implementing and enforcing the terms and conditions of this Consent Decree and for the purpose of granting such additional relief as may be necessary and appropriate.

The Court finds no just reason for delay.

NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

II. GENERAL

1. This Court has jurisdiction over the subject matter of this action and over the parties. The State's Complaint in this matter states claims upon which relief may be granted under the provisions of the CPA, RCW 19.86 *et seq.*, and the DAA, RCW 18.28 *et seq.*, and CSOA, RCW 19.134 *et seq.*

2. This Consent Decree or the fact of its entry does not constitute evidence or an admission by any party regarding the existence or non-existence of any issue, fact, or violation of any law alleged by the State.

III. INJUNCTIONS

1. Notice. Within thirty (30) days following entry of this Consent Decree, each Defendant shall inform all of its then existing successors, assigns, employees, contractors, representatives, and all others acting in concert or active participation with the Defendant for purposes related to timeshare exit services offered by the Defendant of the terms and conditions of this Consent Decree and shall direct those persons and entities, to the extent they are within Defendants' control, to comply with this Consent Decree.

1 2. Application of Injunctions. The injunctive provisions of this Consent Decree shall
2 apply to Defendants and to each Defendant's successors, assigns, employees, contractors within
3 the Defendant's control, representatives, and all others acting in concert or active participation
4 with Defendants, including any business entity owned and operated, directly or indirectly, by
5 any Defendant, presently or in the future.
6

7 3. Definitions. As used herein:

8 a. "Timeshare exit" means termination of a person's ownership and/or
9 payment obligations to a Resort with respect to the person's timeshare.

10 b. "Timeshare exit company" means a company which provides services to
11 terminate a person's ownership and/or payment obligations to a Resort with respect to the
12 person's timeshare.

13 c. "Resort" means the company from which the timeshare owner purchased
14 their timeshare interest or membership and/or entered into any contract, mortgage, or
15 membership agreement relating to rights and obligations relating to the timeshare.

16 d. "Affiliate timeshare exit company" means any other timeshare exit
17 company owned or operated by any Defendant, presently or in the future.

18 e. "Vendor" means an authorized agent of any Defendant and/or any affiliate
19 timeshare exit company or any other person or entity that performs services on behalf of any
20 customer of any Defendant and/or affiliate timeshare exit company.

21 f. "Reasonable Expenses" means costs directly incurred by any Defendant
22 and/or any affiliate timeshare exit company toward a specific customer's timeshare exit as well
23 as administrative costs incurred directly related to or the value of employee time devoted directly
24 to customer service.

25 4. Injunctive Relief. Effective upon entry of this Consent Decree:
26

1 a. Defendants shall not make the following representations regarding Reed
2 Hein or any affiliate timeshare exit company, provided that historical instances of these
3 representations that are no longer reasonably within Defendants' control (e.g. website captures
4 available through the Internet Archive) or reasonably identifiable through a good faith effort
5 shall not be deemed as any Defendant continuing to make these representations:

6 i. that Reed Hein and/or the affiliate timeshare exit company's
7 services are risk free;

8 ii. that Reed Hein and/or the affiliate timeshare exit company has a
9 100% success rate, unless Reed Hein and/or the affiliate timeshare
10 exit company can substantiate that claim at the time it was made;

11 iii. that Reed Hein and/or the affiliate timeshare exit company has the
12 highest success rate in the industry, unless Reed Hein and/or the
13 affiliate timeshare exit company can substantiate that claim at the
14 time it was made;

15 iv. that Reed Hein and/or the affiliate timeshare exit company has a
16 specific number of successful timeshare exits, unless that number
17 does not include timeshare exits that are (i) disputed by Resorts,
18 (ii) disputed by customers, (iii) accomplished solely by the
19 customer without Reed Hein and/or the affiliate timeshare
20 company's assistance, (iv) accomplished by purported
21 "resignation" of the timeshare interest, and/or (v) accomplished
22 by transferring ownership of the timeshare interest without the
23 Resort's knowledge and/or consent;

24 v. that Reed Hein and/or the affiliate timeshare exit company
25 negotiates directly with Resorts, unless Reed Hein and/or the
26 affiliate timeshare exit company actually does so;

