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**FILED**  
**KING COUNTY, WASHINGTON**  
SEP - 4 2015  
DEPARTMENT OF  
JUDICIAL ADMINISTRATION

**EXP07**

**STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,  
  
Plaintiff,  
  
v.  
  
D. SCOTT CARRUTHERS, A  
PROFESSIONAL LAW  
CORPORATION, and; D. SCOTT  
CARRUTHERS,  
  
Defendants.

NO. 15-2-14355-7- SEA  
  
CONSENT DECREE  
  
(CLERK'S ACTION REQUIRED)

**I. JUDGMENT SUMMARY**

1.1	Judgment Creditor	State of Washington
1.2	Judgment Debtors	D. Scott Carruthers, APLC D. Scott Carruthers
1.3	Principal Judgment Amount	
	a. Civil Penalties:	\$22,000.00
	b. Restitution:	\$10,000.00
1.4	Attorneys' Fees and Costs:	\$8,000.00
1.5	Total Judgment Amount:	\$40,000.00
1.6	Interest on Unpaid Judgment Amounts if Judgment Debtors Breach Terms of Payment:	12% per annum



1 1.16 Defendants further agree this Court retains jurisdiction of this action and  
2 jurisdiction over Defendants for the purpose of implementing and enforcing the terms and  
3 conditions of this Consent Decree and for all other purposes related to this matter; and

4 1.17 Defendants further agree their payments made or due pursuant to this Consent  
5 Decree are not amenable to discharge in bankruptcy and that they will not seek its discharge in  
6 bankruptcy, nor oppose its being determined not amenable to discharge in bankruptcy; and

7 1.18 Defendants further agree their payments made or due pursuant to this Consent  
8 Decree are not preferential transfers of assets and they will not make or support arguments to  
9 the contrary in bankruptcy court or elsewhere.

10 The Court, finding no just reason for delay;

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

13 **II. GENERAL**

14 2.1 This Court has jurisdiction of the subject matter of this action.

15 2.2 Venue in this Court is appropriate because acts described in the State's  
16 Complaint occurred in King County.

17 2.3 This Consent Decree or the fact of its entry does not constitute evidence or an  
18 admission by any party regarding the existence or non-existence of any issue, fact, or violation  
19 of any law alleged by the State. To the contrary, Defendants have denied and continue to deny  
20 any and all wrongdoing of any kind whatsoever and retain, and do not waive, any and all  
21 defenses Defendants may have with respect to such matters.

22 2.4 This Consent Decree fully and finally resolves and forever discharges and  
23 releases all claims and causes of action under the CPA and the CAA that the State of  
24 Washington has filed or may in the future file against Defendants arising out of or relating to  
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1 the facts described in the Complaint, except that if Defendants materially fail to comply with  
2 this Consent Decree, the Attorney General of Washington may take such further action against  
3 Defendants as provided for herein.  
4

### 5 III. INJUNCTION

6 3.1 The injunctive provisions of this Consent Decree apply to Defendants and of  
7 their successors, assigns, transferees, officers, agents, servants, employees, representatives, and  
8 upon all other persons or entities in active concert or participation with Defendants.<sup>1</sup>

9 3.2 Defendants are hereby permanently enjoined and restrained from directly or  
10 indirectly violating or failing to comply with the Consumer Protection Act, RCW 19.86, and  
11 the Collection Agency Act, RCW 19.16, as currently written or as they are amended in the  
12 future. Therefore:

13 A. Defendants will not act as a collection agency or out-of-state collection  
14 agency, as those terms are defined by RCW 19.16.100, and collect, or  
15 attempt to collect, debts or alleged debts from any business, entity or  
16 person located in the State of Washington, without having first applied for  
17 and obtained a license from the Washington State Department of  
18 Licensing. This provision applies to all collection activities, including  
19 attempts to collect debts by means of interstate communications, including,  
20 but not limited to, telephone, mail, email, or fax. This provision applies to  
21 collecting or attempting to collect debts owed or due or asserted to be  
22 owed or due another person, as well as collecting or attempting to collect  
23 debts Defendants purchase or have purchased for collection purposes.  
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25 <sup>1</sup> The form and scope of this language, as used throughout this document, is intended to have the same  
26 form, scope, and application as subsection (d) of Washington Court Rule 65.

