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**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

STUDENT AID CENTER, INC.;
RAMIRO FERNANDEZ-MORIS; and
DAMIEN ALVAREZ,

Defendants.

NO. 16-2-11955-7 SEA

COMPLAINT

I. PLAINTIFF

1.1 The Plaintiff is the State of Washington.

1.2 The Attorney General is authorized to commence this action pursuant to RCW 19.86.080, RCW 19.86.140, and RCW 18.28.200. The Attorney General brings this action to address practices that violate the Consumer Protection Act and the Debt Adjusting Act: charging fees for debt adjusting that are well in excess of those allowed under Washington law, and failing to inform consumers of important rights, most notably, their three-day right to cancel.

II. DEFENDANTS

2.1 Defendant Student Aid Center, Inc. (“Defendant”) is a Florida corporation with its principal place of business in Miami, Florida. Defendant provides, or purports to provide,

1 counseling, advice, and assistance to student loan borrowers applying for U.S. Department of
2 Education federal student loan repayment programs, including Direct Consolidation Loans and
3 the Income-Based Repayment Plan. Because Defendant Student Aid Center, Inc. acted at all
4 times under the direction of the individual defendants identified below (who acted through the
5 corporate entity), this Complaint will refer to all defendants collectively as “Defendant.” As of
6 the date of this Complaint, Student Aid Center, Inc. is the subject of a voluntary Chapter 7
7 bankruptcy proceeding in the U.S. Bankruptcy Court for the Southern District of Florida. The
8 State, in filing this Complaint, is not currently seeking any relief barred by the stay associated
9 with Student Aid Center, Inc.’s bankruptcy filing. The State reserves the right to submit a
10 claim in the bankruptcy proceeding, and to seek otherwise-barred relief in the event the
11 bankruptcy proceeding is dismissed.

12 2.2 Defendant Ramiro Fernandez-Moris is a president of Student Aid Center, Inc.
13 From February 7, 2015 through February 7, 2016, Mr. Fernandez-Moris (who is also known as
14 Ramiro Fernandez) paid himself \$1,562,177.8 from the company. Mr. Fernandez-Moris
15 signed all of the company’s checks, and did so sometimes at the direction of Defendant
16 Alvarez. At all times material to this Complaint, acting alone or in concert with others, he has
17 formulated, directed, controlled, had the authority to control, participated in, and/or with
18 knowledge approved of the acts or practices set forth in this Complaint. Defendant Ramiro
19 Fernandez-Moris, in connection with the matters alleged herein, transacts or has transacted
20 business in Washington by directing Defendant Student Aid Center, Inc.’s activities targeting
21 Washington. In addition, Mr. Fernandez-Moris induced hundreds of Washington residents to
22 grant him a limited durable power of attorney to act on their behalf in matters relating to the
23 consolidation, restructuring, refinancing, and forbearance of their student loans, in furtherance
24 of the violations of Washington law set forth herein. Mr. Alvarez controlled Student Aid
25 Center, Inc. by hiring family members, including Christopher Fernandez-Moris, Minet
26 Fernandez-Moris, his brother-in-law, Michael Ibar, and other members of the Ibar family

1 (Candido, Frank, and Stephen). Each and every violation of the Consumer Protection Act by
2 Defendant Student Aid Center, Inc. alleged below was done with the personal participation or
3 knowing approval of Ramiro Fernandez-Moris.