- 1 vi. that Reed Hein and/or the affiliate timeshare exit company does
2 not sell or transfer timeshares, unless Reed Hein and/or the
3 affiliate timeshare exit company does not do so either directly or
4 through Vendors;
- 5 vii. that Reed Hein and/or the affiliate timeshare exit company
6 “forces” or “compels” Resorts to cancel or take back timeshare
7 contracts;
- 8 viii. that Reed Hein and/or the affiliate timeshare exit company has
9 internal expertise in timeshare exit services unless at the time of
10 the representation Reed Hein and/or the affiliate timeshare exit
11 company employs personnel possessing such expertise in
12 performing timeshare exit services;
- 13 ix. that Reed Hein and/or the affiliate timeshare exit company has a
14 “secret,” “unique,” or “proprietary” method for performing
15 timeshare exits unless Reed Hein and/or the affiliate timeshare
16 exit company develops a method that is unknown to the public
17 and/or is not practiced by other persons performing timeshare exit
18 services; and
- 19 x. that Reed Hein and/or the affiliate timeshare exit company’s
20 methods or services are safe, legal, forever (or any of the following
21 variations of this advertising tagline, in any order: “safely, legally,
22 forever”; “safely, legally, permanently”; “safely, legitimately,
23 forever”; “safely, legitimately, permanently”; “safe, legitimate,
24 forever”; “safe, legitimate, permanent”) while Reed Hein and/or
25 the affiliate timeshare exit company performs timeshare exits by
26 purported “resignation” of the timeshare interest, and/or transfers

1 of ownership of the timeshare interest without the Resort's
2 knowledge and/or consent.

3 b. Within ten (10) Business days of entry of this Consent Decree, Defendants
4 shall remove or cause to be removed all historical instances of the representations set forth in
5 paragraph III.4.a. over which Defendants have reasonable control (e.g. Website representations,
6 Youtube videos, etc.) and which are reasonably identifiable through a good faith effort.

7 c. Reed Hein and/or any affiliate timeshare exit company may not offer a
8 100% money-back guarantee unless Reed Hein and/or the affiliate timeshare exit company
9 simultaneously escrows all customer payments until services are complete.

10 d. If Reed Hein and/or any affiliate timeshare exit company do not offer a
11 100% money-back guarantee, Reed Hein and/or any affiliate timeshare exit company must
12 escrow at least 20% of any payments received toward timeshare exit services from any customer
13 who contracts with Reed Hein following entry of this Consent Decree. Reed Hein and/or the
14 affiliate timeshare exit company may not expend any of the escrowed funds until the exit is
15 complete.

16 e. Reed Hein and/or any affiliate timeshare exit company will provide
17 refunds, less Reasonable Expenses, to new customers who, following the date of entry of this
18 Consent Decree, who can document that they obtained timeshare exits without Reed Hein and/or
19 the affiliate timeshare exit company's assistance.

20 f. Reed Hein and/or any affiliate timeshare exit company will provide
21 refunds, less Reasonable Expenses, to customers who engaged Reed Hein before the date of this
22 Consent Decree, who, following the date of entry of this Consent Decree, can document that
23 they obtained timeshare exits without Reed Hein and/or the affiliate timeshare exit company's
24 assistance, unless the company is not a going concern at the time of the refund request or informs
25 the customer that the company is going to cease being a going concern within the next 45 days.
26

1 g. In determining the amount of a refund for failure to perform services as
2 advertised to the customer, Reed Hein and/or any affiliate timeshare exit company will not
3 deduct sales commissions as a Reasonable Expense incurred toward a customer's timeshare exit.

4 h. In determining the amount of a refund for failure to perform services as
5 advertised to the customer, Reed Hein and/or any affiliate timeshare company will not deduct
6 general administrative overhead as a Reasonable Expense incurred toward the customer's
7 timeshare exit when calculating the customer's refund.

