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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.

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF UNDER
THE CONSUMER PROTECTION
ACT, RCW 19.86, THE DEBT
ADJUSTING ACT, RCW 18.28,
AND THE CREDIT SERVICES
ORGANIZATION ACT, RCW
19.134

COMES NOW PLAINTIFF, State of Washington, by and through its attorneys Robert W. Ferguson, Attorney General, and M. Elizabeth Howe, Aaron J. Fickes, and Lynda Atkins, Assistant Attorneys General, and brings this action against the above-captioned defendants (Defendants) for violations of the Consumer Protection Act, RCW 19.86, the Debt Adjusting Act, RCW 18.28, and the Credit Services Organization Act, RCW 19.134, associated with unfair and deceptive conduct in the marketing and sale of timeshare “exit” services offered to consumers across the United States and Canada. The State alleges the following on information and belief:

INTRODUCTION

1.1 In 2012, defendants Brandon Reed and Trevor Hein—at the time employed selling rain gutter systems—formed Reed Hein and Associates, LLC (Reed Hein) and

1 immediately began selling “expert” services to release consumers from their timeshare contracts.
2 Contrary to their marketing claims, Reed Hein had no expertise in releasing consumers from
3 timeshare contracts (a service dubbed “exiting” timeshares). Since 2012 Defendants have
4 unfairly and deceptively contracted with more than 32,000 consumers looking to be rid of their
5 unwanted timeshares and have collected millions of dollars in upfront fees from consumers in
6 the process.

7 1.2 From Reed Hein’s Bellevue, Washington headquarters, Defendants (consisting
8 of Reed Hein, its founders, and their two holding companies) target customers across North
9 America to sell their illusory services. Defendants mislead consumers at every step of the
10 process. Defendants’ deceptive advertising has at times portrayed Reed Hein as performing
11 speedy, “risk-free” exit services with a 100% success rate. In reality, customers can wait months
12 or years for an exit that may never come, all while continuing to owe money for their timeshare.
13 The majority of Defendants’ customers: (i) do not receive the promised exit, even after years of
14 Reed Hein’s claimed work toward it; (ii) receive an exit that causes the customer unanticipated
15 negative financial or other consequences; or (iii) receive an exit the customer could have
16 obtained for themselves, without paying thousands of dollars to Defendants. Of the “exits” Reed
17 Hein has delivered, many do not conform to Reed Hein’s marketing claims. For example, Reed
18 Hein has manipulated customers into failing to make payments to the timeshare developer or
19 resort (Resort), which then forecloses on the customer—Defendants do not warn that this is
20 considered an “exit” and thus voids Defendants’ supposed “100% money-back guarantee.”
21 Among other problems, Reed Hein customers have suffered credit damage and have been subject
22 to debt collection as a result of exits procured by Defendants. Defendants have also congratulated
23 many customers on “successful” exits, only for the customer to find out months or years later
24 that they still own their timeshares and are now behind on their payments. These negative
25 outcomes are for those exits Defendants have actually delivered: according to Defendants’ own
26

1 records,¹ of the more than 38,000 exits Reed Hein has been hired to perform since 2012, Reed
2 Hein has delivered only approximately half. More than 4,600 of these exits have been
3 outstanding for three years or more.

4 1.3 Defendants spend more than \$1 million per month advertising for new customers,
5 despite having yet to deliver services for nearly 15,000 pending customers. From advertising to
6 services rendered, Defendants present a false front: Undisclosed to its customers and except in
7 rare circumstances, Reed Hein does not negotiate directly with Resorts as it claims. Reed Hein
8 is essentially a referral service for third-party vendors (Vendors): Reed Hein collects a huge fee
9 from its customers—up to \$8,795 or more for each timeshare to be exited, usually paid upfront—
10 only to outsource 95% or more of its customers’ files to Vendors for a significantly discounted
11 rate, often as low as \$500 per file. The Vendors are left to accomplish the timeshare exits
12 however the Vendors see fit, without Defendants’ supervision or input, and often without a
13 contract to govern the Vendors’ work. Defendants lack the expertise to assess the legitimacy of
14 an exit, and must rely on the Vendor that the exit is complete and/or valid. What few exits Reed
15 Hein accomplishes internally are generally through “surrender” programs offered by the Resorts,
16 which timeshare owners could utilize directly.

17 1.4 The Washington Attorney General has received more than 90 consumer
18 complaints from Defendants’ customers regarding their unfair and deceptive business practices.
19 On November 28, 2018, the Better Business Bureau issued an alert regarding a “pattern of
20 complaints” observed in the more than 300 complaints it has received against Reed Hein, which
21 currently holds a “C-” rating with the organization. Moreover, because Defendants misrepresent
22 all aspects of their business, many “satisfied” customers may not realize that they have been
23 deceived as to the work done, that they may have suffered lasting financial damage, and/or that
24 they may even still legally own their timeshares. Numerous Resorts have also filed lawsuits

25 ¹ The State’s allegations herein are based on exit status information disclosed by Defendants on December
26 17 and 19, 2019, as current through those dates.

1 against Defendants related to Reed Hein’s practices. *See, e.g., Diamond Resorts International,*
2 *Inc., et al. v. Reed Hein & Associates, LLC, et al.*, No. 2:17-cv-03007 (D. Nev. 2017).

3 1.5 Virtually every aspect of Defendants’ operation is deceptive and/or unfair in
4 violation of the Consumer Protection Act (CPA), and thousands of people across the country and
5 in Canada—including over 2,500 consumers in Washington—have fallen victim to Defendants’
6 practices. Moreover, attendant to their “exit” services, Defendants offer debt adjusting services
7 and credit repair services without complying with the provisions of the Debt Adjusting Act,
8 RCW 18.28, or the Credit Services Organization Act, RCW 19.134. As such, many of Reed
9 Hein’s customer contracts are void, and Defendants have committed thousands of *per se*
10 violations of the CPA.

11 JURISDICTION AND VENUE

12 2.1 The Attorney General is authorized to bring this action under the Consumer
13 Protection Act, RCW 19.86.080, the Debt Adjusting Act, RCW 18.28.185, and the Credit
14 Services Organization Act, RCW 19.134.070.

15 2.2 This Court has personal jurisdiction over Defendants pursuant to RCW 4.28.180,
16 RCW 4.28.185, and RCW 19.86.160 because the acts alleged have been committed in this State
17 and Defendant Reed Hein’s principal place of business is located in Bellevue, Washington.

18 2.3 Venue is proper in King County pursuant to RCW 4.12.020 and 4.12.025, and
19 Superior Court Civil Rule 82 because Reed Hein is headquartered in King County, transacts
20 business in King County, and provides consumers with a contact address in King County.

21 PARTIES

22 3.1 The Plaintiff is the State of Washington.

23 3.2 Defendant **Reed Hein** is a limited liability company registered with the
24 Washington Secretary of State. Brandon Reed and Trevor Hein are the registered governing
25 persons of Reed Hein. Reed Hein’s corporate office is located at 220 120th Ave NE, Bellevue,
26 WA 98005. Upon information and belief, Reed Hein’s principal place of business is located at

1 220 120th Ave NE, Bellevue, WA 98005, and the company's former principal place of business
2 was at 3400 188th St. SW #300, Lynnwood, WA 98037. Upon information and belief, Reed
3 Hein operates under the trade names "Reed Hein," "Timeshare Exit Team," "TET," "TSET,"
4 and "RHA," and formerly operated under the names "Reed Hein Travel" and "World Travel
5 Seattle." Reed Hein's primary website is timeshareexiteam.com, but Reed Hein formerly
6 maintained a separate reedhein.com website and maintains dozens of other web domains to
7 redirect to timeshareexitteam.com. On information and belief, Reed Hein began operation in
8 2012.

9 3.3 Defendant **Brandon Reed** was, at all times material to this lawsuit, the co-
10 founder, governor, operator or manager of Reed Hein. Brandon Reed is also a 60% owner of
11 Reed Hein through a wholly-owned Washington corporation, Makaymax, Inc. In these roles,
12 Brandon Reed directs, controls, participates in, and knowingly approves of the policies,
13 activities, and practices alleged in the Complaint herein. Upon information and belief, Brandon
14 Reed resides in Kirkland, Washington.

15 3.4 Defendant **Trevor Hein** was, from Reed Hein's creation through at least
16 approximately July 2016, the co-founder, governor, operator or manager of Reed Hein. In these
17 roles, Trevor Hein directed, controlled, participated in, and knowingly approved of the policies,
18 activities, and practices alleged in the Complaint herein. Trevor Hein is also a 40% owner of
19 Reed Hein through a wholly-owned Delaware corporation, Hein & Sons Industries, Inc. Upon
20 information and belief, Trevor Hein resides in British Columbia, Canada.

21 3.5 On information and belief, Defendant **Makaymax, Inc.**, is a Washington
22 corporation incorporated on June 2, 2015. Makaymax, Inc., is wholly-owned by Brandon Reed
23 and has been operated by Brandon Reed since its formation as a holding company.

24 3.6 On information and belief, Defendant **Hein & Sons Industries, Inc.**, is a
25 Delaware corporation incorporated on March 20, 2012. Hein & Sons Industries, Inc., is wholly-
26

1 owned by Trevor Hein and has been operated by Trevor Hein since its formation as a holding
2 company.

3 NATURE OF TRADE OR COMMERCE

4 4.1 Defendants, at all times relevant to this action, have been engaged in trade or
5 commerce within the meaning of RCW 19.86.010(2).

6 FACTS

7 A. Defendants Profess to Provide Timeshare "Exit" Services

8 5.1 Reed Hein's customers are owners of various types of timeshare interests, *i.e.*,
9 people entitled by contract to the use of a particular Resort's property for a specific interval of
10 time, or entitled to a certain number of "points" that can be exchanged for use of particular Resort
11 properties. Timeshare ownership takes many different legal forms, and can require the timeshare
12 owner to make a variety of different payments, including Resort membership fees and
13 maintenance fees. Many of Reed Hein's customers own timeshare interests that are mortgaged,
14 subject to promissory notes, or otherwise encumbered.

15 5.2 For a variety of reasons, a significant number of timeshare owners are interested
16 in terminating their timeshare interests. Some of these owners are elderly or have had a change
17 in medical or financial circumstances, and no longer want the timeshare obligations. Others
18 regret entering the timeshare contracts at all, some due to claimed unfairness or misfeasance by
19 the Resorts. Regardless of the timeshare owner's motivation, terminating a timeshare interest is
20 not always easily done, and as a result a cottage industry of "exit companies" like Reed Hein has
21 arisen claiming to assist in terminating these interests.

22 5.3 Defendants advertise that Reed Hein can terminate owners' timeshare interests
23 by forcing Resorts to take back their timeshares. Defendants advertise that Reed Hein can
24 perform exits regardless of the circumstances of how the timeshare agreement was reached, the
25 particulars of the contract, and whether the timeshare has a mortgage balance. To attract new
26 customers, Defendants advertise extensively through radio, television, emails, direct mailings,

1 websites, trade show appearances, and paid endorsements. **Attachment A** to this Complaint
2 includes samples of Reed Hein’s online and print advertisements; **Attachment B** to this
3 Complaint includes image captures of timeshareexitteam.com and reedhein.com.

4 5.4 Consumers interested in Reed Hein’s services meet with a representative
5 (sometimes called a “Client Advisor”) at one of many “local” offices Defendants have set up in
6 metropolitan areas across the country or by webinar. During sales presentations, Client Advisors
7 reiterate that Reed Hein can legally, safely, and permanently get owners out of their timeshare
8 contracts through Reed Hein’s “secret,” “unique,” and “proprietary” process. Unbeknownst to
9 prospective customers, these Client Advisors are commissioned salespeople whom Reed Hein
10 does not require to have expertise in the timeshare industry or in terminating timeshare interests.