4 2.3. Defendant Damien Alvarez is Mr. Fernandez-Moris's half-brother and also a
5 president of Student Aid Center, Inc. From February 7, 2015 through February 7, 2016,
6 Mr. Alvarez paid himself \$2,580,400 from the company. At all times material to this
7 Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had
8 the authority to control, participated in, and/or with knowledge approved of the acts or
9 practices set forth in this Complaint. Defendant Damien Alvarez, in connection with the
10 matters alleged herein, transacts or has transacted business in Washington by directing
11 Defendant Student Aid Center, Inc.'s activities targeting Washington. Mr. Alvarez also
12 controlled and directed Student Aid Center, Inc.'s activities by employing numerous family
13 members within the company – including Alan Alvarez (his father, who was paid \$245,839.73
14 from October 13 through November 3, 2015), Elizabeth Alvarez (his mother), Samantha
15 Alvarez (his wife), Michael Alvarez, and Lauren Alvarez. Mr. Alvarez and Mr. Fernandez-
16 Moris had meetings with Michael Ibar to review the company's profits and make distributions
17 from the company to themselves. Each and every violation of the Consumer Protection Act by
18 Defendant Student Aid Center, Inc. alleged below was done with the personal participation or
19 knowing approval of Damien Alvarez.

20 **III. JURISDICTION**

21 3.1 The State files this complaint and institutes these proceedings under the
22 provisions of the Consumer Protection Act, RCW 19.86.

23 3.2 The Defendant has engaged in the conduct set forth in this Complaint in King
24 County and elsewhere in the state of Washington by targeting Washington with
25 advertisements, telemarketing, and entering into contracts with Washington consumers that
26

1 gave Student Aid Center, Inc. and its agents (including, specifically, Ramiro Fernandez-Moris)
2 power of attorney to act on behalf of Washington consumers.

3 IV. VENUE

4 4.1 Venue is proper in King County pursuant to RCW 4.12.020 and 4.12.025, and
5 Court Rule 82 because Defendant transacts business in King County – to wit: advertising and
6 telemarketing to, and subsequently entering into contracts with consumers located in King
7 County.

8 V. FACTS

9 Federal Student Loan Repayment Programs

10 5.1 The U.S. Department of Education offers numerous repayment plans to eligible
11 borrowers with federal student loans, all which are designed to help borrowers manage their
12 student loan debt and/or make repayment of student loans more affordable. These plans include
13 its Graduated Repayment Plan, Income-Based Repayment Plan, and Pay As You Earn
14 Repayment Plan. The amount the borrower will pay and the repayment term can vary
15 depending on the repayment plan in which the borrower enrolls.

16 5.2 To access certain repayment plans, some borrowers will first combine their
17 multiple eligible federal student loans into a single Direct Consolidation Loan. Eligible
18 borrowers can apply electronically for a Direct Consolidation Loan through the U.S.
19 Department of Education's website at www.StudentLoans.gov or by mailing a completed
20 paper application to the U.S. Department of Education.

21 5.3 The process of federal student loan consolidation also involves paying off
22 multiple existing student loans – i.e., liquidating them – and replacing them with a new, single
23 federal student loan. This process may be used by borrowers to manage indebtedness, and is
24 available as a tool for defaulted federal student loan borrowers to become current on their loans
25 and escape default.

1 The Client hereby engages SAC for the following services: a) to conduct a
2 financial analysis of the Client's current financial circumstances b) To discuss
3 with the Client the various options that may be available to the Client regarding
4 their outstanding student loan(s), c) to assist the Client in preparing all the
5 paperwork necessary to enroll and/or apply for a loan consolidation or repayment
6 program that benefits the Client d) Once applied, make calls, follow up and
7 continue submitting any and all paperwork necessary to garner approval for the
8 Client.

9 5.9 Upon information and belief, the initial fee charged by Defendant for its
10 services to Washington consumers was at least \$99.00 for each Washington consumer.

11 **Defendant's Marketing of Debt Adjustment Services**

12 5.10 Defendant operated active URLs to advertise its student loan debt relief
13 services:

- 14 • www.studentaidcenter.org;
- 15 • www.studentaidcenter.net/index/html;
- 16 • www.studentaidcenter.com;
- 17 • www.studentloanforgivenessplans.org;
- 18 • www.studentloanforgivenessplans.com; and
- 19 • www.studentloanforgivenessplans.net.