8 i. Reed Hein and/or any affiliate timeshare exit company must make the
9 following disclosures to customers, in writing, at the time of sale:

10 i. all general circumstances Reed Hein and/or the affiliate timeshare
11 exit company views as voiding any money-back guarantee or
12 decreasing and/or voiding the customers' ability to obtain a
13 refund;

14 ii. all then known types of timeshare exit methods and outcomes
15 Reed Hein and/or the affiliate timeshare company views as
16 satisfying its contract, with an explanation of each method or
17 outcome, including any known potential negative consequences to
18 the customer of each action, including but not limited to credit
19 damage and tax liability;

20 iii. that Reed Hein and/or the affiliate timeshare exit company may
21 use a Vendor to provide some or all of the services contemplated
22 in Reed Hein and/or the affiliate timeshare exit company's
23 contracts with customers and that Reed Hein may transfer to the
24 Vendor(s) certain information about the customer, which may
25 include the customer's age, income, contact information and other
26 personally identifying information (such as date of birth);

- 1 iv. that Reed Hein and/or the affiliate timeshare exit company, or
2 their Vendor(s) consider foreclosure or termination for non-
3 payment of the customer's timeshare interest to satisfy Reed Hein
4 and/or the affiliate timeshare exit company's contractual
5 obligations to deliver a timeshare exit;
- 6 v. that any customer who is behind, or falls behind, on payments to
7 a Timeshare Resort could face foreclosure or notice of termination
8 for non-payment;
- 9 vi. the existence of any known legal action instituted by the
10 customer's Resort against Reed Hein and/or the affiliate timeshare
11 exit company;
- 12 vii. the existence of any known program offered by customer's Resort
13 that might allow the customer to exit the timeshare. This provision
14 does not prevent Reed Hein and/or any affiliate timeshare exit
15 company from providing truthful information or commenting
16 about those programs;
- 17 viii. that Reed Hein and/or the affiliate timeshare exit company is not
18 a law firm;
- 19 ix. that the customer will remain responsible for Resort payments for
20 the duration of the exit process, which could be three years or
21 more; and
- 22 x. that the customer may be asked to make direct contact with its
23 timeshare Resort and participate in negotiations as part of the
24 timeshare exit process.
- 25 j. If, following entry of a contract for timeshare exit services, Reed Hein
26 and/or the affiliate timeshare exit company becomes aware of a timeshare exit method or

1 outcome not previously disclosed to the customer that Reed Hein and/or the affiliate timeshare
2 exit company views as satisfying its contract and is available to that customer, Reed Hein and/or
3 the affiliate timeshare exit company will provide notice to the affected customer in writing of
4 the exit method or outcome, including any known potential negative consequences to the
5 customer, including but not limited to credit damage and tax liability.

6 k. Reed Hein must disclose to its existing customers for whom service is not
7 yet completed that Reed Hein may be compensated by its Vendors or receive sales proceeds
8 from the sale of a consumer's timeshare if the customer's file is assigned to, or becomes assigned
9 to, a Vendor who might possibly compensate or provide sales proceeds to Reed Hein.

10 l. Reed Hein must disclose to any existing customers for whom service is
11 not yet completed whose Resorts are owned by Diamond Resorts, Westgate, or Wyndham, that
12 the Resort has sued Reed Hein, must provide the customer with a copy of the complaint, and
13 must advise the customer of the lawsuit's status.

14 m. During the contract period, Reed Hein and/or any affiliate timeshare exit
15 company shall disclose in writing: the identity, contact information, and scope of services of any
16 Vendor to which Reed Hein and/or the affiliate timeshare exit company wishes to assign the
17 customer, before such assignment is made. Reed Hein and/or the affiliate timeshare exit
18 company shall also disclose any known legal action brought by the customer's Resort against
19 the Vendor and any known direct or indirect ownership interest of any Defendant in the Vendor.
20 Reed Hein and/or the affiliate timeshare exit company shall provide customers a right to reject
21 any Vendor for good cause (which could include, without limitation, legal action against the
22 Vendor, a negative rating by the Better Business Bureau or similar organization, or the
23 customer's objection to a business practice of the Vendor) without voiding their entitlement to a
24 refund, but Reed Hein and/or the affiliate timeshare exit company may retain Reasonable
25 Expenses incurred through the date of any refund request.
26

1 n. During the contract period with any customer who engages Reed Hein
2 after the entry of this Consent Decree, Reed Hein and/or any affiliate timeshare exit company
3 shall disclose in writing: any additional fees and costs that Reed Hein and/or the affiliate
4 timeshare exit company requests the customer pay, whether to the company, a Vendor, a Resort,
5 a settlement administrator, or other third party, to complete an exit. Reed Hein and/or the affiliate
6 timeshare exit company shall provide customers a right to reject any such payment without
7 voiding their entitlement to a refund, but Reed Hein and/or the affiliate timeshare exit company
8 may retain Reasonable Expenses incurred through the date of any refund request.