11 5.5 For the services Defendants claim to offer, Reed Hein charges a significant fee of
12 between \$2,897 to \$8,795 or more for the first timeshare exit (some customers have more than
13 one contract to exit). Defendants incentivize upfront payments by offering small discounts, but
14 will also accept payment installments. Reed Hein’s contracts from 2019-forward provide that
15 Reed Hein has no obligation to provide services until paid in full.

16 5.6 Defendants consider any fees received as earned upon receipt, despite not having
17 done any assessment to determine whether an exit is possible. Defendants have contracted to
18 receive fees for approximately 38,000 customer “exits” since 2012, collecting millions in upfront
19 fees. Defendants also advertise a “100% money-back guarantee” (Money-Back Guarantee) that
20 Reed Hein will refund its fee if it cannot accomplish an exit. This Guarantee features prominently
21 in Reed Hein’s marketing materials, including on its website and advertisements featuring its
22 paid celebrity endorsers.

23 5.7 Defendants tell incoming customers that an exit can take a significant amount of
24 time, currently 18 months or longer. The process is opaque to the customer: Customers receive
25 infrequent updates from Reed Hein “Account Coordinators” (administrative employees who do
26

1 not perform substantive work toward exits) informing them that progress is being made toward
2 an exit.

3 5.8 Eventually, if the process ends, Defendants send customers an “exit letter” on
4 Reed Hein’s letterhead congratulating them on being exited from their timeshare contract.
5 Defendants do not always provide any proof of an exit beyond the exit letter. Most customers
6 are left with the impression that Reed Hein has exited them and they face no potential future
7 liability on their timeshare contract.

8 5.9 Virtually every step of this process—from advertising to the exit letter—is unfair,
9 deceptive, and/or outright false:

10 a. The “exits” Defendants claim to accomplish are often legally invalid,
11 damaging, and/or not as-advertised to customers—or are never delivered at all;

12 b. Defendants have no proprietary process or internal expertise in the
13 termination of timeshare contracts, and instead covertly outsource 95% or more of their
14 customers to third-party Vendors;

15 c. Defendants’ much-touted Money-Back Guarantee is illusory and seldom
16 honored; and

17 d. Defendants make unfair or misleading representations to consumers at all
18 stages of their relationship.

19 5.10 Worse still, Reed Hein’s signups far outpace its supposed exits. According to
20 their own data as of December 2019, Defendants have nearly 15,000 customers in limbo awaiting
21 an exit, while Defendants continue to take on hundreds more new customers each month.
22 Defendants have delivered only approximately half of the exits for which they have been hired,
23 and many of those exits may be disputed by the Resorts.

24 5.11 In their efforts to bring in revenue by adding new customers, Defendants spend
25 approximately \$1 million a month in advertising (\$10-12 million per year). With 17,000 exits
26 outstanding (for nearly 15,000 customers), Reed Hein is spending approximately 25% of its

1 annual revenue to attract more customers rather than servicing its existing backlog. Additionally,
2 on information and belief, Defendants no longer follow their own internal “Do Not Take” List
3 (*i.e.*, Defendants’ list of Resorts they cannot exit), meaning that Defendants are knowingly
4 advertising to, and collecting money from, customers whom they cannot service.

5 5.12 Un-exited customers may have no recourse with Reed Hein, despite Defendants’
6 advertised Money-Back Guarantee. Defendants’ business practices leave the company far short
7 of the assets needed to honor the Guarantee made to customers whose exits are outstanding. On
8 information and belief, Defendants keep only a minimal operational reserve, such that funds paid
9 by incoming customers must be spent to continue servicing Reed Hein’s backlog of un-exited
10 customers.

11 **B. Reed Hein’s Exits Are Invalid or Not What Was Advertised to Consumers**

12 5.13 Reed Hein specifically markets that their “exits” involve getting the Resort to
13 “take back” the timeshare or “cancelling” or “annulling” the timeshare contract. For a time,
14 Defendants’ advertisements specifically claimed that Reed Hein’s process “forced” Resorts to
15 take the timeshare back, but Reed Hein’s corporate representative has conceded in deposition
16 testimony that Reed Hein and its Vendors’ methods—short of a lawsuit—cannot force the
17 Resorts to do anything, and are successful in returning the timeshare to the Resort only with the
18 Resort’s consent.

19 5.14 Instead, Defendants use exit methods of varying legitimacy, and rarely in the
20 form advertised. Brandon Reed has conceded in sworn deposition testimony that several of these
21 methods were “not what [he] told [his] customers,” who were told “something completely
22 different.”

23 **1. Invalid or Unsafe Exits**

24 **a. Foreclosure and Notice of Termination Exits**

25 5.15 Defendants consider foreclosure by the Resort to be an exit in satisfaction of Reed
26 Hein’s contract, because the customer technically no longer owns the timeshare. Likewise,

1 Defendants consider customers successfully exited when a Resort issues a Notice of Termination
2 of the timeshare contract for nonpayment. Under this strategy, all Reed Hein needs to do to earn
3 its upfront fee is instruct its customer to stop making payments on the timeshare—or impede
4 them from doing so—and wait for the Resort to foreclose or issue a Notice of Termination. Both
5 outcomes can harm a customer’s credit rating and create other negative financial consequences.
6 While Defendants have recently begun warning customers of the risk of foreclosure or
7 termination, Defendants do not disclose to customers that Reed Hein or its Vendors are seeking
8 these outcomes, even though more than 1 in 10 of Reed Hein’s purportedly successful exits took
9 these forms.

10 5.16 Defendants affirmatively instructed many customers to stop making any
11 payments to their Resort, including mortgage payments. Even after Defendants claim they
12 stopped instructing customers not to pay, Defendants implied that if customers stopped making
13 payments, it could speed up the exit process or even prompt the Resort to “cancel” their
14 timeshare. In addition, Defendants’ attorney Vendors would send representation letters to the
15 Resorts that barred the Resorts from communicating directly with the consumers, preventing
16 some consumers from realizing the Resort was demanding payment or threatening foreclosure.

17 5.17 Defendants take credit for such foreclosures even when they know the foreclosure
18 did not result from Reed Hein’s supposed work or when Reed Hein was unaware of the
19 foreclosure until informed by the customer. Reed Hein’s internal policy manual has a section
20 titled, “I Could Have Just Done This on My Own, I want My Money Back,” which instructs
21 employees to refuse refunds based on foreclosures. Employees are further instructed to tell
22 customers: “they did NOT do it on their own. They signed a contract with us and we achieved
23 an exit.” Framing foreclosures and Notices of Terminations as successful exits allows
24 Defendants to refuse to provide refunds.

1 **b. “Notices of Resignation” Exits**

2 5.18 Defendants’ claimed “successful” exits include exits by means of “notice of
3 resignation.” This involves a Vendor sending a letter to the Resort unilaterally resigning the
4 timeshare ownership, making a statement such as “the particular owner no longer wishes to be a
5 member of the club.” On information and belief, these form notices of resignation are rejected
6 by Resorts and have no legal effect unless the Resort consents.

7 **c. “Deed Back to Resort” Exits**

8 5.19 Defendants’ claimed successful exits include exits by means of a “deed back to
9 the resort.” For this method, the Vendor attorney arranges for a quitclaim deed conveying the
10 customer’s timeshare interest back to the Resort. The customer signs the deed, and the Vendor
11 arranges for it to be recorded, without obtaining consent from the Resort. Absent the Resort’s
12 consent, these “deed backs” are legally invalid and the customer remains liable under the original
13 timeshare contract.

14 **d. Invalid (or Potentially Invalid) Exits by Transfers to Third Parties**

15 5.20 Defendants’ Vendors also practice a variety of exit methods involving invalid or
16 potentially invalid transfers to third parties. For example, one Vendor regularly “exited” via a
17 method called “deed back to associate.” For that method, the Vendor prepares and records a deed
18 purporting to convey the customer’s timeshare interest to an “associate” who is paid \$100 per
19 deed. The Vendor does not inquire into, or even consider, the associate’s ability or intention to
20 pay the fees that come with the timeshare ownership. These “deed to associate” transfers occur
21 without the consent of the Resort and are legally invalid, meaning that the Resort may still pursue
22 payment from Reed Hein’s customer.

23 5.21 Other Vendors used by Defendants purport to locate third-party transferees who
24 are willing to take on the customer’s timeshare. While these transfers may be performed with
25 the consent of the Resorts, Reed Hein’s customers risk liability if the transfer is later unwound
26 due to an illegitimate transferee. In practice, Reed Hein customers are made to sign and notarize

1 transfer paperwork which includes blank spaces for Vendors to insert an unspecified transferee
2 at a later date; the customer may never even learn the transferee's identity and has no means to
3 know their legitimacy. If the customer refuses to execute the blank paperwork, Defendants take
4 the position that the customer has rejected a Reed Hein-procured exit opportunity and voided the
5 Money-Back Guarantee.

6 **e. "Verbal Confirmation from Resort" Exits**

7 5.22 Defendants and certain of their Vendors also accept "verbal confirmation" from
8 the Resort that the Resort will not enforce the timeshare debt, with no further action. These
9 "verbal confirmation" exits, by nature, do not come with proof that the Reed Hein customer has
10 been released from their obligations under the timeshare contact or mortgage, and are
11 unenforceable. Defendants accept that such "Verbal Confirmation from Resort" is effective, and
12 communicate to the customer that the customer no longer owns the timeshare.

13 5.23 These "verbal confirmation" exits have proved worthless to various Reed Hein
14 customers who, months or years after Reed Hein informed them of the successful exit, received
15 payment demands from their Resorts for the timeshares they still legally own.

16 **f. Unrecognized and Later-Rejected Exits**

17 5.24 Defendants claim to have obtained various forms of exits that they know, or
18 should know, are not recognized by Resorts and the Resorts still consider Reed Hein's customers
19 to be the legal owner of the timeshares. Defendants do not pursue a legal or any other type of
20 proceeding to determine whether Reed Hein or the Resort is correct, and instead report to
21 customers that they are exited from the timeshare. Reed Hein's exit letter contains the caveat
22 that if the Resort continues to contact the customer, the customer is to contact Reed Hein and
23 not engage with the Resort. Reed Hein provides multiple misleading explanations as to why a
24 customer would still be receiving timeshare invoices after an exit, including that the Resort is
25 trying to trick them into reactivating the timeshare contract.

1 5.25 Additionally, according to the sworn testimony of Reed Hein’s corporate
2 representative, Defendants rejected the “notice of resignation,” “deed back to resort,” and “deed
3 to associate” exit methods as not “safe” in 2016. Despite this, in their advertised count of 19,000
4 “successful” exits, Defendants include more than 2,600 exits by these methods, meaning that
5 more than 1 out of every 10 exits Reed Hein touts in its marketing are by means Defendants
6 claim they have since rejected.

7 **2. Deceptive Exits That Are Not What Was Advertised**

8 **a. Exits by Sale or Transfer to Third Parties**

9 5.26 Over time, Defendants’ marketing has stated that Reed Hein is not a transfer or
10 listing company, and does not sell or transfer timeshares to third parties. Multiple versions of
11 Reed Hein’s contracts have also specified: “This is not a listing agreement.” Despite this repeated
12 representation, since Reed Hein’s inception, Defendants’ non-attorney Vendors have primarily
13 exited Reed Hein’s customers by transferring or selling their timeshares to third parties.