1 B. Defendants will not charge or receive any fee or compensation on any  
2 moneys received or collected in connection with collection activity in  
3 Washington without first having applied for and obtained a license as a  
4 collection agency or out-of-state collection agency from the Washington  
5 State Department of Licensing.

6 C. Defendants will not represent to any business, other entity, or person,  
7 including, but not limited to, any debtors, alleged debtors that it is  
8 licensed to collect debts from businesses, other entities, or persons in  
9 Washington unless it possesses a valid license as a collection agency or  
10 out-of-state collection agency from the Washington State Department of  
11 Licensing.

12 D. Defendants will not engage in any activity prohibited by RCW.16.250 or  
13 by RCW 19.86.020 in Washington, including but not limited to  
14 threatening to take action against a debtor or alleged debtor that cannot  
15 legally be taken at the time the threat is made.

16 3.3 Defendants' failure to fully comply with any injunctive provision of this  
17 Consent Decree is a material breach of this Consent Decree.

18  
19 **IV. RESTITUTION**

20 4.1 Pursuant to RCW 19.86.080, Defendants are liable for and must pay restitution  
21 in the amount of \$10,000.00 to consumers.

22 4.2 Defendants' failure to pay restitution to consumers as required by this Consent  
23 Decree is a material breach of this Consent Decree.

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**V. CIVIL PENALTIES**

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5.1 Pursuant to RCW 19.86.140, Defendants are liable for and must pay civil penalties in the amount of \$22,000.00 to the State.

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5.2 Defendants' failure to pay civil penalties to the State as required by this Consent Decree is a material breach of this Consent Decree.

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**VI. ATTORNEYS' FEES AND COSTS**

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6.1 Pursuant to RCW 19.86.080, Defendants are liable for and must pay the State its costs and reasonable attorneys' fees incurred in pursuing this matter in the amount of \$8,000.00.

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6.2 Defendants' failure to pay attorneys' fees and costs to the State as required by this Consent Decree is a material breach of this Consent Decree.

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6.3 In any successful action to enforce this Consent Decree against Defendants, Defendants will bear the State's reasonable costs and attorneys' fees.

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**VII. TERMS OF PAYMENT**

7.1 Defendants will pay the consumer restitution referenced in Section IV in the amount of \$10,000.00 as follows:

- A. On or before January 15, 2016, Defendants will make a full payment of \$10,000.00 to the following consumer who, to the Parties' best knowledge as of the date this Consent Decree is entered, is the only Washington consumer that paid purported debts as a direct result of Defendants' collection activities in Washington: Mike Higashi dba 2nd & Vine Dental.

- 1 B. The \$10,000.00 restitution payment must be in the form of a check  
2 payable to "Lee Smart, P.S., in trust for Mike Higashi." Payment must  
3 be mailed or delivered to counsel at Lee Smart, P.S., Inc., 1800 One  
4 Convention Place, 701 Pike Street, Seattle, WA 98101, Attention: Marc  
5 Rosenberg, Attorney.  
6  
7 C. Upon mailing or delivering the restitution payment, Defendants will  
8 immediately provide the State written notice that payment has been  
9 mailed or delivered.

10 7.2 Defendants will pay a total of \$30,000.00 to the State for civil penalties in the  
11 amount of \$22,000.00 (as provided in Section V) and for attorneys' costs and fees in the  
12 amount of \$8,000.00 (as provided in Section VI) as follows:  
13

- 14 A. Beginning on February 1, 2016, Defendants will make monthly  
15 payments of \$1,000.00 to the State on the first day of each month until  
16 the total sum of \$30,000.00 is paid in full.  
17  
18 B. All payments to the State must be in the form of a check payable to  
19 "Attorney General – State of Washington." Payment must be mailed or  
20 delivered to the Office of the Attorney General, Consumer Protection  
21 Division, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-  
22 3188, Attention: Cynthia Lockridge, unless otherwise agreed to in  
23 writing by the State.  
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25 C. After the date that this Consent Decree is entered, if the State learns that  
26 Defendants' collection activities caused Washington consumers who are

1 not named in this Consent Decree to pay invalid debts, the State will  
2 redistribute an appropriate percentage of payments received from  
3 Defendants to those consumers as restitution.

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5 7.3 Defendants' failure to timely make payments as required by this Consent  
6 Decree, without written agreement by the State, is a material breach of this Consent Decree.