9 o. Reed Hein and/or any affiliate timeshare exit company shall direct all
10 employees to document all communications with and retain all written communications with any
11 Vendor providing timeshare exit services, and require Vendors to provide Reed Hein and/or the
12 affiliate timeshare exit company with all non-privileged documents regarding work performed
13 on behalf of a customer. Within ten (10) Business days of a request from a current customer,
14 Reed Hein and/or the affiliate timeshare exit company shall provide available documentation of
15 all communications with a Vendor relating to services performed on behalf of a customer to that
16 customer. Within the same time period, Reed Hein will request that any relevant Vendor produce
17 any records it has of work performed on the customer's behalf. Reed Hein will direct all Vendors
18 to respond to such requests within ten (10) business days. In the event that Reed Hein and/or the
19 affiliate timeshare exit company refuses or fails to provide the requested documentation to the
20 customer from the company's files or refuses to make reasonable efforts to timely obtain
21 documents from Vendors, the customer shall be entitled to a refund less Reasonable Expenses.
22 In the event that the Vendor, absent legal justification or good cause, refuses to provide the
23 documentation to the customer from the Vendor's files, Reed Hein and/or the affiliate timeshare
24 exit company shall provide the customer with documentation of the request to the Vendor and
25 any other information necessary for the customer to file a consumer complaint regarding the
26 Vendor with any relevant State or federal regulator. In such event, if the customer is entitled to

1 a refund under any policy of Reed Hein and/or the affiliate timeshare exit company or any
2 provision of this Consent Decree, Reed Hein and/or the affiliate timeshare exit company may
3 not deduct payments to the Vendor from the refund as Reasonable Expenses.

4 p. Reed Hein and/or any affiliate timeshare exit company shall implement a
5 three-year performance period in its contracts; after three years, Reed Hein and/or the affiliate
6 timeshare exit company shall offer the customer the choice to continue with the contracted-for
7 services or to receive a full refund minus Reasonable Expenses up to a maximum of 50% of the
8 amount paid by the customer for Timeshare exit services.

9 q. If the only timeshare exit Reed Hein and/or any affiliate timeshare exit
10 company believes it can accomplish is the Resort foreclosing on the customer's timeshare
11 interest or terminating the timeshare interest for nonpayment, Reed Hein and/or the affiliate
12 timeshare exit company shall disclose this information to the customer, in writing, and obtain
13 the customer's consent, in writing, to move forward with any course of action intended to, or
14 likely to, increase the chances of a foreclosure. In its written disclosure, Reed Hein and/or the
15 affiliate timeshare exit company shall provide the customer the opportunity to cancel their
16 contract with Reed Hein and/or the affiliate timeshare exit company and receive a refund, but
17 Reed Hein and/or the affiliate timeshare exit company may retain Reasonable Expenses incurred
18 through the date of any refund request.

19 r. Reed Hein and/or any affiliate timeshare exit company may not purport
20 to achieve a timeshare exit where the only confirmation of the timeshare exit is verbal
21 confirmation from the Resort or any other person or entity that the customer no longer owns their
22 timeshare interest.

23 s. Reed Hein and/or any affiliate timeshare exit company may not purport
24 to achieve a timeshare exit where the only confirmation of the timeshare exit is termination of
25 the customer's online account with the Resort and/or expiration of customer's logon credentials.
26

1 t. Reed Hein and/or any affiliate timeshare exit company may not purport
2 to achieve a timeshare exit by way of any method for which Reed Hein and/or the affiliate
3 timeshare exit company does not have a good faith basis to believe is legal, effective, and
4 permanent. Such basis must be supported by an opinion by competent legal counsel or a decision
5 by a competent legal authority.