14 5.27 Reed Hein’s sales scripts even criticize the idea of a customer attempting to resell
15 their timeshare or hiring another company to do so. These scripts argue that the timeshare has
16 no resale value, will not sell, and/or that the customer will be scammed by listing companies
17 during the resell attempt, and that the customer instead should hire Reed Hein. While Reed
18 Hein’s marketing specifically warned consumers against paying upfront fees to hire someone to
19 sell their timeshare, Defendants collected significant upfront fees from customers to do just that.

20 5.28 Defendants even profited from these resales: at least one Vendor pays Reed Hein
21 for timeshare “inventory” to resell, with Reed Hein receiving a percentage of the proceeds. These
22 payments are neither disclosed to the customer nor credited toward their Reed Hein fees. Reed
23 Hein’s customer contracts were silent on this subject until 2019, when Defendants added a
24 provision that the customer “waives any right to any compensation that could result from an Exit
25 achieved through the Services.”

1 5.29 Reed Hein’s sales scripts also criticize transfers to third parties as an exit method,
2 referencing incidents where timeshare owners were held accountable when the person to whom
3 they transferred the timeshare did not make required payments to the Resort. Yet thousands of
4 Reed Hein customers’ “exits” were by transfer to third parties whom neither Reed Hein nor the
5 customer selected. Where “transfers” are referenced at all in Reed Hein’s marketing, Defendants
6 create the deceptive net impression that the “transfer” will be back to the Resort rather than to a
7 third party without the Resort’s involvement.

8 5.30 Reed Hein’s contracts did not begin to define “exit” as including the possibility
9 of sale or transfer to a third party until 2019, after Defendants became aware of the State’s
10 investigation.

11 **b. Transfer Vendors and Defendants’ Exploitative Re-negotiation of
12 Customers’ Exit Agreements**

12 5.31 In approximately 2017, Defendants began outsourcing thousands of their
13 backlogged customer files to transfer company Vendors. Some Vendors required Reed Hein’s
14 customers to be current on all their maintenance fees and other payments to their Resorts to
15 perform a transfer. Defendants thus informed hundreds or thousands of their customers who were
16 behind on these payments—the majority of whom were directed by Defendants to stop making
17 payments—that Reed Hein had a guaranteed “exit” for them within 180 days, but the customer
18 needed to make any overdue payments to take advantage of the new “partnership.” If customers
19 balked, Defendants informed them that the transfer opportunity was an exit in satisfaction of
20 Reed Hein’s contract, and refusal to participate would void Reed Hein’s advertised 100%
21 Money-Back Guarantee. Facing the loss of their money, many customers complied.

22 5.32 Customers who moved forward with transfer Vendors after this point were often
23 asked to execute an “Exit Agreement Addendum” modifying their prior contracts with Reed
24 Hein. The Addendum’s contents varied slightly over time, but required the customer to become
25 (and stay) current on all Resort payments for a specified amount of time, after which time Reed
26 Hein would take over financial responsibility for all Resort payments. However, in exchange for

1 Reed Hein taking over payment responsibility, the Addendum required that the customer allow
2 Reed Hein and the transfer Vendor unlimited time to complete the exit. Reed Hein thus takes
3 over the payments, but is free to leave the timeshare legally in the customer's name for as long
4 as Defendants desire. This way, Defendants not only escape any time estimates provided to
5 existing customers, but make it so that Reed Hein never has to deliver its promised services so
6 long as Reed Hein can continue to make payments to the Resorts using revenue obtained from
7 other incoming customers.

8 **c. Customers Are Made to Negotiate Their Own Exits**

9 5.33 In recent months, Defendants have implemented a new "exit process." Reed Hein
10 directs customers to file complaints with the Better Business Bureau and state Attorneys General
11 to prompt Resorts to contact the customer, at which point Reed Hein directs the customer to
12 negotiate an exit using talking points provided by Reed Hein. Reed Hein specifically directs
13 these customers not to inform the Resort of Reed Hein's involvement. As with Defendants' other
14 methods, this is not what Defendants advertised to their customers: Customers who hired Reed
15 Hein to "work directly" with Resorts have effectively paid thousands of dollars to Defendants
16 for the privilege of negotiating their own exits.

17 **C. Defendants Do Not Possess the Expertise and Internal Capabilities They Advertise**
18 **and Outsource 95% or More Exits to Vendors**

19 5.34 As early as December 2013, Defendants advertised that "[w]e are industry experts
20 in relieving people of their timeshare commitments." Only a year before, Brandon Reed and
21 Trevor Hein were employed selling rain gutter systems; neither had any experience or training
22 in performing timeshare exits, and they did not hire internal personnel who did. Brandon Reed
23 has testified under oath in other litigation that Reed Hein's business model from inception was
24 to outsource all exit work to third-party Vendors.

25 5.35 Defendants only began attempting "internal" (*i.e.*, non-Vendor) exits in
26 approximately 2015, and even this was limited to contacting Resorts about voluntary surrender

1 programs for unwanted timeshares—which the customer could have done for free. The
2 employees making these contacts, including Reed Hein’s former office manager, had no
3 specialized training or experience. Only in 2016 did Defendants hire contractors or employees
4 with backgrounds in the timeshare industry to attempt to negotiate exits with Resorts, and only
5 then as a “secondary” measure as Defendants continued to outsource first to Vendors.

6 **1. Defendants Fail to Disclose or Actively Conceal the Extent that Reed**
7 **Hein’s Services Will Be Outsourced**

8 5.36 In most cases, Defendants immediately determine that the customer’s exit will be
9 outsourced, but Defendants will often conceal or fail to disclose the Vendor’s involvement unless
10 or until the Vendor’s exit process necessitates disclosure, such as if the Vendor wants legal
11 documents executed.

12 5.37 In assigning a Vendor, Defendants do not do the case-by-case analysis of the
13 customer’s timeshare that is promised in their advertising. Instead, 95% of the time, Defendants
14 decide whether the file should go to an attorney Vendor or non-attorney Vendor based solely on
15 whether the timeshare is encumbered.

16 5.38 Reed Hein has also broken ties with several of its Vendors, which often leaves
17 Defendants without a mechanism to affect the desired exit. During such periods, Defendants
18 continue to sign up customers for services but do not inform the customers that no work will be
19 done toward their timeshare exit until Reed Hein can locate a new Vendor. For example, for
20 several months in late 2018, Defendants did not have an attorney Vendor to whom they could
21 send incoming Reed Hein customers, after cutting off new assignments to all their existing
22 attorney Vendors. Reed Hein nevertheless continued to take on customers with encumbered
23 timeshares, without informing them that that no action would be taken on their exits until Reed
24 Hein located a new Vendor. Reed Hein ultimately had to restore its relationship with a prior
25 Vendor—who had previously sued Reed Hein for breach of contract for failing to send enough
26 customer files—to start work on these exits.

1 5.39 Reed Hein would not necessarily tell their customers that work by an attorney (let
2 alone a third party) was contemplated for their exit, and salespersons were trained to convey
3 Reed Hein's hope that no attorney would be necessary. In many instances, Reed Hein neglected
4 to obtain a power of attorney before hiring a Vendor attorney on the customer's behalf, or
5 allowed a power of attorney to lapse before hiring one. Customers have complained to Reed
6 Hein, demanding a refund, on the basis that they did not realize Reed Hein would be hiring an
7 unknown third party.

8 5.40 In many cases, Defendants directed and trained their employees not to reveal the
9 identity of Defendants' Vendors, even in circumstances where they were permitted to indicate a
10 Vendor was being used. Employees also referred to Vendors in communications with customers
11 as though the Vendors were in-house personnel.

12 5.41 Where there was a Vendor contract, Defendants sometimes built in a provision
13 barring the Vendor from speaking to Reed Hein's customers. When one of Reed Hein's Vendor
14 attorneys began interacting with customers and sending them direct communications, including
15 an outline of Reed Hein's fee arrangement with the attorney, Defendants advised those
16 customers that the communications were "a formality" or should be ignored.

17 5.42 Attorney Vendors send representation letters to Resorts indicating the customer
18 (not Reed Hein) has retained the attorney to seek an exit of the timeshare. Attorneys send these
19 letters even when the customer does not know the attorney's identity or even that the attorney
20 has been retained. This is despite the fact that some of Reed Hein's attorney Vendor contracts
21 explicitly provided that Reed Hein customers would not have an attorney-client relationship with
22 the attorney and barred Reed Hein from implying that the attorney Vendor represented the
23 customer.

24 5.43 Defendants internally recognized that Reed Hein's contracts with customers did
25 not provide for Reed Hein to outsource exit services to a third-party Vendor. Reed Hein
26 employees were instructed in approximately April 2018 that they could direct customers to an

1 assignment provision in the contract as a basis for authority to outsource the exits, and “reset
2 customer expectations” about third-party Vendors accordingly. Defendants only revised their
3 contract to permit outsourcing of exit services in 2019, after commencement of the State’s pre-
4 litigation investigation.

5 **2. Defendants Exercise Little to No Supervision Over Their Vendors**

6 5.44 On information and belief, Defendants maintain so little oversight of their
7 Vendors that Defendants were unable to provide a complete Vendor list, contact information for
8 all Vendors, or even the last names of their primary contacts at several of their Vendors, in the
9 course of the State’s investigation. In fact, Defendants’ lack of supervision and oversight is to
10 such degree that Reed Hein was once surprised to find itself accused of misappropriating a
11 customer’s timeshare “points,” when these points were actually taken by a Vendor to whom
12 Reed Hein had given the customer’s Resort logon credentials.

13 5.45 Because many of these Vendor relationships are not governed by a written
14 contract, Defendants have little to no control over what the Vendor does, or recourse if the
15 Vendor does not perform. What few contracts Defendants do enter into with Vendors often
16 provide the Vendors with broad discretion to act without consulting Reed Hein. Because of this,
17 several of Defendants’ Vendors have further subcontracted out the consumer’s file, with or
18 without Defendants’ knowledge, without Defendants’ oversight, and without a contract between
19 Defendants and the subcontractor.

20 **3. Defendants Rely on the Vendors’ Assessment that An Exit is Complete or**
21 **Valid and Do Not Perform Due Diligence**

22 5.46 Because Defendants do not possess expertise in timeshare law, Defendants must
23 rely entirely on the assessment of their Vendors as to whether a purported exit is complete or
24 legally valid.

25 5.47 Until at least approximately 2016, Defendants did not perform any work to
26 validate an exit by one of their Vendors, and would send “exit letters” to customers based on as

1 little as a verbal representation by the Vendor that an exit was complete. Defendants would not
2 further verify or require documentation from the Vendor.

3 5.48 Defendants also did not understand or supervise their Vendors' methods.
4 Brandon Reed testified in a recent deposition that, when retaining an attorney Vendor who
5 would ultimately be responsible for more than 6,000 purported exits, Reed "assumed he did
6 lawyer work. He did attorney work, whatever that is."

7 5.49 For years, and with Defendants' knowledge, that same attorney Vendor sent
8 hundreds of boilerplate letters to Resorts on behalf of Reed Hein customers alleging that the
9 customers wanted to exit their timeshares on the basis of fraud and/or misrepresentation. The
10 Vendor made no effort to determine whether there was a basis for such allegations. Defendants
11 accepted the attorney's letters accusing Resorts of fraud as a viable strategy to compel Resorts
12 to allow cancellation of timeshare contracts.

13 5.50 On multiple occasions, Defendants falsely communicated to customers that they
14 had been exited from their timeshares in reliance on information or legal assessments from Reed
15 Hein's Vendors. Many of these customers stopped making payments to Resorts on the basis of
16 Defendants' false assertion that they were exited, and became delinquent in their payments.