20 5.11 Upon information and belief, Defendant also engaged in additional advertising,
21 including paid advertisements on the internet and telemarketing that was targeted at
22 Washington consumers whose contact information Defendant purchased from lead generation
23 firms. Fernandez-Moris and Alvarez conceived of, strategized about, directed, and participated
24 in these advertising and telemarketing activities, and directed that they be targeted at
25 Washington consumers. According to the testimony of Fernandez-Moris at a creditor's
26 meeting in Student Aid Center, Inc.'s Florida-based bankruptcy proceedings, Damien Alvarez

1 supervised approximately 80 employees engaged in telemarketing activities. Upon
2 information and belief, these activities included telemarketing aimed at Washington
3 consumers. In addition, Student Aid Center, Inc. made substantial payments – at the direction
4 of Fernandez-Moris and Alvarez – to advertising, marketing, and lead generation firms owned
5 by them and their employees/family members for assistance in reaching consumers in
6 Washington and elsewhere, including payments between February 7 2015 and February 7,
7 2016 of:

- 8 • \$837,575.00 to Summit Resources (owned by Michael and Candido Ibar);
- 9 • \$575,000.00 to Cloud Consulting (owned by Michael and Candido Ibar)
- 10 • \$3,161,562.82 to SAC Group (owned by Alan Alvarez); and
- 11 • \$612,750.00 to iNet Marketing (operated by Fernandez-Moris).

12 5.12 Defendant has entered into more than 800 contracts with Washington residents
13 for debt adjusting services, and has received at least \$493,565.65 in total fees from Washington
14 consumers.

15 VI. COUNT I – VIOLATION OF WASHINGTON DEBT ADJUSTING ACT

16 6.1 The State incorporates Paragraphs 1.1 through 5.12 herein as if set forth in their
17 entirety.

18 6.2 RCW 18.28.010(2) provides that “[d]ebt adjusting’ means the managing,
19 counseling, settling, adjusting, prorating, or liquidating of the indebtedness of a debtor, or
20 receiving funds for the purpose of distributing said funds among creditors in payment or partial
21 payment of obligations of a debtor.” The term “debt adjuster” is defined to include “any person
22 known as a debt pooler, debt manager, debt consolidator, debt prorater, or credit counselor, is any
23 person engaging in or holding himself or herself out as engaging in the business of debt adjusting
24 for compensation.” RCW 18.28.010(1).

1 6.3 Defendant liquidated the student loan debts of its Washington clients by replacing
2 their multiple federal student loans with a single consolidation loan through the U.S. Department
3 of Education. Defendant is therefore engaged in “debt adjusting” services as defined by the DAA.

4 6.4 Defendant’s “Student Loan Service Agreement” provides “SAC must obtain a
5 loan consolidation and/or repayment program or loan forgiveness for the Client and the program
6 obtained must provide a financial benefit to the Client (i.e. either a lower monthly payment, lower
7 interest rate, a shorter term, or loan forgiveness)” . Defendant therefore engaged to
8 consolidate loans, to reduce or eliminate the indebtedness, or to obtain a change in repayment
9 terms on behalf of its Washington clients. Defendant’s website states that “[t]he Student Aid
10 Center assists people to obtain Federal Government Student Loan Forgiveness and or
11 Consolidation programs by pre-qualifying, preparing and submitting required documentation on
12 their behalf.” www.studentaidcenter.org. Defendant is engaged in debt adjusting and prorating
13 for compensation as a “debt consolidator,” and is a “debt adjuster” as defined by the DAA.

14 6.5 Defendant also committed to obtaining a forbearance or deferment for its
15 Washington clients while consolidation and repayment plan changes were applied for and
16 implemented: “Upon receipt and review of this agreement signed from the Client and payment for
17 the services provided herein, SAC shall promptly contact the Client’s existing servicer(s) and
18 request forbearance or deferment of the Client’s current Student Loan Payment(s) during the
19 processing of their application.” Defendant is therefore a debt manager and debt adjuster as
20 defined by the DAA.