6 u. Reed Hein and/or any affiliate timeshare exit company may not purport
7 to achieve a timeshare exit by any method known to be reversible, including timeshare exits by
8 purported “resignation” of the timeshare interest, and/or transfers of ownership of the timeshare
9 interest without the Resort’s knowledge and/or consent.

10 v. Reed Hein and/or any affiliate timeshare exit company may not purport
11 to achieve a timeshare exit by foreclosure and/or notice of termination for nonpayment unless
12 Reed Hein and/or the affiliate timeshare exit company can provide documentation that the
13 foreclosure resulted from action by Reed Hein and/or the affiliate timeshare exit company, or
14 one of their Vendors. Documentation evincing the fact of the Resort’s awareness that the
15 customer is represented by Reed Hein and/or the affiliate timeshare exit company, or one of their
16 Vendors alone is insufficient to document that foreclosure resulted from the representation.

17 w. Reed Hein and/or any affiliate timeshare exit company may not purport
18 to achieve any timeshare exit absent providing to the customer documentation from the Resort
19 that the customer’s timeshare interest has been extinguished or documentation from a public-
20 records source indicating a legal transfer or termination of ownership that is recognized by the
21 Resort.

22 x. Reed Hein and/or any affiliate timeshare exit company shall not make
23 accusations of fraud or misrepresentation (or directly or indirectly approve Vendor
24 representations to that effect) on any customer’s behalf absent a good faith basis to believe such
25 accusations are true and with the customer’s knowledge of and consent to make the accusations.
26

1 y. Defendants and/or any affiliate timeshare exit company shall comply with
2 all provisions of the DAA if any Defendant or affiliate timeshare exit company contracts to
3 perform timeshare exits for timeshares subject to a mortgage or other encumbrance after the date
4 of this Consent Decree.

5 z. Defendants and/or any affiliate timeshare exit company shall comply with
6 all provisions of the CSOA if any Defendant or affiliate timeshare exit company offers to assist
7 or assists in any way with credit repair, including by advertising a referral relationship with a
8 credit services organization.

9 aa. Defendants agree that they will not make public statements disparaging
10 the propriety of the State's lawsuit or the motivation of the State in bringing the same. In
11 consideration of the terms of this Consent Decree, Defendants retract and apologize for all public
12 statements made questioning the propriety, motivations, or validity of the Attorney General's
13 allegations and lawsuit against Defendants, including but without limitation, statements
14 attributed to Reed Hein's legal counsel in an article titled, "Bellevue firm scammed millions
15 from unhappy timeshare owners, AG alleges," appearing in the Seattle Times on February 15,
16 2020. Within forty-eight (48) hours of entry of the Consent Decree, Defendants will post an
17 announcement on Reed Hein's website providing a link to this Consent Decree; this
18 announcement shall remain displayed on Reed Hein's primary website for the duration of the
19 company's operation.

20 bb. Defendants shall not sell, convey, or otherwise transfer to any individual,
21 business, or entity, any data pertaining to any Reed Hein customer or potential customer (e.g. a
22 sales lead or a customer who attended a sales presentation but did not contract with Reed Hein),
23 including but not limited to a customer's age, sex, race, income, address, email address,
24 telephone number, employment status, purchase history, credit history, personally identifying
25 information (such as date of birth or social security number) or level of education, without the
26 customer's consent. Disclosure of such information may be made to Defendants' legal counsel.

1 Such limitation applies regardless of whether or not the customer data was purchased by
2 Defendant or obtained during the process of providing goods or services to any customer. In the
3 event Defendants believe it is required to produce such information by law, it shall provide the
4 Attorney General's Office with fourteen (14) days' written notice before doing so, provided that
5 Defendants may produce such information in discovery in legal proceedings pending as of the
6 date of entry of this Consent Decree without providing notice to the Attorney General's Office.

7 **IV. MONETARY PAYMENTS**

8 **A. Civil Penalty**

9 1. Pursuant to RCW 19.86.140, a civil penalty of \$19,390,000.00 shall be imposed
10 against Defendants jointly and severally. However, this civil penalty shall be suspended upon
11 Defendants' compliance with the terms of this Consent Decree.