17 **D. Defendants' Advertised Money-Back Guarantee Is Deceptive and Illusory**

18 5.51 Defendants feature a "100%" Money-Back Guarantee prominently in Reed
19 Hein's marketing materials and sales presentations, creating the deceptive net impression that
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1 Reed Hein's services are risk-free because the customer can always get their money back. Reed
2 Hein's Money-Back Guarantee, however, is illusory.



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8 **Our guarantee.**

9 We are so confident in our results that
10 we offer a 100% money-back guarantee.
11 [Learn more.](#)

12 **Fig. 1. Timeshareexitteam.com as of December 4, 2019.**

13 5.52 The fine print of the Money-Back Guarantee has varied over time, but in every
14 version Reed Hein attaches numerous caveats and qualifications that allow the company to avoid
15 paying a refund at its discretion, which Reed Hein exercises in almost any circumstance to deny
16 payment. Defendants' contractual small print does not correct the deceptive net impression
17 created by its website and marketing materials.

18 5.53 Defendants have consistently interpreted the Money-Back Guarantee so that
19 Reed Hein does not have to perform any deliverables in any specific span of time. Reed Hein
20 will then use that as a ground to deny customers a refund and claim that Reed Hein is still
21 working on a customer's file or that an exit may be forthcoming. Even now, the current fine print
22 of the Guarantee only renders a customer "eligible" for a refund if three years have passed.

23 5.54 Defendants also build in a variety of pitfalls designed to void the Money-Back
24 Guarantee:

- 1 a. Reed Hein voids the Guarantee if it has any exit offer, regardless of cost
2 or form. Defendants interpret this to include if a customer rejects one of
3 its Vendors, even if the Resort has never been contacted.
- 4 b. Reed Hein also voids its Money-Back Guarantee if the customer fails in
5 its “duties,” such as continuing to pay Resort fees, even if Reed Hein
6 advised the customer not to pay.
- 7 c. The most recent version of the Money-Back Guarantee declares the
8 Guarantee void if the customer achieves their own exit: meaning that
9 Defendants are entitled to keep the customer’s funds even if they never
10 did any work.
- 11 d. A Reed Hein internal policy manual states that, “we do not offer refunds
12 for . . . cancellations” of its customer contracts entered between
13 approximately 2016 and early 2019, which include the Money-Back
14 Guarantee.

15 5.55 In practice, Defendants’ refund policy is that customers are not entitled to their
16 full money back unless and until Reed Hein (in its discretion) determines that it is unable to
17 obtain an exit. Defendants regularly deny requests for full refunds on the basis that Reed Hein
18 has already begun work, and do not proactively refund money even if the exit has gone
19 undelivered for years. Reed Hein typically does not honor its 100% Money-Back Guarantee
20 unless the customer threatens to complain to a third party, such as the news media or the
21 Washington State Attorney General’s Office. Reed Hein has even conditioned refunds on
22 customers taking down negative reviews or complaints online.

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1 **E. Defendants Make Misrepresentations and/or Create Deceptive Net Impressions at**
2 **Every Stage of their Relationship with Consumers**

3 **1. Misrepresentations Regarding the Safety and Efficacy of Exits**

4 5.56 Defendants advertise that the timeshare “exits” they will obtain on behalf of
5 customers will be permanent and legal, and that the customer will not be harmed by the exit
6 process. In particular, Defendants advertised that Reed Hein could get customers out of their
7 timeshare “safely, legitimately, forever” or “safely, legally, forever.” As discussed further above,
8 the “exits” obtained by Defendants often do not meet these criteria.

9 5.57 “Safely” or “Securely”: Defendants’ marketing and sales presentations convey to
10 potential customers that Reed Hein’s services are safe, and even “100% risk free.” In truth, many
11 of Reed Hein’s exit methods expose customers to debt collection actions, foreclosure, lawsuits,
12 credit damage, unanticipated tax liability, and other consequences that Defendants did not
13 include in their marketing. Defendants failed to disclose these risks to many customers, or told
14 them there was no risk of these consequences.

15 5.58 Defendants claim they discontinued marketing that Reed Hein’s exits were “safe”
16 in late 2017, because they did not see any advertising benefit to the term. However, “safely,
17 legally, and forever” still appears on Defendants’ website.

18 5.59 “Legitimately” or “legally”: Defendants’ marketing and advertising conveys that
19 the exits sold are valid and in accordance with applicable law. However, as discussed in section
20 B, many of the exits ultimately obtained are legally questionable or wholly invalid.

21 5.60 Despite this, Defendants market their services to any timeshare owner, regardless
22 of circumstances or the implicated Resort. In doing so, Defendants create the deceptive net
23 impression that any timeshare contract can be legitimately exited using their services, even if
24 there is no legal basis to break the timeshare contract. Some Resorts will not work with exit
25 companies in any circumstance.

1 5.61 For those customers who are not legally exited, timeshare fees under their
2 contract, including late fees, continue to accrue. Some customers only learn this when contacted
3 by collections agencies or when the Resort forecloses on the customer's timeshare.

4 5.62 For many of Defendants' invalid exits, Resorts continue to send invoices and
5 payment demands to the Reed Hein customer. Defendants inform their customers that it is
6 "normal" for the Resort to continue to send payment demands, either because the Resort is
7 attempting to trick the customer into somehow reactivating the exited timeshare contract or
8 because the Resort's billing department has not gotten word of the exit. On information and
9 belief, Defendants make these representations to consumers to prevent them from realizing that
10 the exit is invalid or that the customer still is financially obligated to the Resort.

11 5.63 "Forever": Defendants' marketing and advertising conveys that the exits it
12 obtains are permanent. In practice, Defendants will declare that a customer is exited for the
13 purposes of satisfying Reed Hein's contractual obligations even though the exit is such that the
14 Resort may still attempt to enforce the contract.

15 **2. Misrepresentations and Deceptive Net Impression Regarding Defendants'**
16 **Expertise and Capabilities**

17 5.64 From Reed Hein's inception, Defendants have advertised that they had unique,
18 secret, or proprietary methods to affect timeshare exits. Defendants tell consumers who attend
19 sales presentations that Reed Hein has special methods their competitors do not. All of
20 Defendants' exit methods, (*i.e.*, hiring a third-party Vendor to perform the exit or calling Resorts
21 to ask if they have surrender programs), are available to the public.

22 5.65 Defendants' marketing to consumers also fosters the impression that Reed Hein
23 itself is performing work internally to exit consumers from timeshares. At various times,
24 Defendants have advertised that they have a "skilled in-house team" to handle exits, which
25 Defendants interpret as applying to the customer service team interacting with Reed Hein's
26 customers, who are neither skilled nor trained in timeshare exits.

1 5.66 Defendants' misrepresentations also extend to the size and local reach of the Reed
2 Hein organization. Over time, Defendants have advertised that Reed Hein has more than 30
3 satellite offices in local markets. Defendants' marketing stresses that Reed Hein has "real,"
4 "physical" offices for its customers across the U.S. and Canada, staffed by employees with
5 "local" experience. In reality, only Reed Hein's Canadian and U.S. headquarters were staffed
6 full time. Reed Hein's many other "offices" are virtual offices: rental office space used by one
7 or two regional salespeople for appointment-only sales meetings.

8 5.67 Defendants' marketing also falsely touts "local" expertise and connections to
9 handle timeshare issues particular to a Resort or region. In reality, Defendants will outsource
10 customer files to Reed Hein's current preferred Vendor regardless of where the customer's
11 timeshare is located. For example, of the approximately 38,000 timeshares Defendants were
12 hired to exit, Defendants outsourced more than 6,000 customers' files to a single-attorney law
13 office in Palm Springs, California; more than 6,000 to a single-attorney law office in Pawnee,
14 Oklahoma; more than 2,000 to a Seattle, Washington law firm; and more than 5,000 to a transfer
15 company based in Ozark, Missouri.

16 **3. Misrepresentations Regarding Working "Directly" with Resorts**

17 5.68 Defendants mislead consumers that their "exits" are the result of "work[ing]
18 directly with resorts" and getting Resorts to "take[] the property back." Defendants misrepresent
19 that they have developed relationships with timeshares that facilitate negotiation of an exit.

20 5.69 Reed Hein does not have the relationships with Resorts that it claims, and many
21 Resorts affirmatively refuse to deal with timeshare exit companies, Reed Hein in particular.
22 Contrary to their marketing, Defendants take affirmative steps not to interact directly with
23 Resorts, and many times have actively concealed Reed Hein's involvement in a customer's
24 request for an exit. Reed Hein employees have specifically directed customers not to mention
25 that they have hired Reed Hein.

1 5.70 For Vendor exits, only the Vendor interacts with the Resort, and the Vendor
2 identifies itself as working on behalf of the customer rather than Reed Hein. Reed Hein's
3 marketing efforts have only recently begun referring to "partners" in the exit process; prior to
4 2017 Reed Hein's marketing indicated that Reed Hein itself would accomplish the exit on behalf
5 of the customer, and hire a third party "if needed" after Reed Hein's own efforts failed.

6 5.71 Even Reed Hein's internal team conceals its role in negotiations. Employees act
7 under a power of attorney granted by the consumer to the individual employee rather than Reed
8 Hein. The employee does not identify him or herself to the Resort as acting on behalf of Reed
9 Hein, forgoes company letterhead, and communicates from sources (e.g. private email addresses,
10 post office boxes, and cellular telephones) that are not associated with Reed Hein.

11 **4. Misrepresentations Regarding the Speed of Exit Services.**

12 5.72 To attract consumers, Defendants have advertised that they can accomplish their
13 exit services quickly and immediately free consumers from payment obligations to their
14 timeshares. Among other representations, Defendants state "Never pay another maintenance fee"
15 and "Why wait . . . we can get you out now." In some cases, Reed Hein employees explicitly
16 told customers their exit could be accomplished before the next year's maintenance fees were
17 due to be paid.

18 5.73 In reality, Defendants' supposed exits take months or years to accomplish, even
19 according to their own disclaimers and estimates. Over time, Defendants' estimate of the
20 timetable for a timeshare exit has stretched from as little as 30 days to (currently) 18 months or
21 more, during which time the customer is still legally obligated to pay any fees and costs
22 associated with their timeshare. In fact, more than 4,600 of Reed Hein's outstanding exits as of
23 December 2019 had been pending for three years or more.

24 **5. Misrepresentations regarding Reed Hein's Success Rate**

25 5.74 Through at least March 2015, Defendants advertised that Reed Hein had a 100%
26 success rate in exiting consumers from their timeshares. Reed Hein contracts during this period

1 even described the company's services as a "100% certain solution." Documents provided to
2 customers at the time of signing up for Reed Hein's services informed them "Please do not
3 despair, we will get you out. It's not a question of IF, only a question of WHEN." On information
4 and belief, Defendants' claimed 100% success rate was untrue when made, and Defendants
5 ultimately ceased to make this representation in recognition that they could not substantiate it.

6 5.75 On information and belief, Defendants have advertised that Reed Hein
7 accomplishes more than a thousand "exits" per month. Reed Hein's corporate representative has
8 since conceded in sworn testimony that the "thousand" referred to in these advertisements was
9 the number of customers who signed up for Reed Hein's services per month, who had yet to be
10 exited at all.

11 5.76 Defendants now claim to have performed only approximately half of the more
12 than 38,000 exits Reed Hein has been paid to accomplish since the company began operation.

13 **6. Defendants Create the Deceptive Net Impression that Reed Hein is a Law**
14 **Firm and Misrepresent that Reed Hein Performs "Consumer Protection"**

15 5.77 Defendants' marketing and branding create a deceptive net impression that Reed
16 Hein is a law firm and/or that Reed Hein employs in-house attorneys with timeshare expertise.
17 Reed Hein has no actual attorney "associates" and the only attorneys on Reed Hein's payroll
18 serve as corporate counsel. On information and belief, representatives of Reed Hein have also
19 directly made misrepresentations to this effect.