21 6.6 Defendant’s “Student Loan Service Agreement” requires its Washington
22 customers to acknowledge that “I AM FULLY AWARE AND UNDERSTAND THAT I AM
23 HIRING SAC TO HELP ME OBTAIN A STUDENT LOAN CONSOLIDATION.” The
24 Limited Durable Power of Attorney for which Defendant required signatures from its Washington
25 customers authorized it “To communicate with any and all of my Federal Student Loan providers
26 to consolidate, restructure or refinance or enter into any forbearance agreement regarding my

1 Student Loans.” Defendant is therefore a “debt consolidator” and a “debt adjuster” as defined by
2 the DAA.

3 6.7 Defendant’s Limited Durable Power of Attorney also vests exclusive management
4 of its customer’s federal student loans with the Defendant:

5 I hereby authorize third party communication from banks, creditors, financial
6 institutions, licensed collection agencies, and all other related entities and individuals
7 relating to my Federal Student Loans to communicate directly with Student Aid
8 Center, Inc. concerning my account or the collection activities associated with it, in
9 accordance with Section 805(b) of the Fair Debt Collection Practices Act. I further
10 request that all of my lenders direct all further telephone calls to: 855-997-8833 and
11 correspondence directly to: Student Aid Center, Inc. at: 7392 NW 35th Terr., Suite
12 309, Miami, FL 33122. ***Any and all communications directed to me will be referred
13 to Student Aid Center, Inc., and only Student Aid Center, Inc. will be authorized to
14 deal with your company and/ or its’ representatives.***

15 (Emphasis added.)

16 6.8 Similarly, Defendant’s Limited Durable Power of Attorney authorizes “Student
17 Aid Center and it’s [sic] agents to create and/or access web log in accounts on my behalf in
18 reference to my Federal Student Loans. This may include but not be limited to any current or
19 future servicer, NSLDS.ed.gov, pin.ed.gov and loanconsolidation.ed.gov.” Similarly,
20 Defendant’s website states that it charges its fee for services that include communications with
21 “client[s] who have monthly inquires [sic] and need ongoing notifications of any and all eligible
22 programs,” “[d]ocument management services,” “[m]onitoring federal programs for any updates
23 or changes that Client qualifies for,” and “[a]ccount management services to foster program
24 compliance and awareness.” www.studentloanforgivenessplans.org/disclosure.php. Defendant
25 provides debt management services during the consolidation and repayment process, and is a
26 “debt manager” and a “debt adjuster” as defined in the DAA.

1 6.9 Defendant’s website states that “[o]ur counselors will help identify what you
2 qualify for and accurately prepare, submit and track the application. You relax, we do the work!”
3 www.studentloanforgivenessplans.org/index.php. The same webpage explains that “our
4 counselors undergo extensive training to ensure you receive the highest quality service.” Another
5 webpage advertises: “AID COUNSELORS AVAILABLE NOW.” www.studentaidcenter.org.
6 Defendant is a “credit counselor” and a “debt adjuster” providing “debt adjusting” services as
7 defined by the DAA.

8 6.10 The DAA places strict limits on the fees that a debt adjuster may charge for its
9 services. First, RCW 18.28.080(1) provides that “[t]he debt adjuster may make an initial charge
10 of up to twenty-five dollars which shall be considered part of the total fee.” Each and every one
11 of the more than 800 contracts between Defendant and Washington consumers provides for an
12 initial fee of at least \$99.00, and for most consumers an initial payment in the amount of \$199.00
13 or more. Some consumers made initial payments of \$249.00, \$299.00, and up to \$995.00. In
14 many cases, Defendant charged additional installments of between \$99.00 and \$597.00 before the
15 consumer’s student loans were consolidated or placed into an income-based repayment plan.