7 7.5 Interest on any unpaid balance of the total judgment amount will accrue at the  
8 rate of twelve percent (12%) per annum if Defendants fail to make payments as required by  
9 Section VII of this Consent Decree.

#### 10 **VIII. ENFORCEMENT**

11 8.1 This Consent Decree constitutes an injunction that has been issued in  
12 accordance with the Consumer Protection Act, RCW 19.86.

13 8.2 Pursuant to RCW 19.86.140, The State may seek additional civil penalties,  
14 injunctive relief, attorneys' fees, costs and such other remedies as the Court may deem  
15 appropriate against Defendants if Defendants materially breach this Consent Decree.  
16 Jurisdiction is retained by this Court for the purpose of enabling any party to this Consent  
17 Decree to apply to the Court at any time for enforcement of compliance with this Consent  
18 Decree, to punish violations thereof, or otherwise address the provisions of this Consent  
19 Decree.

20 8.3 Nothing in this Consent Decree may be construed to limit or bar any other  
21 governmental entity or person from pursuing other available remedies against Defendants or  
22 any other person.

23 8.4 Under no circumstances may Defendants or any of their respective owners,  
24 members, directors, successors, assigns, transferees, officers, agents, servants, employees,  
25 representatives, or any other persons or entities in concert with Defendants use this Consent  
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1 Decree or the name of the State of Washington, this Court, the Office of the Attorney General,  
2 or any of their employees or representatives as an endorsement or approval of Defendants'  
3 acts, practices, or business conduct.

4       8.5 To monitor compliance with this Consent Decree, the State may serve  
5 interrogatories and/or requests for production pursuant to the provisions of CR 26 and CR 33  
6 and depose Defendants or any officer, director, agent, or employee of Defendants pursuant to  
7 the provisions of CR 26 and CR 30, provided that the State attempts in good faith to schedule  
8 the deposition at a time convenient for the deponent and his or her legal counsel. This Consent  
9 Decree in no way limits the State from conducting any lawful non-public investigation to  
10 monitor Defendants' compliance with this Consent Decree or to investigate other alleged  
11 violations of the CPA and/or CAA.

12       8.6 This Consent Decree is binding upon and inures to the benefit of Defendants'  
13 successors and assigns. Defendants must notify the Attorney General's Office at least thirty  
14 (30) days prior to any change-in-control of D. Scott Carruthers, APLC that would change the  
15 identity of the corporate entity responsible for compliance obligations arising under this  
16 Consent Decree, including but not limited to dissolution, assignment, sale, merger, or other  
17 action that would result in the emergence of a successor corporation; the creation or dissolution  
18 of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the  
19 proposed filing of a bankruptcy petition; or a change in the corporate name or address.  
20 Provided, however, that with respect to any proposed change in the corporation about which  
21 Defendants learn less than thirty (30) days prior to the date such action is to take place,  
22 Defendants may notify the Attorney General's Office as soon as is practicable after obtaining  
23 such knowledge.  
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1 8.7 Any notice required under this Consent Decree must, unless otherwise agreed  
2 by the parties in writing, be sent in writing to the following persons or to persons subsequently  
3 designated by the parties:

4 For the State of Washington:

5 Office of the Attorney General  
6 Consumer Protection Division  
7 Attention: Leilani Fisher, Assistant Attorney General  
8 800 Fifth Avenue, Suite 2000  
Seattle, WA 98104-3188

For Defendants:

D. Scott Carruthers  
8448 Katella Ave.  
Stanton, CA 90680

9 The Clerk of the Court is ordered to enter the foregoing Judgment and Consent  
10 Decree immediately.

11 DONE IN OPEN COURT this 4 day of SEPTEMBER, 2015.

12  
13 M. Bradburn - Jo  
14 JUDGE

15 Presented By:

16 ROBERT FERGUSON  
17 Attorney General

18 By: Leilani Fisher  
19 Leilani Fisher, WSBA #48233  
20 Assistant Attorney General  
Attorney for Plaintiff State of Washington

21  
22 Notice of Presentment Waived and  
Approved as to Form by:

23 D. SCOTT CARRUTHERS  
24 Defendant D. Scott Carruthers

D. SCOTT CARRUTHERS, APLC  
Defendant D. Scott Carruthers

25  
26 D. Scott Carruthers in his individual capacity

By: D. Scott Carruthers  
D. Scott Carruthers, Director