20 5.78 Defendants' sales scripts and presentations also reinforced this impression.
21 Scripts referred to "Our Attorneys – They are consumer advocate attorneys," and did not specify
22 that any attorneys used are Vendors.

23 5.79 Representations made by Defendants on reedhein.com and
24 timeshareexitteam.com bolster the misimpression that Reed Hein is a law firm or has in-house
25 timeshare attorneys. Timeshareexitteam.com routinely referred to Reed Hein as a "firm"
26 employing "consumer advocates" for the benefit of "clients." Through at least September 2014,

1 reedhein.com specifically advertised “expertise” in, among other things, the legal fields of
2 “Mortgage Mediation” and “Automotive Contracts.” Through at least May of 2015,
3 Reedhein.com also stated that Defendants protect[ed] consumers “when they are misled by false
4 advertising, deceptive sales practices, defective products, and various other unfair trade
5 practices.”

6 **Fig. 2. Reed Hein.com webpage as of Sept 2, 2014 (retrieved from archive.org).**

7 **YOUR TRUST IN REED HEIN IS OUR BIGGEST ACHIEVEMENT**

8

9 Reed Hein's & Associates protects consumers when they
10 are misled by false advertising, deceptive sales practices,
11 defective products, data privacy breaches, and various
12 other unfair trade practices.

13 **We Offer a Free Consultation**

14 [Contact Us](#)

15

16 **Areas of Expertise:**

- 17 ✓ Timeshare Exits
- 18 ✓ Home Improvement
- 19 ✓ Automotive Contracts
- 20 ✓ Mortgage Mediation
- 21 ✓ Debt Collector Harassment
- 22 ✓ Credit Repair

23 5.80 Reedhein.com also stated that Defendants “represent consumers,” who are
24 referred to as “our firm’s clients,” and claimed that Defendants’ services included “preparing the
25 strongest case for you.”

26 5.81 Defendants did not add language to their website disclaiming that Reed Hein was
a law firm until sometime after September 2015 (in small print), and did not add a similar
disclaimer to their contracts until February, 2016 or later.

5.82 Defendants further create the impression that they are lawyers after they are hired;
Reed Hein employees were trained not to disclose the names of attorneys or that these attorneys
were third-party Vendors. In customer communications, employees routinely referred to Vendor
attorneys as “the attorney,” “our attorney,” or “your attorney.” Defendants also insert Reed Hein

1 personnel between the customer and any attorney, telling the customer that they must liaise with
2 the attorney through their Reed Hein representatives.

3 5.83 At least some of Defendants' customers understood Reed Hein to be a law firm
4 or to have lawyers on staff when they retained Defendants' services.

5 5.84 Also central to Defendants' marketing is the representation that Reed Hein is a
6 "Consumer Protection Firm" or "Consumer Protection Group" employing a team of "consumer
7 advocates" to look out for consumer interests.



11 **Fig. 3. Timeshareexitteam.com as of Sept. 5, 2015 (retrieved from archive.org).**

12 5.85 In using these terms, Defendants create the impression that Reed Hein is
13 performing work to protect consumers or redress consumer harm. Reed Hein further bolsters this
14 impression by trading on public perception of the timeshare industry and stating that Resorts are
15 victimizing consumers.

16 5.86 Contrary to these repeated representations, Reed Hein's sole work consists of
17 selling timeshare exit services for profit. The employees who sign up Reed Hein's customers are
18 commissioned salespeople whose compensation was (through January 2018) based solely on the
19 sales they closed. As Reed Hein's corporate representative conceded in a recent deposition, Reed
20 Hein's "goal . . . is to sell as many exits as possible and generate as much revenue and income
21 as possible."

22 **7. Defendants Deceptively Manipulate Online Reviews to Create Positive**
23 **Perception of Reed Hein's Abilities and Services**

24 5.87 Defendants also manipulate online reviews of Reed Hein's services in order to
25 attract and maintain customers, and discredit negative commentary by unhappy customers. This
26

1 includes having employees pose as satisfied customers online and leave fabricated reviews
2 describing positive experiences with Reed Hein.

3 5.88 Defendants further manipulate online reviews by hosting a false and deceptive
4 online review aggregator on the timeshareexitteam.com website. Defendants' "Timeshare Exit
5 Team review summary" purports to aggregate 1-star (Bad) through 5-star (Excellent) reviews
6 from Google.com, Trustpilot.com, and Birdeye.com but omits more than two hundred negative
7 (i.e., 1- and 2-star) reviews posted to those review websites. Through this deceptive "review
8 summary," Defendants falsely represent and/or create the impression that no negative reviews
9 of the company exist, when in fact hundreds of such reviews have been posted online including
10 approximately one hundred 1- and 2-star reviews on the Better Business Bureau's website.

11 5.89 Reed Hein also specifically misrepresented for several years that they had no
12 complaints with the Better Business Bureau or the Washington State Attorney General's Office,
13 or any other form of "action" from a U.S. or Canadian government agency. This
14 misrepresentation, which was included in contracts signed by Reed Hein customers through at
15 least May 2016, was untrue by as early as 2014.

16 **8. Defendants Make Specific Misrepresentations to Consumers During Sales**
17 **Presentations**

18 5.90 Defendants present their salespeople as having expertise in the timeshare industry
19 and Reed Hein's "proprietary" exit process. In fact, the salespeople are not required to have any
20 timeshare-related experience and are not even told how Reed Hein obtains the exits.

21 5.91 Defendants advertise that their significant fee is a onetime cost (except for a
22 potential Resort-required settlement fee), compared to perpetual Resort fees. However, Reed
23 Hein does not disclose that it may later ask for more money if the exit opportunity it obtains
24 requires additional payments to a third-party Vendor, claiming this is allowed under their
25 contracts because the money is not going to Reed Hein. Furthermore, Reed Hein now requires
26 that customers keep paying for—but not use—the timeshare; customers thus have to pay Reed

1 | Hein's fee and the Resort fees for the duration of the exit process, without the enjoyment of their
2 | timeshare.

3 | 5.92 Reed Hein's fee calculation itself is deceptive: Customers are falsely told the fee
4 | is calculated based on the work necessary to obtain an exit. Instead, Reed Hein's fee is based on
5 | a formula designed to appear palatable to the potential customer when compared to the amount
6 | of the customers' annual timeshare and maintenance fees, and the remaining amount of any
7 | mortgage or other encumbrance.

8 | **9. Defendants Continue to Make Misrepresentations After Customers Hire**
9 | **the Company and Through the "Exit" Itself**

10 | **a. Defendants Withhold Information or Provide False Information to**
11 | **Their Customers**

12 | 5.93 Defendants regularly misrepresent to the customer the status of their exit and any
13 | work that has been done. This includes making representations that Reed Hein has made
14 | immediate contact with Resorts and is engaged in negotiation, when Defendants have made no
15 | contact with the Resort or have made only informational inquiries. This also includes describing
16 | that an exit is underway or being finalized, when no work has been done or when the Vendor
17 | has not communicated any status information to Defendants. Defendants often have so little
18 | knowledge of their own customers' status that the customers must inform Reed Hein that they
19 | are in foreclosure or have obtained their own exits.

20 | 5.94 Defendants direct their employees to respond to customer inquiries with generic,
21 | pre-approved language representing that work is ongoing on their exit. This includes stock
22 | phrases such as "we are continuing to negotiate" and blaming any delays in the exit process on
23 | being "at the mercy of" the Resorts. These stock phrases are sent even if the customer's file has
24 | not yet been referred to a Vendor, or if the Resort has not yet been contacted.

25 | 5.95 Defendants also routinely refuse to provide proof of work to customers, claiming
26 | that it is "proprietary." Defendants refuse to provide such documentation in part because any

1 such work would be in the possession of Vendors, not Reed Hein, and in part because providing
2 proof of work would expose Defendants' many misrepresentations.

3 5.96 Defendants further structure customer service at Reed Hein to obscure
4 information from their customers. Customers complain that their inquiries are ignored or that
5 Reed Hein employees stall in responding, that they are made to re-submit or re-execute
6 documents that they have already provided, and that their files are frequently reassigned so that
7 they have no steady point of contact.

8 5.97 Defendants even had a specific written policy to diffuse customer complaints and
9 inquiries without escalating the call to a supervisor. Employees were instructed to tell the
10 customer they were being transferred to the "next level of support," but to actually transfer them
11 to another employee at the same level with no additional information. As the policy noted, "[i]n
12 most cases, speaking to any other member of the team is enough."

13 5.98 On the other hand, Defendants prioritize "Alpha" level complaints and refund
14 requests where the customer threatens to contact the Better Business Bureau, State Attorneys
15 General, private attorneys, or The Dave Ramsey Show (Reed Hein's most profitable
16 endorsement).

17 **b. Defendants Manipulate Customers to Cut Off Their Access to the**
18 **Resort to Conceal Defendants' True Business Model**

19 5.99 Customers who hire Reed Hein are told to cease all communication with Resorts
20 because communicating with the Resort might derail efforts to exit the timeshare. Customers are
21 explicitly instructed to hang up the phone if the Resort calls them, and to forward any Resort
22 correspondence to Reed Hein without responding. In addition to this, customers surrender their
23 logon credentials for the Resort to Reed Hein, allowing Reed Hein to change the contact
24 information for the account and prevent the Resort from reaching the customer. Where a Vendor
25 attorney has sent a representation letter on behalf of a Reed Hein customer, the Resort is also
26 bound to only communicate with the attorney.

1 5.100 These actions cut off the customers' only other source of information regarding
2 their timeshare, and prevent the customer from assessing the true scope of Defendants' work.
3 This can lead to direct harm: For example, for years an attorney Vendor discarded all billing
4 statements he received for Reed Hein customers, deeming them "trash," resulting in hundreds of
5 Reed Hein customers not knowing that their Resorts were still demanding payment.

6 5.101 Reed Hein cuts off contact between the customer and the Resort in part to prevent
7 the Resort from expressing to the customer that Reed Hein is misleading the customer. Reed
8 Hein's corporate representative has also admitted that Reed Hein is concerned that if the
9 customer is in contact with the Resort, the Resort may offer an exit directly to the customer and
10 undercut Reed Hein's business.

11 **F. Defendants Further Manipulate Customers Through Deceptive Offers of Credit**
12 **Repair Services**

13 5.102 On information and belief, Defendants represent to consumers that Defendants
14 will preserve the consumer's credit record, history, or rating, or assist in repairing the consumer's
15 credit if it should be negatively impacted by Reed Hein's exit process.

16 5.103 Beginning as early as September 2014, Defendants represented directly via
17 reedhein.com that Reed Hein had expertise in credit repair services. This representation was
18 made continually through at least May 2015.

19 **YOUR TRUST IN REED HEIN IS OUR BIGGEST ACHIEVEMENT**

20 Reed Hein's & Associates protects consumers when they
21 are misled by false advertising, deceptive sales practices,
22 defective products, data privacy breaches, and various
23 other unfair trade practices.

24 **We Offer a Free Consultation**

25 [Contact Us](#)

26 **Areas of Expertise:**

- ✓ Timeshare Exits
- ✓ Debt Collector Harassment
- ✓ Credit Repair

Fig. 4. reedhein.com webpage as of May 3, 2015 (retrieved from archive.org).