16 6.11 As a result, Defendant sought and/or took an initial fee of at least four (4) times the
17 legal limit – and often many more times the legal limit- in each and every one of its contracts with
18 Washington consumers, in violation of RCW 18.28.080(1).

19 6.12 The DAA includes strict consequences for those who violate the fee limitations.
20 RCW 18.28.090 provides:

21 [i]f a debt adjuster contracts for, receives or makes any charge in excess of the
22 maximums permitted by this chapter, except as the result of an accidental and bona
23 fide error, the debt adjuster's contract with the debtor shall be void and the debt
24 adjuster shall return to the debtor the amount of all payments received from the
25 debtor or on the debtor's behalf and not distributed to creditors.
26

1 6.13 Defendant's contracts for, and receipt of charges in excess of the maximums
2 permitted by the DAA are not accidental or the result of a bona fide error. For example,
3 Defendant structured its contracts in such a way that the initial fee was *between 4 and 39 times*
4 *greater* than the allowable \$25 fee.

5 6.14 As a result of Defendant's illegal fees, the State seeks a declaration that each and
6 every contract between Defendant and any Washington consumer is void, and an order directing
7 Defendant to return all payments made to it by Washington consumers.

8 6.15 In addition to violating the fee limitations explained above, Defendant also failed
9 to comply with the notice requirements of RCW 18.28.100. Specifically, in its standard form
10 contracts, Defendant failed to include the following notifications to borrowers, as required by law:

11 a. Do not sign this contract before you read it or if any spaces intended for
12 the agreed terms are left blank.

13 b. You are entitled to a copy of this contract at the time you sign it.

14 c. You may cancel this contract within three days of signing by sending
15 notice of cancellation by certified mail return receipt requested to the debt adjuster at his or her
16 address shown on the contract, which notice shall be posted not later than midnight of the third
17 day (excluding Sundays and holidays) following your signing of the contract

18 6.16 By leaving these important consumer notifications out of its contracts, Defendant
19 violated the Debt Adjusting Act and also prevented its customers from making informed decisions
20 regarding contracts that both involved hundreds of dollars.

21 6.17 RCW 18.28.200 provides that "[n]otwithstanding any other actions which may be
22 brought under the laws of this state, the attorney general or the prosecuting attorney of any county
23 within the state may bring an action in the name of the state against any person to restrain and
24 prevent any violation of this chapter." Consequently, the State seeks an injunction prohibiting
25 Defendant from entering into or collecting fees on contracts with Washington consumers that
26 violate RCW 18.28.

1 **VII. COUNT II – VIOLATION OF WASHINGTON CONSUMER PROTECTION ACT**

2 ***(Per se violation through the Debt Adjusting Act)***

3 7.1 The State incorporates Paragraphs 1.1 through 6.17 herein as if set forth in their
4 entirety.

5 7.2 RCW 18.28.185 provides that “[a] violation of this chapter constitutes an unfair or
6 deceptive act or practice in the conduct of trade or commerce under chapter 19.86 RCW.” As a
7 result, each of the acts or practices set forth above that violate the DAA are also violations of
8 RCW 19.86.020.

9 7.3 Defendant’s acts or practices also took place in trade or commerce because they
10 advertised their services to, entered into consumer contracts with, and received fees from,
11 Washington residents.

12 7.4 Defendant contracted for and collected illegal fees from more than 800
13 Washington consumers, advertised to additional Washington consumers in the manner described
14 above, and the acts and practices herein were undertaken as part of their regular business
15 practices. In addition, unless restrained, these acts have a substantial potential for repetition and
16 to injure additional Washington consumers. Defendant’s acts or practices affect the public
17 interest.

18 7.5 The State requests that the Court declare the acts and practices described above are
19 unfair or deceptive under RCW 19.86.020, and violate the CPA.