12 2. In the event that the Court finds on a motion brought by the State, in which the
13 State bears the civil burden of proof, that any Defendant(s) are in *material breach* of any
14 provision of this Consent Decree, the suspended civil penalty referenced herein shall
15 automatically be unsuspended and assessed against such breaching Defendant(s) only, provided,
16 however, that in such event, Plaintiff shall not be precluded from seeking other relief in
17 accordance with law and appropriate to remedy any such violation. Multiple breaching
18 Defendants shall be jointly and severally liable for the full amount of the unsuspended and
19 assessed penalty. The suspended civil penalty shall not be unsuspended and assessed against any
20 Defendant who is not in material breach of any provision of this Consent Decree, provided,
21 however, that if such Defendant later is found to be in material breach of any provision of this
22 Consent Decree, the suspended civil penalty shall also be unsuspended and assessed against such
23 Defendant and such Defendant will be jointly and severally liable for the full amount of the
24 suspended civil penalty with all other Defendants found to have been in material breach.

25 **B. Payment to the State**

26

1 1. Pursuant to RCW 19.86.080, Defendants agree to pay Washington the amount of
2 \$2,610,000 for consumer restitution, for costs and reasonable attorney's fees incurred by
3 Washington in pursuing this matter, for monitoring and potential enforcement of this Consent
4 Decree, for future enforcement of RCW 19.86, or for any lawful purpose in the discharge of the
5 Attorney General's duties at the sole discretion of the Attorney General.

6 2. Failure to make the payment referenced above shall constitute a material breach of
7 this Consent Decree if so determined by the Court. Defendants must mail or deliver all payments
8 referenced herein as follows: (1) the initial payment of \$610,000.00 shall be made within seven
9 (7) days of entry of this Consent Decree, (2) the second payment of \$1,000,000.00 will be made
10 within 90 days of entry of this Consent Decree, and (3) the third payment of \$1,000,000.00 will
11 be made within 180 days of entry of this Consent Decree. Payments shall be made in the form
12 of a cashier's check payable to "Attorney General – State of Washington," to the following
13 address: Office of the Attorney General, Consumer Protection Division, Attention: Margaret
14 Farmer, 800 Fifth Avenue, Suite 2000, Seattle, WA, 98104.

15 3. Within ten (10) business days of the entry of this Consent Decree, Defendant
16 Reed Hein shall supplement data disclosures provided in litigation to furnish the State with the
17 following information for all customers with whom Reed Hein has contracted to perform
18 timeshare exit services between January 1, 2021 and the date of entry of this Consent Decree:
19 (a) name; (b) address; (c) phone number; (d) email; (e) amounts paid by the customer; (f)
20 amounts refunded to the customer; and (g) status of the customer's contract. Defendants agree
21 to withdraw confidentiality designations in this matter with respect to disclosures of customer
22 data, and further agree that the State may retain and utilize such data disclosures in order to
23 administer restitution and to make public statements relating to the administration of restitution
24 to Reed Hein customers and such retention and usage will not violate the Parties' protective
25 order entered in this matter (Dkt. No. 23), provided, however, that the State will not make public
26 any information relating to any individual Reed Hein customer derived from these data

1 disclosures absent the consent of the customer. Nothing in this Consent Decree shall be construed
2 to require the State to violate the terms of Washington's Public Records Act, RCW 42.56.

3 4. Defendants have presented written financial disclosures and other related
4 documents to the State evidencing that Defendants have limited liquidity and income. The
5 State's agreement to accept a payment of \$2,610,000.00 and to suspend civil penalties in
6 Paragraph IV.A.1., is expressly premised upon the truthfulness, accuracy, and completeness of
7 Defendants' financial disclosure and related documents provided to the State in connection with
8 settlement negotiations. The suspended civil penalties shall be lifted as to any Defendant who,
9 upon motion by the State, the Court finds at the time of their written disclosure intentionally
10 failed to disclose any material asset, materially misstated the value of any asset or current income
11 stream(s), or made any other material misstatement or omission as part of completing the
12 aforementioned financial disclosures.