1 5.104 Beginning as early as 2016, Defendants began representing directly to customers
2 that Reed Hein would provide credit repair services where necessary as part of the exit services
3 customer's paid Reed Hein to perform, or negotiate directly with Resorts to have the Resorts
4 withdraw any negative credit reporting. On information and belief, Defendants continued to
5 claim that Reed Hein would provide assistance or help with credit repair as part of Reed Hein's
6 services through at least December 2018.

7 5.105 On information and belief, despite promising credit repair to incoming customers
8 as part of Reed Hein's services, Defendants began refusing to provide such services in
9 approximately March of 2018. Defendants acknowledged to customers that these services were
10 promised, but informed them that Reed Hein did not offer credit repair "anymore."

11 **1. Defendants Never Provided the Advertised Credit Repair and Instead**
12 **Hired Vendors**

13 5.106 Although Defendants created the impression that Reed Hein itself would provide
14 credit repair services, these services were provided by third party Vendors, if at all. On occasions
15 where Defendants actually disclosed that a third party Vendor would be involved, usually after
16 a customer hired Reed Hein, Defendants reserved sole discretion to select the Vendor.

17 5.107 On information and belief, as with their exit Vendors, no written contracts
18 governed Reed Hein's relationship with the credit repair companies. Additionally, on
19 information and belief, no contracts were entered between the customer and the credit repair
20 companies. The entire arrangement was governed by verbal agreements between Defendants and
21 their Vendors, undisclosed to Reed Hein's customers.

22 **2. Defendants Do Not Comply With Statutory Requirements for Credit**
23 **Service Organizations**

24 5.108 In association with their advertised services, including credit repair, Defendants
25 offer a three-day cancellation policy in exchange for a full refund. Defendants' contracts do not
26 include any statement, conspicuous or otherwise, regarding a customer's right to cancel the

1 contract at any time prior to midnight of the fifth day after the date of the transaction, or any
2 reference to an attached notice of cancellation form to be completed in such event. No such
3 attached cancellation form is provided.

4 5.109 In association with their advertised services, including credit repair, Defendants'
5 contracts do not specify the total of all payments to be made by the customer. Instead, the
6 contracts specify Defendants' initial fees, and provide the customer may be required to pay
7 unspecified transfer or settlement fees in the future.

8 5.110 In association with their advertised services, including credit repair, Defendants
9 charge customers prior to full and complete performance of the services Reed Hein has agreed
10 to provide. On information and belief, Defendants have not obtained a surety bond in any
11 amount from a surety company admitted to do business in Washington with respect to credit
12 repair services. On information and belief, nor have Defendants established a trust account at a
13 federally-insured bank with respect to their advertised credit repair services.

14 5.111 In association with their advertised services, including credit repair, Defendants
15 do not provide customers with any written statements reflecting the information set forth in RCW
16 19.134.050 and, as such, Defendants do not keep any signed acknowledgments of the customer's
17 receipt of these written statements on file.

18 **G. Defendants Mislead Consumers in Performance of Debt Adjustment Services**

19 5.112 Defendants explicitly adjust consumer debt in the context of selling services to
20 release consumers from mortgaged or otherwise encumbered timeshare interests. Defendants'
21 marketing recognizes that Defendants' services represent the adjustment of consumer debt,
22 characterizing timeshare ownership as "debt" and "perpetual liability." Despite this recognition,
23 Defendants routinely engage in acts prohibited for debt adjusters:

24 5.113 Defendants' fees, which they attempt to collect upfront, are in the range of
25 thousands of dollars, far in excess of the twenty-five dollar initial fee permissible to debt
26 adjusters. Defendants also regularly charge more than fifteen percent of the total debt owed to

1 the mortgagor, including charging a “base price calculated at 30% of [the] mortgage amount” to
2 resolve “[a]ny mortgage over \$30,001.”

3 5.114 Because Defendants actively conceal from Resorts that customers have hired
4 Reed Hein, Reed Hein routinely fails to notify its customers’ creditors (the Resorts) of the
5 retention of its services. Reed Hein also fails to provide a monthly accounting to its customers
6 of any kind.

7 5.115 Defendants improperly fail to include in their contracts the provisions mandated
8 by RCW 18.28.100(7), and fail to hold payments received from customers in a separate trust
9 account or make payments on behalf of customers from that account.

10 5.116 Defendants also improperly pay a \$150 referral fee to customers to refer other
11 prospective customers to Reed Hein for services which include debt adjustment services.

12 5.117 Lastly, Defendants’ Powers of Attorney, which specifically allow Reed Hein or
13 its employees to negotiate “Timeshare Interest/ Debt” and settle with customers’ secured
14 creditors, improperly authorize Defendants to employ or terminate the services of attorneys or
15 arrange the terms of or compensate for the services of attorneys on behalf of Reed Hein’s
16 customers.

17 **FIRST CAUSE OF ACTION**
18 **(VIOLATIONS OF THE CONSUMER PROTECTION ACT, RCW 19.86.020)**

19 6.1 Plaintiff re-alleges Paragraphs 1.1 through 5.117 and incorporates them as if set
20 fully herein.

21 6.2 Defendants engaged in the following acts or practices constituting unfair or
22 deceptive acts in trade or commerce:

23 a. Misrepresenting, directly or indirectly, that Reed Hein terminates
24 consumers’ obligations with respect to their timeshares by forcing Resorts to cancel or annul
25 timeshare contracts or take back the timeshare;
26

1 b. Misrepresenting, directly or indirectly, that Reed Hein negotiates directly
2 with Resorts to terminate consumers' obligations with respect to their timeshares;

3 c. Misrepresenting, directly or indirectly, that Reed Hein itself will perform
4 services toward terminating consumers' obligations with respect to their timeshares, rather than
5 through the use of third-party Vendors;

6 d. Outsourcing services performed for Reed Hein customers to third-party
7 Vendors where the customer's contract with Reed Hein did not provide for Reed Hein to hire a third
8 party or assign responsibility for performance of the services in the contract;

9 e. Outsourcing services performed for Reed Hein customers to third-party
10 Vendors with whom Reed Hein and/or the customer does not have a contract;

11 f. Misrepresenting, directly or indirectly, that Reed Hein personnel have
12 performed services toward terminating consumers' obligations with respect to their timeshares
13 when any services have in fact been performed by a Vendor;

14 g. Failing to supervise and maintain oversight over services performed by
15 Vendors where the customer contracted with Reed Hein to receive such services;

16 h. Delivering services to customers that are legally ineffective at terminating
17 the customers' obligations with respect to their timeshare;

18 i. Delivering services to customers that create the risk of legal action against
19 customers for invalid transfers of their timeshare;

20 j. Interpreting foreclosure and/or Notice of Termination for nonpayment as a
21 successful termination of customers' obligations with respect to their timeshare without disclosing
22 this interpretation to customers at the point of sale;

23 k. Misrepresenting, directly or indirectly, that customers' obligations with
24 respect to their timeshare have been terminated when they have not been;

1 l. Misrepresenting, directly or indirectly, that customers' obligations with
2 respect to their timeshare have been terminated when Defendants know or should know the Resort
3 does not recognize the termination;

4 m. Misrepresenting, directly or indirectly, that Reed Hein has made progress
5 toward and/or performed services toward terminating a customer's obligations with respect to their
6 timeshare when no such services have been performed;

7 n. Misrepresenting, directly or indirectly, that Reed Hein does not obtain
8 proceeds from the sale of a customer's timeshare to a third party;

9 o. Misrepresenting, directly or indirectly, that Reed Hein would perform
10 services toward terminating customers' obligations with respect to encumbered timeshares during
11 periods when Reed Hein was not providing services or outsourcing services on encumbered
12 timeshares to Vendors;

13 p. Misrepresenting, directly or indirectly, that Reed Hein has developed
14 relationships with Resorts that facilitate termination of customers' obligations with respect to
15 timeshares;

16 q. Misrepresenting, directly or indirectly, that consumers will not face negative
17 consequences if they cease making payments to Resorts with respect to their timeshares;

18 r. Impeding customers' communications with Resorts with respect to the
19 customers' obligations regarding their timeshares, including payment obligations;

20 s. Misrepresenting, directly or indirectly, that Reed Hein's services do not
21 present any risk to customers, including but not limited to risk of foreclosure by Resorts with respect
22 to customers' timeshares;

23 t. Misrepresenting, directly or indirectly, that Defendants have expertise, trade
24 secrets, or unique or proprietary strategies and methods that Reed Hein will employ toward
25 terminating consumers' obligations with respect to their timeshares;

1 u. Misrepresenting, directly or indirectly, that Reed Hein will terminate
2 consumers' obligations with respect to their timeshare safely, legitimately, legally, permanently, or
3 forever;

4 v. Giving customers the deceptive net impression that Reed Hein has local
5 and/or region-specific expertise;

6 w. Misrepresenting, directly or indirectly, that Reed Hein's fees are calculated
7 based on the services required to terminate a customers' obligations with respect to their timeshare;

8 x. Misrepresenting, directly or indirectly, that Reed Hein has a 100% success
9 rate and/or the highest success rate in the industry;

10 y. Creating the deceptive net impression that Reed Hein can terminate any
11 customer's obligations with respect to their timeshare, regardless of circumstances;

12 z. Misrepresenting, directly or indirectly, that consumers who hire Reed Hein
13 will not have to make further payments to Resorts with respect to their timeshares;

14 aa. Misrepresenting, directly or indirectly, the amount of time that it will take
15 for Reed Hein to terminate customers' obligations with respect to their timeshare;

16 bb. Misrepresenting, directly or indirectly, or creating the deceptive net
17 impression that Reed Hein is a law firm and/or Reed Hein performs "consumer protection" services;

18 cc. Misrepresenting, directly or indirectly, or creating the deceptive net
19 impression that Reed Hein employs in-house attorneys who perform services to terminate
20 consumers' obligations with respect to their timeshares;

21 dd. Misrepresenting, directly or indirectly, that no complaints about Reed Hein
22 had been filed with the Better Business Bureau or the Washington State Attorney General's Office,
23 or that Reed Hein had not been the subject of any other form of "action" from a U.S. or Canadian
24 government agency;

25 ee. Manipulating online reviews of Reed Hein by having Reed Hein
26 representatives pose as satisfied customers and leave fabricated reviews;

1 ff. Displaying an online review summary on timeshareexitteam.com which
2 omits 1- and 2- star reviews from the summarized review sources;

3 gg. Misrepresenting, directly or indirectly, that terminations of a customers'
4 obligations with respect to their timeshares were the result of services provided by Reed Hein when
5 Defendants know that Reed Hein had not provided services resulting in the termination;

6 hh. Forming contracts with customers who own timeshares with Resorts on
7 Reed Hein's internal "Do Not Take" list;

8 ii. Requiring customers to sign "Exit Agreement Addendums," which
9 substantially change the terms of the customers' contract with Reed Hein, under threat of voiding
10 Defendants' Money-Back Guarantee;

11 jj. Creating the deceptive net impression that Defendants' Money-Back
12 Guarantee entitles customers to a full refund of fees paid to Reed Hein if dissatisfied with Reed
13 Hein's services;

14 kk. Offering a Money-Back Guarantee that may be voided if Reed Hein offers
15 to terminate a customer's timeshare interest through a method rejected by the customer because the
16 method does not correspond the methods described in Reed Hein's marketing or representations at
17 sales presentations;

18 ll. Offering a Money-Back Guarantee that permits Reed Hein to refuse to
19 refund customers' payments if Reed Hein expresses an intent to continue to attempt performance
20 under the contract where the Money-Back Guarantee does not require Reed Hein to perform within
21 a specified amount of time;

22 mm. Refusing to honor the Money-Back Guarantee in circumstances where the
23 basis to void the Guarantee was the customer's failure to pay the Resort at Defendants' direction;

24 nn. Conditioning honoring the Money-Back Guarantee on a customer's
25 withdrawal of public negative reviews or complaints to third parties;

1 oo. Misrepresenting, directly or indirectly, that consumers face no risk of credit
2 damage from Reed Hein's services; and

3 pp. Misrepresenting, directly or indirectly, that Reed Hein provides credit repair
4 services when Reed Hein later refuses to provide such services.