20 7.6 RCW 19.86.080(1) provides in relevant part that “[t]he attorney general may bring
21 an action in the name of the state, or as parens patriae on behalf of persons residing in the state,
22 against any person to restrain and prevent the doing of any act herein prohibited or declared to be
23 unlawful.” Accordingly, the State requests that the Court enjoin Defendant from entering into
24 contracts with Washington consumers without strictly complying with RCW 18.28.

25 7.7 RCW 19.86.080(2) provides that “[t]he court may make such additional orders or
26 judgments as may be necessary to restore to any person in interest any moneys or property, real or

1 personal, which may have been acquired by means of any act herein prohibited or declared to be
2 unlawful.” Accordingly, the State requests that the Court issue an order requiring Defendant to
3 return to Washington consumers all sums obtained in violation of the DAA and the CPA, or
4 pursuant to void contracts.

5 7.8 RCW 19.86.140 provides “Every person who violates RCW 19.86.020 shall
6 forfeit and pay a civil penalty of not more than two thousand dollars for each violation.”
7 Accordingly, the State requests that the Court impose a penalty of \$2,000 per violation of the
8 CPA.

9 **VIII. COUNT III – ALTERNATIVE VIOLATION OF THE CONSUMER**
10 **PROTECTION ACT**

11 **(Deceptive Advertising and Systematic Failure to Perform Contractual Services)**

12 8.1 The State incorporates Paragraphs 1.1 through 7.8 herein as if set forth in their
13 entirety.

14 8.2 Defendant advertised and agreed with Washington consumers to perform services
15 that place it squarely within the meaning of a “debt adjuster” performing “debt adjusting” services
16 as those terms are defined in RCW 18.28.010, for the reasons stated above.

17 8.3 In the alternative, if Defendant did not perform the services advertised on its
18 website and agreed to in its contracts with Washington consumers, then Defendant has engaged in
19 false advertising, and systematic failure to deliver the services it promised to Washington
20 consumers.

21 8.4 A business’s practice of misrepresenting its services in advertisements, including
22 on its website, is a deceptive act or practice. Such misrepresentations have the capacity to deceive
23 a substantial portion of the public because they are made publicly, and may lead potential
24 customers to misunderstand the service that they will receive if they become a client of
25 Defendant. Similarly, misrepresentations in the parties’ contracts themselves about the nature of
26 services to be provided are also deceptive, and have the capacity to deceive a substantial portion

1 of the public because they are made to each and every one of Defendants' more than 800
2 Washington clients.

3 8.5 A business's practice of systematically failing to deliver the goods or services it
4 advertises or contracts to perform is an unfair act or practice.

5 8.6 In addition, Defendant's websites makes deceptive statements about consumers'
6 options. For example, Defendant's website suggests that "New Federal Programs" may result in
7 \$17,500 in Up Front Forgiveness?" www.studentaidcenter.org. In fact, none of the federal
8 student loan forgiveness plans touted on Defendant's website forgives student loans "up front."
9 Instead, federal loan forgiveness programs for certain teachers and persons working in other
10 public interest professions require years of service before the borrower's remaining student loan
11 balance may be forgiven.

12 8.7 Defendant's website also states: "Call Today! Take Action & Get Your Student
13 Loans Forgiven and/or Consolidated Now! AID COUNSELORS AVAILABLE NOW Easy
14 Qualify – Approved in Minutes!" www.studentaidcenter.org. The same webpage states "in
15 LESS THAN 5 MUNITES . . . you can be Qualified for a Student Loan FORGIVENESS and/or a
16 Student Loan CONSOLIDATION." These representations are deceptive for the following
17 reasons:

- 18 • Defendant cannot "qualify" consumers for student loan consolidation or forgiveness –
19 only the Department of Education, through its servicers, can do so.
- 20 • Loan consolidation cannot happen "now" as Defendant promises. Indeed, after Defendant
21 has lured consumers in with this representation, it includes in its contacts an inconspicuous
22 disclosure that consolidation generally takes months to finalize.
- 23 • Nor can student loan forgiveness happen "now," or even "in Minutes." In fact, the first
24 borrowers eligible for public interest loan forgiveness will not have the remaining
25 balances of their federal student loans forgiven until October 2017 – a fact that Defendant
26 does not disclose in its primary advertising, or even on its page for "Student Loan

1 Forgiveness Plans.” www.studentaidcenter.com/student-loan-forgiveness.html. Indeed,
2 that page states that “these are real programs that do help thousands of people every day
3 reduce their debt,” without disclosing that the public interest forgiveness program will not
4 result in any balance reductions until late 2017. For borrowers seeking loan forgiveness
5 based on their work as teachers, the signed certification of work in a qualifying school is
6 required from an appropriate school administrator. *See* [https://studentaid.ed.gov/sa/repay-](https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/teacher)
7 [loans/forgiveness-cancellation/teacher](https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/teacher). And for borrowers seeking loan forgiveness or
8 discharge based on a disability, documentation of the disability is required. *See*
9 <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/disability-discharge>.
10 None of this can happen “now” or “in Minutes.”

11 8.8 Defendant’s Payment Authorization Form also contains deceptive statements
12 about its services. The form provides:

13 After the last payment above has been made [to Defendant], _____ will begin
14 making the new approximate prequalified consolidated payment of \$ _____ over
15 the term of _____ months under the following program: _____ and pay
16 qualify for loan forgiveness after: _____ These terms are only a good faith
17 estimate and the final terms and approval will be issued by the lender.

18 In fact, Defendant cannot “prequalify” its customers for a consolidation or any repayment
19 plan – including income-based repayment – with the Department of Education. In addition, the
20 statement that the customer has been “prequalified” deceptively suggests that Defendant has an
21 agency or other relationship with the Department of Education or the customer’s federal student
22 loan servicer, even though this is not the case.

23 8.9 Defendants’ unfair or deceptive acts or practices were conducted in trade or
24 commerce because they relate to the sale of Defendants’ services.

1 8.10 Defendants' unfair or deceptive acts or practices affect the public interest because
2 they were distributed widely through advertisements, and numerous Washington consumers
3 engaged Defendants' services.

4 8.11 The State therefore seeks (1) a declaration that Defendant's acts or practices
5 described above are unfair or deceptive, in violation from RCW 19.86.020; (2) an injunction
6 prohibiting Defendant from engaging in these unfair or deceptive acts or practices; (3) a civil
7 penalty of \$2,000 for each unfair or deceptive act or practice; and (4) the State's costs and
8 reasonable attorney's fees incurred in bringing this action.

9 **IX. COUNT IV – VIOLATIONS OF CREDIT SERVICE ORGANIZATIONS ACT,**
10 **RCW 19.134 AND CONSUMER PROTECTION ACT**

11 9.1 The State incorporates Paragraphs 1.1 through 8.11 herein as if set forth in their
12 entirety.

13 9.2 Defendant advertises credit repair services to consumers in Washington in
14 exchange for compensation. Among other things, Defendant's website encourages consumers
15 to call it to "[j]oin thousands of people who have already saved money by . . . [d]ramatically
16 improved their credit rating and score!" Defendant is therefore a "credit services organization"
17 as defined in RCW 19.134.010.

18 9.3 Credit service organizations are prohibited from taking any payment "prior to
19 full and complete performance of the services the credit services organization has agreed to
20 perform for the buyer, unless the credit services organization has obtained a surety bond of ten
21 thousand dollars issued by a surety company admitted to do business in this state and
22 established a trust account at a federally insured bank or savings and loan association located
23 in this state." RCW 19.134.030(1). Upon information and belief, Defendant took payments
24 from Washington borrowers before completing all services it agreed to perform, and without
25 obtaining the requisite surety bond or establishing the requisite trust account.
26