13 **V. ENFORCEMENT**

14 1. Violation of any of the terms of this Consent Decree, as determined by the Court,
15 shall constitute a violation of the CPA, RCW 19.86.020.

16 2. Violation of any of the injunctions contained in this Consent Decree, as
17 determined by the Court, shall subject Defendants to a civil penalty pursuant to RCW 19.86.140,
18 restitution, injunctive relief, attorneys' fees, costs, and such other remedies as the Court may
19 deem appropriate. In any successful action to enforce this Consent Decree against Defendants,
20 Defendants shall bear the AGO's costs, including reasonable attorneys' fees.

21 3. Jurisdiction is retained for the purpose of enabling any party to this Consent
22 Decree to apply to the Court for enforcement of compliance with this Consent Decree, to punish
23 violations thereof, or to modify or clarify this Consent Decree.

24 4. Representatives of the AGO shall be permitted, upon advance written notice of
25 twenty (20) days to Defendants, to access, inspect, and/or copy non-privileged business records
26

1 or documents in possession, custody, or under control of Defendants to monitor compliance with
2 this Consent Decree; provided that the inspection and copying shall avoid unreasonable
3 disruption of Defendants' business activities.

4 5. This Consent Decree in no way limits the AGO, or any other state agency, from
5 conducting any lawful non-public monitoring of Defendants' compliance with this Consent
6 Decree or investigating other alleged violations of state or federal law.

7 6. Nothing in this Consent Decree shall grant any third-party beneficiary or other
8 rights to any person who is not a party to this Consent Decree.

9 7. Nothing in this Consent Decree shall be construed to limit or bar any other
10 governmental entity or person from pursuing other available remedies against Defendants or any
11 other person.

12 8. Under no circumstances shall this Consent Decree, or the name of the State of
13 Washington, the AGO, the Consumer Protection Division, or any of their employees or
14 representatives, be used by Defendants or any of their successors, assigns, employees,
15 contractors, representatives, or any others acting in concert or active participation with
16 Defendants, in connection with any selling, advertising, or promotion of products or services, or
17 as an endorsement or approval of Defendants' acts, practices, or conduct of business, including
18 in filings in court proceedings.

19 9. This Consent Decree shall be binding upon Defendants' successors and assigns.

20 10. Any notice or other communication required or permitted under this Consent
21 Decree shall be in writing and delivered in hard copy or by email to the following persons or any
22 person subsequently designated by the parties:

23 For Plaintiff:

24 Office of the Attorney General
25 Consumer Protection Division
26 Attention: M. Elizabeth Howe, AAG, Daniel
Allen, AAG, John Nelson, AAG, Aaron
Fickes, AAG, Shidon Aflatoon, AAG

For Defendants Reed Hein, Reed, and

Makaymax:

Corr Cronin LLP
Attention: Steve Fogg, Tim Bradshaw, Jack
M. Lovejoy, John Bender, Maia Robbins
1001 Fourth Avenue, Suite 3900
Seattle, WA 98154

800 Fifth Avenue, Suite 2000
Seattle, WA 98104
Beth.howe@atg.wa.gov
aaron.fickes@atg.wa.gov
John.Nelson@atg.wa.gov
daniel.allen@atg.wa.gov
shidon.aflatooni@atg.wa.gov

sfogg@corrchronin.com
tbradshaw@corrchronin.com
jlovejoy@corrchronin.com
jbender@corrchronin.com
mrobbins@corrchronin.com

For Defendants Hein and Hein & Sons:
Lane Powell PC
Attention: Bret A. Finkelstein
P.O. Box 91302
Seattle, WA 98111-9402
finkelsteinb@lanepowell.com

VI. OTHER PROVISIONS

1. This Consent Decree is a voluntary agreement and it shall not be construed in any way as an admission of law, fact, liability, or misconduct, including, without limitation, as a violation of the CPA, DAA or CSOA. Defendants expressly deny the claims, allegations, or causes of action asserted by the State.

2. This Consent Decree represents the full and complete terms of the settlement entered into by the Parties hereto. In any action undertaken by the Parties, no prior versions of this Consent Decree and no prior versions of any of its terms that were not entered by the Court in this Consent Decree, may be introduced for any purpose whatsoever. Nothing in this Consent Decree shall impact the applicability of ER 408 and the mediation privilege under RCW 7.07 to any documents or information that may have been exchanged between the Parties.