5 6.3 Defendants' practices outlined above affect the public interest and have the capacity
6 to deceive a substantial number of consumers and are unfair or deceptive acts or practices in trade
7 or commerce in violation of RCW 19.86.020.

8
9 **SECOND CAUSE OF ACTION**
10 **(VIOLATIONS OF THE DEBT ADJUSTING ACT, RCW 18.28.080, 18.28.110,**
11 **18.28.120, 18.28.130, and 18.28.150)**

11 7.1 Plaintiff re-alleges Paragraphs 1.1 through 6.3 and incorporates them as if set fully
12 herein.

13 7.2 Defendants act as debt adjusters, as defined by RCW 18.28.010, by engaging in or
14 holding themselves out as engaging in the business of debt adjusting for compensation. Defendants
15 engage in or hold themselves out as engaging in the business of debt adjusting, as defined by RCW
16 18.28.010, by managing, counseling, settling, adjusting, prorating, or liquidating the indebtedness
17 of a debtor, or receiving funds for the purpose of distributing said funds among creditors in payment
18 or partial payment of obligations of a debtor.

19 7.3 Defendants violated, and continue to violate, RCW 18.28.080(1), by charging an
20 initial amount of more than twenty-five dollars for debt adjusting services as part of Defendants'
21 total fee.

22 7.4 Defendants violated, and continue to violate, RCW 18.28.080(1), by charging a total
23 fee for Defendants' debt adjusting services of more than fifteen percent of the total debt listed by
24 the debtor on the contract.

1 7.5 Defendants violated, and continue to violate, RCW 18.28.080(2), by retaining fees
2 charged to consumers without notifying creditors that the consumer has engaged Reed Hein in a
3 program of debt adjusting.

4 7.6 Defendants violated, and continue to violate, RCW 18.28.100, by failing to include
5 in every contract between Defendants and a debtor the information, terms, and notices set forth in
6 that statute, including the required "NOTICE TO DEBTOR" in ten point boldface type or larger
7 directly above the space reserved in the contract for the debtor's signature. RCW 18.28.100(7).

8 7.7 Defendants violated, and continue to violate, RCW 18.28.110(5), by failing to
9 render an accounting to each debtor with whom they have contracted for debt adjustment services
10 at least once a month, indicating the total amount received from or on behalf of the debtor, the total
11 amount paid to each creditor, the total amount which any creditor has agreed to accept as payment
12 in full on any debt owed the creditor by the debtor, the amount of charges deducted, and any amount
13 held in trust.

14 7.8 Defendants violated, and continue to violate, RCW 18.28.120(6), by advertising,
15 displaying, distributing, broadcasting or televising their services in a manner wherein false,
16 misleading or deceptive statements or representations are made with regard to Defendants' debt
17 adjustment services and/or the charges to be made for Defendants' debt adjustment services,
18 including the false, misleading or deceptive statements and misrepresentations alleged in
19 paragraphs 6.2.a. through 6.2.pp.

20 7.9 Defendants violated, and continue to violate, RCW 18.28.120(7), by offering,
21 paying, or giving cash or other compensation to customers for referring prospective customers to
22 Reed Hein.

23 7.10 Defendants violated, and continue to violate, RCW 18.28.130(3), by accepting
24 Powers of Attorney authorizing Defendants to employ or terminate the services of attorneys or
25 arrange the terms of or compensate for the services of attorneys on behalf of debtors.

1 7.11 Defendants violated, and continue to violate, RCW 18.28.150(1), by failing to hold
2 payments received from debtors in trust in a separate trust account and by failing to make payments
3 on behalf of debtors from such an account.

4 7.12 Pursuant to RCW 18.28.185, a violation of the Debt Adjustment Act is an unfair act
5 or practice in trade or commerce and a *per se* violation of the Consumer Protection Act, RCW
6 19.86.

7 7.13 Pursuant to RCW 18.28.090, Defendants' contracts with all debtors to whom
8 Defendants collected fees in excess of those permitted by RCW 18.28.080 are void and all funds
9 received by Defendants which have not been paid on the debtors' behalf to their creditors must be
10 returned to the debtors.

11
12 **THIRD CAUSE OF ACTION**
13 **(VIOLATIONS OF THE CREDIT SERVICES ORGANIZATION ACT, RCW**
14 **19.134.020, 19.134.040, and 19.134.060)**

15 8.1 Plaintiff re-alleges Paragraphs 1.1 through 7.13 and incorporates them as if set fully
16 herein.

17 8.2 Defendants act as a credit services organization in Washington, as defined by RCW
18 19.134.010, by representing to Reed Hein customers who are "buyers," as defined in the same
19 statute, that with respect to the extension of credit by others Defendants can or will, in exchange for
20 the payment of money or other valuable consideration, sell, provide, or perform the following (the
21 "Credit Services"):

- 22 a. Improving, saving, or preserving a buyer's credit record, history, or rating;
23 or
24 b. Providing advice or assistance to a buyer with regard to improving, saving,
25 or preserving a buyer's credit record, history, or rating.

26 8.3 Defendants violated, and continue to violate, RCW 19.134.020(1), by charging
and/or receiving money or other valuable consideration prior to full and complete performance of

1 the Credit Services that Defendants have agreed to perform for buyers without obtaining a surety
2 bond of \$10,000 issued by a surety company admitted to do business in Washington and
3 establishing a trust account at a federally-insured bank or savings and loan association located in
4 Washington.

5 8.4 Defendants violated, and continue to violate, RCW 19.134.020(4), by making or
6 using untrue or misleading representations in the offer or sale of the Credit Services and engaging,
7 directly or indirectly, in acts, practices, and courses of business that operate or would operate as
8 fraud or deception to persons in connection with the offer or sale of the Credit Services, including
9 using the untrue or misleading representations alleged in paragraphs 6.2.a. through 6.2.pp.

10 8.5 Defendants violated, and continue to violate, RCW 19.134.040, by failing to provide
11 buyers of the Credit Services, before execution of a contract or agreement between buyers and
12 Defendants and/or before the receipt by Defendants of money or other valuable consideration from
13 buyers, whichever occurs first, with a statement in writing containing all of the information set forth
14 in RCW 19.134.050.

15 8.6 Defendants violated, and continue to violate, RCW 19.134.040, by failing to
16 maintain on file, for a period of two years, exact copies of statements personally signed by buyers
17 acknowledging receipt of written statements containing all of the information required by RCW
18 19.134.050.

19 8.7 Defendants violated, and continue to violate, RCW 19.134.060, by failing to include
20 all of the following in contracts which include purchase of the Credit Services:

21 a. A conspicuous statement in bold face type, in immediate proximity to the
22 space reserved for the signature of the buyer, as follows: "You, the buyer, may cancel this contract
23 at any time prior to midnight on the fifth day after the date of the transaction. See attached notice of
24 cancellation form for an explanation of this right," as set forth in RCW 19.134.060(1)(a);
25
26

1 9.6 That the Court assess civil penalties pursuant to RCW 19.86.140 of up to \$2,000 per
2 violation for each and every violation of RCW 18.28 committed by Defendants.

3 9.7 That the Court adjudge and decree that the conduct complained of in Paragraphs 8.1
4 through 8.8 constitutes violations of the Credit Services Organization Act, Chapter 19.134 RCW.

5 9.8 That the Court assess civil penalties pursuant to RCW 19.86.140 of up to \$2,000 per
6 violation for each and every violation of RCW 19.134 committed by Defendants.

7 9.9 That the Court issue a permanent injunction enjoining and restraining Defendants
8 and their representatives, successors, assignees, officers, agents, servants, employees, and all other
9 persons acting or claiming to act for, on behalf of, or in active concert or participation with
10 Defendants from continuing or engaging in the unlawful conduct complained of herein.

11 9.10 That the Court make such orders pursuant to RCW 19.86.080 as it deems
12 appropriate to provide for restitution to consumers of money or property that may have been
13 acquired by Defendants by means of the unlawful conduct complained of herein, regardless of the
14 geographical location of the consumers' residences.

15 9.11 That the Court make such orders pursuant to RCW 19.86.080 as it deems
16 appropriate to provide that Plaintiff, State of Washington, have and recover from Defendants the
17 costs of this action, including reasonable attorneys' fees.

18
19 ///

20
21 ///

22
23 ///

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25 ///

ATTACHMENT A

We are NOT a listing company.

Our Consumer Protection Firm is ready to help you dissolve your timeshare contract.

Safely. Legally. Forever.

What makes us different:

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- Local Offices
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- 100% Money Back Guarantee

Testimonials

They did exactly what they said they'd do... and the people were so kind and willing to answer any questions.

- Marcia D

The team was professional, honest, and I am now timeshare free. I am very pleased with the experience.

- Sue C

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Tiffany V.

Client Advisor
Lynnwood, WA

timeshareexitteam.com
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EXIT YOUR TIMESHARE

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It's not too late

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GUARANTEED SUCCESS

- Has your timeshare become a burden?
- Do you wish you could get out of your contract?
- Are you tired of paying maintenance fees for nothing?
- Are you upset by rising maintenance costs and special assessments?
- Do you have timeshare weeks going to waste?
- Are you tired of hearing 'NOT available'?

