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**STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,  
  
Plaintiff,  
  
v.  
  
IRVINEWEBWORKS, INC. d/b/a  
STUDENT LOAN PROCESSING.US;  
and JAMES E. KRAUSE,  
  
Defendants.

NO. 15-2-08325-2SEA  
  
~~[PROPOSED]~~ ORDER GRANTING  
PLAINTIFF STATE OF  
WASHINGTON'S MOTION FOR  
SUMMARY JUDGMENT

This matter, having come before the Court on the State of Washington's Motion for Summary Judgment, and the Court having heard the arguments, if any, of the parties, and considered the following material:

- 1. State of Washington's Motion for Summary Judgment;
- 2. Declaration of John Nelson and the exhibits attached thereto;
- 3. Declaration of Rebecca Hartsock and the exhibit attached thereto;
- 4. Defendant's Opposition to Plaintiff's Motion for Summary Judgment;
- 5. Declaration of Jeffrey Briggs and the exhibits attached thereto;
- 6. State of Washington's Reply in Support of its Motion for Summary Judgment;
- 7. Second Declaration of John Nelson
- 8. \_\_\_\_\_; and

9. \_\_\_\_\_

It is therefore ORDERED that the State of Washington's Motion for Summary Judgment is GRANTED. The Court therefore DECLARES that:

1. SLP is a "debt adjuster" as that term is defined in RCW 18.28.010(1), and engaged in the business of "debt adjusting" as defined in RCW 18.28.010(2). SLP's debt adjusting activities include counseling its clients regarding their student loan debt, managing and consolidating that debt, attempting to settle that debt through forgiveness and other programs, and adjusting student loan debt by arranging for alternative repayment plans.
2. SLP's violations of the Debt Adjusting Act (DAA), set forth below, are *per se* violations of the Consumer Protection Act (CPA). *See* RCW 18.28.185.
3. James E. Krause personally participated in, and with knowledge approved of, each of SLP's violations of the DAA and CPA. Mr. Krause is therefore personally liable for SLP's CPA violations, and shall be jointly and severally liable with SLP.
4. James E. Krause also aided and abetted each of SLP's violations of the DAA, which is a prohibited act under the DAA, and therefore a *per se* violation of the CPA. Mr. Krause shall be jointly and severally liable with SLP for each of the CPA violations found below.
5. SLP violated RCW 18.28.080(1) by charging an initial fee of more than \$25 to at least 20 Washington consumers for debt adjusting services since May 1, 2013 (20 violations of the CPA for which a penalty may be assessed). This charge is ten (10) times the permitted limit, and the discrepancy is not the result of an accidental and bona fide error.
6. SLP violated RCW 18.28.100(7) by failing to include statutorily required disclosures in its contracts with least 20 Washington consumers since May 1,

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2013 (20 violations of the CPA for which a penalty may be assessed).

7. SLP violated RCW 18.28.080(1) by charging a monthly fee of more than 15% of the borrower's monthly student loan payment for at least 1,117 payments since May 1, 2013 (1,117 violations of the CPA for which a penalty may be assessed). These charges were not the result of an accidental and bona fide error.

8. SLP violated the CPA by collecting monthly payments on ~~void~~ contracts for at least 1,631 payments since May 1, 2013 (1,631 violations of the CPA for which a penalty may be assessed).

*later determined to be void*

9. Defendants' violations of the CPA occurred in trade or commerce, and affect the public interest.

10. SLP and Krause, as well as their successors, assigns, officers, agents, servants, employees, representatives, and all other persons in active concert or participation with them, are PERMANENTLY ENJOINED, pursuant to both RCW 18.28.200 and RCW 19.86.080(1), from:

11. Contracting for or receiving from Washington consumers any fees in excess of those allowed by RCW 18.28.080(1) in exchange for any debt adjusting service(s).

12. Collecting any fees or other payments – including without limitation any monthly fees – on contracts for which they previously contracted for or received any fees in excess of those allowed by RCW 18.28.080(1).

13. Failing to ensure that all their successors, assigns, officers, agents, servants, employees, representatives, and all other persons in active concert or participation with them in the debt adjusting business receive a copy of this Order.

14. The Court ORDERS that SLP and Krause shall pay to the State:

1 15. An amount equal to all fees received from (and not previously refunded to)  
2 Washington consumers for debt adjusting services. Defendants shall identify  
3 this amount to the State and the Court on or before August 28<sup>th</sup>, 2015.  
4 Defendants shall also provide to State on or before August 28<sup>th</sup>, 2015, a list of  
5 all its past and present Washington consumers, most recent contact information  
6 for those consumers, and the amount of all un-refunded fees SLP received from  
7 each consumer, in order to facilitate distribution of this restitution payment,  
8 which is ordered pursuant to RCW 19.86.080 and RCW 18.28.090.

9 ~~16~~ \$ \_\_\_\_\_ in civil penalties pursuant to RCW 19.86.140. The Court  
10 imposes this penalty based on its finding that Defendants engaged in at least  
11 ~~2,788~~ violations of the CPA.

12 ~~17~~ The State's reasonable costs and attorney's fees. The State shall submit its costs  
13 and fees to the Court by August \_\_, 2015. Any objection shall be submitted by  
14 August \_\_, 2015, and any response shall be submitted by September \_\_,  
15 2015. The Court will determine the award of costs and attorney's fees without  
16 oral argument unless it notifies the parties.

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1 18. These amounts shall be paid to the State of Washington by check made payable  
2 to "Attorney General—State of Washington" and sent to the Office of the  
3 Attorney General, Attention: Cynthia Lockridge, Administrative Office  
4 Manager, 800 Fifth Avenue, Suite 2000, Seattle, Washington 98104-3188.

5 DATED this 14<sup>th</sup> day of August, 2015.

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9 THE HONORABLE ~~MARIANNE~~ SPEARMAN

MARIANE

10 Presented by:

Approved as to Form; Notice of Presentation  
Waived:

11  
12 ROBERT W. FERGUSON  
Attorney General

NEWMAN DU WORS LLP

13   
14 JOHN A. NELSON, WSBA#45724  
15 BENJAMIN J. ROESCH, WSBA #39960  
Assistant Attorneys General  
16 Attorneys for Plaintiff, State of Washington

17   
18 DEREK A. NEWMAN, WSBA #26967  
19 JASON E. BERNSTEIN, WSBA #39362  
Attorneys for Defendants