3. The Parties agree and affirm that each of them has the authority to execute and perform the terms of this Consent Decree.

4. This Consent Decree may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect as, an original signature.

5. Only ninety-one (91) days after full payment of funds detailed in paragraph IV.B.2. does this Consent Decree release and resolve with prejudice all claims raised by the

1 Parties pertaining to the acts or omissions described in the Complaint in this matter. Ninety-one
2 (91) days after full payment of funds detailed in paragraph IV.B.2., the Consent Decree releases
3 Defendants (and their respective agents, owners, employees, officers, and members), with
4 respect to all claims or counterclaims that were or could have been brought by the State related
5 to any acts, practices, or omissions by Defendants alleged in the Complaint that predate entry of
6 this Consent Decree. Until ninety-one (91) days after Defendants have made the full payment
7 detailed in paragraph IV.B.2., there is no dismissal with prejudice of the State's Complaint or
8 the claims detailed therein, and no Defendants are released from liability.

9 **VII. DISMISSAL OF ACTION**

10 6. Upon entry of this Consent Decree this action, and any and all claims asserted
11 against the Defendants herein, are dismissed **without** prejudice and without costs to any Party
12 other than as expressly provided in this Consent Decree.

13 7. Upon entry of this Consent Decree and ninety-one (91) days after full payment
14 of funds detailed in paragraph IV.B.2., this action, and any and all claims asserted against the
15 Defendants herein, will be dismissed **with** prejudice and without costs to any Party other than as
16 expressly provided in this Consent Decree.

17 The Clerk of the Court is ordered to immediately enter the foregoing Consent Decree.

18 DONE IN OPEN COURT this 28th day of September, 2021.


19
20 Signed Electronically

21

JUDGE JOSEPHINE WIGGS-MARTIN

1 Presented by:

2
3 ROBERT W. FERGUSON
Attorney General

4 
5 M. ELIZABETH HOWE, WSBA #53140
6 AARON J. FICKES, WSBA #51584
7 DANIEL L. ALLEN, WSBA #45036
8 SHIDON B. AFLATOONI, WSBA #52135
9 JOHN A. NELSON, WSBA #45724
Assistant Attorneys General
800 Fifth Avenue, Suite 2000
Seattle, WA 98104

10 Attorneys for Plaintiff State of Washington
11
12

13 Notice of Presentment Waived and
14 Approved as to Form by:

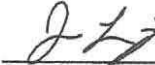
15 LANE POWELL PC

16 
17 BRET FINKELSTEIN, WSBA #48845
18 1420 Fifth Avenue, Suite 4200
P.O. Box 91302
Seattle, WA 98111

19 Attorney for Defendants Trevor Hein;
20 Hein & Sons Industries, Inc.
21
22
23
24
25
26

Notice of Presentment Waived and
Approved as to Form Only by:

CORR CRONIN LLP


JACK M. LOVEJOY, WSBA #36962
JOHN T. BENDER, WSBA #49658
MAIA R. ROBBINS, WSBA #54451
1001 Fourth Avenue, Suite 3900
Seattle, WA 98154

Attorneys for Defendants Reed Hein &
Associates, Inc.; Brandon Reed; Makaymax,
Inc.

King County Superior Court
Judicial Electronic Signature Page

Case Number: 20-2-03141-1
Case Title: WASHINGTON STATE OF VS REED HEIN & ASSOC DBA
ET AL
Document Title: ORDER

Signed By: Josephine Wiggs-Martin
Date: September 28, 2021



Judge: Josephine Wiggs-Martin

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

Certificate Hash: 17191A54C99F1ECEBA4EF6B295DD14D9B1E02ABC
Certificate effective date: 4/15/2019 8:51:22 AM
Certificate expiry date: 4/15/2024 8:51:22 AM
Certificate Issued by: C=US, E=kcscefiling@kingcounty.gov, OU=KCDJA,
O=KCDJA, CN="Josephine Wiggs-Martin:
QDbimgvS5hGLn133AFk6yQ=="