timeshare**exitteam.com**

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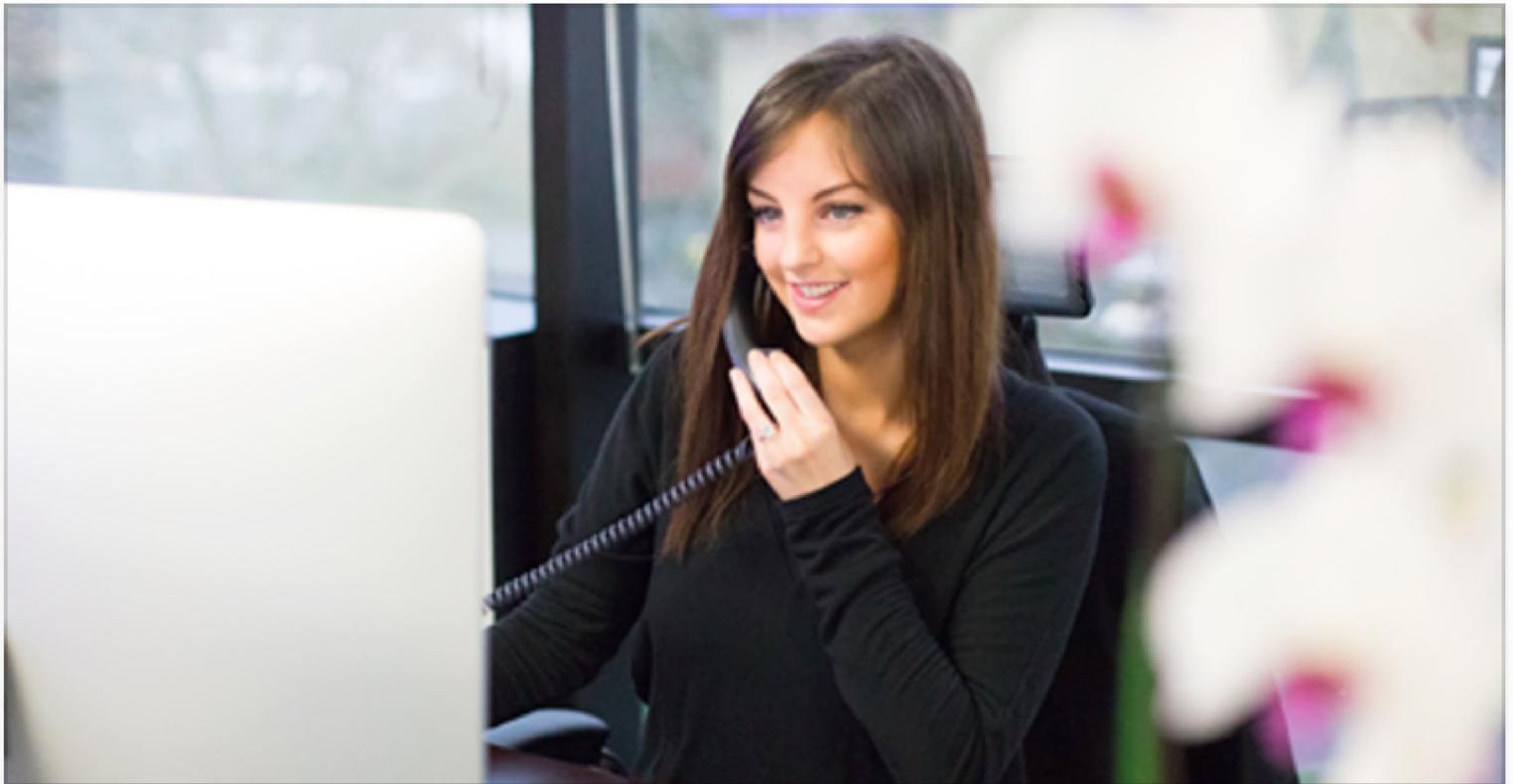
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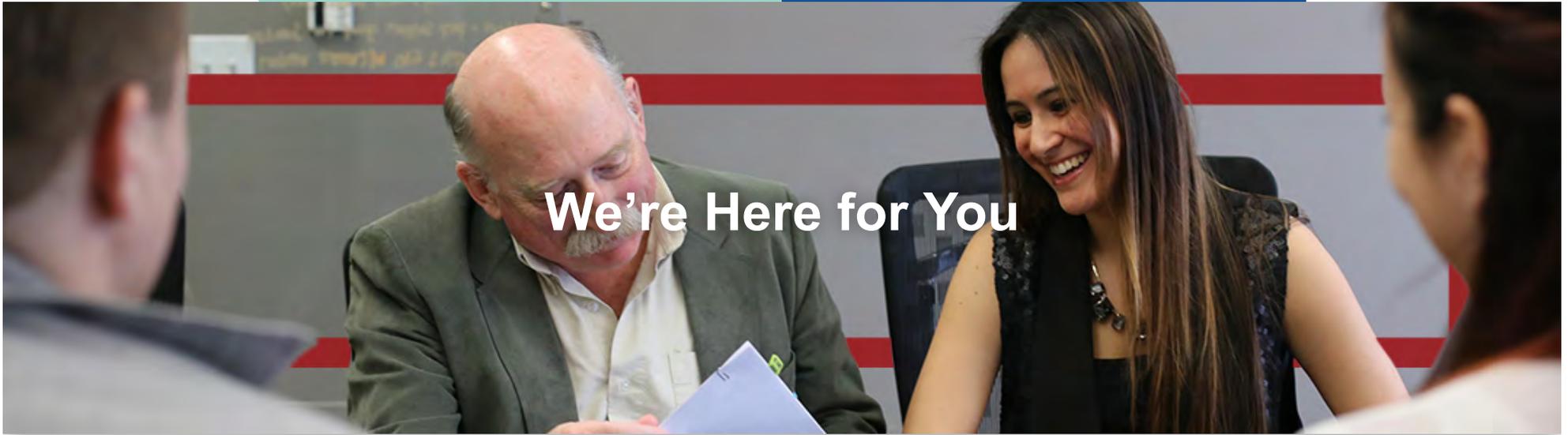
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ATTACHMENT B

📞 Click to Call

📄 Free Consultation



We're Here for You

Why We Started.

Timeshare Exit Team is the industry leader in helping people exit their unwanted timeshares. The United States alone has over 9.5 million timeshare owners.¹ Understanding this hardship, Timeshare Exit Team started in 2012 with one goal in mind: help consumers find financial and emotional freedom from their timeshare situation.

Owners must have a way to safely and legally end their timeshare ownership when it no longer fits their lifestyle. When timeshare owners find that their resort is unwilling to take back their ownership, and that there is little or no demand for their unit on the secondary market, Timeshare Exit Team steps in to provide a safe and permanent way out.

If you are an unsatisfied timeshare owner who has been unsuccessful at exiting on your own, Timeshare Exit Team is here to help.

9,500,000
 Timeshares Owned¹

1. State of the Vacation Timeshare Industry: United States Study, 2017 Edition, 2017

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Start Today.
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Our Story.

Our founder, Brandon Reed, started Timeshare Exit Team after realizing his two timeshares no longer fit his lifestyle and had become a financial burden to him and his family. He called the resorts to **cancel his timeshares**, but to no avail. He then tried to **sell his timeshares** but there was no market for them. Next, he did his research on exit options but found upfront listing companies were the only option; something the **FTC urges consumers to avoid**. Developing a legitimate process to exit took Brandon time, research, and persistence. Realizing there was an immediate need for an honest and transparent resource to help relieve burdened timeshare owners, he got started helping others right away. Today, Timeshare Exit Team helps thousands of customers exit their timeshare every year.

Timeshare Exit Team now has over **30 local offices** across the US and Canada and has become the foremost leader in the timeshare exit industry. Our track record of success shows in the words of our **many exited customers**.

If you need to get out of an unwanted timeshare, we'd love to learn more about your situation and discuss what exit option is right for you. **Contact Timeshare Exit Team today** to learn more and schedule your free consultation.

At Timeshare Exit Team, our mission is to be a trusted partner to consumers by providing solutions that ultimately return financial control.

Get Your Free Consultation Today.

[Schedule Now](#)

Get Your Free Consultation Today.

Learn your options. Speak with a Consultant face-to-face about how you can exit your timeshare.

[Schedule Now](#)



Meet Our Team.

We are specialists in Timeshare Exits so you don't have to be. [Meet your team.](#)



Our guarantee.

We are so confident in our results that we offer a 100% money-back guarantee. [Learn more.](#)



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How Timeshare Exit Team Can Help You Get Out Of Your Timeshare

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You are not alone.

There are over 9 million timeshare owners in the United States alone¹ and 74% are locked into lifetime contracts with perpetuity commitments¹ that can pass on to their next of kin. With an average annual maintenance fee of \$970,¹ and a difficult booking process, timeshare ownership can become frustrating. Timeshare Exit Team was founded on the principle that consumers should have an option when it comes to exercising their rights. We are here to eliminate your unwanted timeshare and help you move one step closer to financial peace of mind.

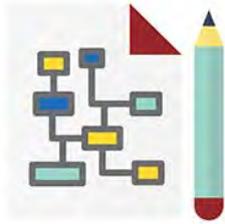
74%

Have Lifetime Contracts¹

9,500,000

Timeshares Owned¹

1. State of the Vacation Timeshare Industry: United States Study, 2017 Edition, 2017



How we help you.

We curate a team of industry experts to get you out of your timeshare. Learn more about [our process](#).



Our guarantee.

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First	Last
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Zip Code	State
Timeshare name	
Tell us about your situation. How can we help?	
How did you hear about us?	

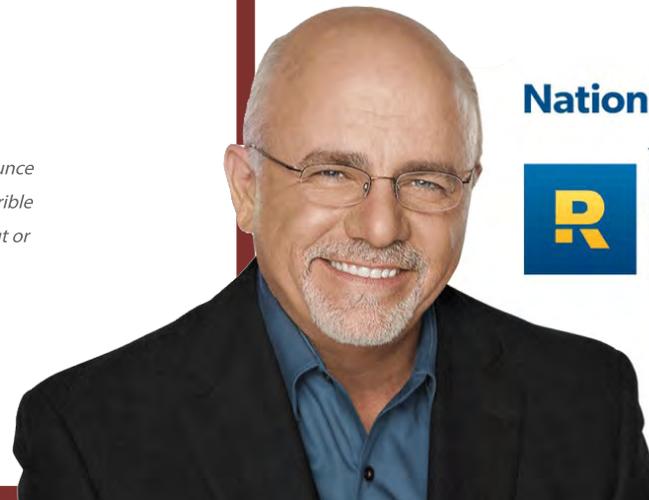
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Get a Free Consultation

Dave Ramsey Approved

"After years of being asked how to get out of timeshares, I'm excited to announce that we finally found a company I trust to help my listeners get rid of this horrible product. Timeshare Exit Team has a 100% guarantee that they will get you out or you get every bit of your money back! These are the folks that I trust."

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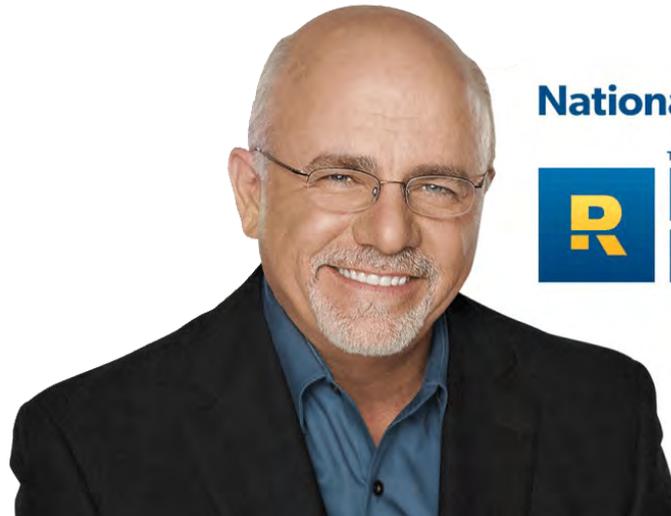




We are here for you.

When newlyweds Pete and Ramona first received that special offer postcard, a vacation seemed like a great idea. Little did they know that it would lead to an unfortunate situation: ownership of a timeshare with increasing annual fees. Years later, Ramona heard Dave Ramsey mention Timeshare Exit Team on his radio show and decided to give it a shot.

[Hear how it turned out.](#)



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Dave Ramsey Approved

"After years of being asked how to get out of timeshares, I'm excited to announce that we finally found a company I trust to help my listeners get rid of this horrible product. Timeshare Exit Team has a 100% guarantee that they will get you out or you get every bit of your money back! These are the folks that I trust."

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Get Your Free Consultation Today.

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Get Your Free Consultation Today.

Learn your options. Speak with a Consultant face-to-face about how you can exit your timeshare.

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- ✓ Automotive Contracts
- ✓ Mortgage Mediation
- ✓ Debt Collector Harassment
- ✓ Credit Repair

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False Advertising & Service Misrepresentation	Defective or Dangerous Products & Services	Undisclosed, Hidden, Surprise, or Unwarranted Fees
---	--	--

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HOME SERVICES ABOUT CONTACT

Breaches of
Warranty



Coercion &
Intimidation



Any Other Deceptive
Trade Practices



Why Choose Reedhein?

Every time consumers make a purchase, we do so believing that we will get what we have paid for. Unfortunately, this is not always the case. It is all too common for businesses to take advantage of consumers through fraud, deception or other bad faith practices. Consumers victimized by these practices can sustain serious financial and personal damage. If you have reason to believe that you have been defrauded by a business, it is crucial to speak to a consumer advocate about your situation.



http://www.reedhein.com/

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