

**RECEIVED**  
KING COUNTY WASHINGTON

NOV - 9 2015

DEPARTMENT OF  
JUDICIAL ADMINISTRATION

**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. 15-2-08325-2 SEA

STIPULATED FINDINGS OF FACT,  
CONCLUSIONS OF LAW AND  
JUDGMENT

**I. JUDGMENT SUMMARY**

- |            |                                  |   |
|------------|----------------------------------|---|
| <b>1.1</b> | Judgment Creditor:               | State of Washington   |
| <b>1.2</b> | Judgment Debtors:                | IrvineWebWorks, Inc. d/b/a Student Loan<br>Processing.US; James E. Krause |
| <b>1.3</b> | Total Judgment:                  | \$418,896.46  |
|            | a. Restitution                   | \$144,896.46 (due immediately)  |
|            | b. Costs and Attorney's Fees:    | \$124,000 (due immediately)   |
|            | c. Civil Penalties:              | \$150,000 (suspended)   |
| <b>1.4</b> | Post-Judgment Interest Rate:     | 12% per annum   |
| <b>1.5</b> | Attorneys for Judgment Creditor: | John Nelson and Benjamin Roesch<br>Assistant Attorneys General            |

STIPULATED FINDINGS OF FACT,  
CONCLUSIONS OF LAW AND  
JUDGMENT

1

ATTORNEY GENERAL OF WASHINGTON  
Consumer Protection Division  
800 Fifth Avenue, Suite 2000  
Seattle, WA 98104-3188  
(206) 464-7745



1           **2.4** Defendant SLP is a “debt adjuster” as that term is defined in RCW  
2 18.28.010(1), and engaged in the business of “debt adjusting” as defined in RCW  
3 18.28.010(2). SLP’s debt adjusting activities include counseling its clients regarding their  
4 student loan debt, managing and consolidating that debt, attempting to settle that debt through  
5 forgiveness and other programs, and adjusting student loan debt by arranging for alternative  
6 repayment plans.

7           **2.5** SLP’s violations of the Debt Adjusting Act (DAA) are per se violations of the  
8 Consumer Protection Act (CPA). See RCW 18.28.185.

9           **2.6** Defendant James E. Krause personally participated in, and with knowledge  
10 approved of, SLP’s conduct in violation of the DAA and CPA. Mr. Krause is therefore  
11 personally liable for SLP’s CPA violations, and shall be jointly and severally liable with SLP.

12           **2.7** Defendant James E. Krause also aided and abetted each of SLP’s violations of  
13 the DAA, which is a prohibited act under the DAA, and therefore a per se violation of the  
14 CPA.

15           **2.8** Defendant SLP violated RCW 18.28.080(1) by charging an initial fee of more  
16 than \$25 to at least 20 Washington consumers for debt adjusting services since May 1, 2013  
17 (20 violations of the CPA for which a penalty may be assessed). This charge is ten (10) times  
18 the permitted limit, and the discrepancy is not the result of an accidental and bona fide error.

19           **2.9.** Defendant SLP violated RCW 18.28.100(7) by failing to include statutorily  
20 required disclosures in its contracts with least 20 Washington consumers since May 1, 2013  
21 (20 violations of the CPA for which a penalty may be assessed).

22           **2.10** SLP violated RCW 18.28.080(1) by charging a monthly fee of more than 15%  
23 of the borrower’s monthly student loan payment for at least 1,117 payments since May 1, 2013  
24 (1,117 violations of the CPA for which a penalty may be assessed). These charges were not  
25 the result of an accidental and bona fide error.  
26





1           **Injunction**

2           **4.2**    The injunctive provisions of this Judgment shall apply to Defendants and  
3 Defendants' successors, assigns, officers, agents, servants, employees, representatives, and all  
4 other persons in active concert or participation with Defendants.

5           **4.3**    Within 7 days following the entry of this Judgment, Defendants shall inform all  
6 successors, assigns, transferees, officers, agents, servants, employees, representatives, and all  
7 other persons or entities in active concert or participation with Defendants or with the business  
8 entities named as Defendants in the Complaint of the terms and conditions of this Judgment  
9 and shall direct those persons and/or entities to comply with this Judgment.

10          **4.4**    Defendants and all successors, assigns, transferees, officers, agents, servants  
11 and employees are hereby permanently enjoined and restrained from directly or indirectly  
12 engaging in any of the following conduct:

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

15               b)    Collecting any fees or other payments – including without limitation any  
16 monthly fees – on contracts for which they previously contracted for or received any fees in  
17 excess of those allowed by RCW 18.28.080(1); and

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

21           **Restitution**

22          **4.5**    Pursuant to RCW 19.86.080 and RCW 18.28.090, Plaintiff shall pay restitution  
23 of \$144,169.46 to the State for distribution to the aforementioned Washington consumers who  
24 purchased Defendants' service.

1                   **Civil penalty**

2                   **4.6**     Pursuant to RCW 19.86.140, a civil penalty of \$150,000 shall be imposed  
3 against Defendants. However, \$150,000 of this civil penalty shall be suspended upon  
4 Defendants' compliance with the terms of this Stipulated Judgment. Liability for this amount  
5 is not amenable to discharge in bankruptcy.

6                   **4.7**     In the event that the Court finds that Defendants are in material breach of any  
7 provision of this Stipulated Judgment, the suspended civil penalty referenced shall  
8 automatically be unsuspended and assessed against Defendants, provided, however, that in  
9 such event, Washington shall not be precluded from seeking other relief in accordance with  
10 law and appropriate to remedy any such violation.

11                   **Costs and Fees**

12                   **4.8**     Pursuant to RCW 19.86.080, Defendants shall pay Plaintiff \$124,000. The  
13 Attorney General shall use the funds for recovery of its costs and attorneys' fees in  
14 investigating this matter, future monitoring and enforcement of this Stipulated Judgment,  
15 future enforcement of RCW 19.86, or for any lawful purpose in the discharge of the Attorney  
16 General's duties at the sole discretion of the Attorney General. In no event shall any portion of  
17 this payment be characterized as the payment of a fine, civil penalty, or forfeiture by  
18 Defendants.

19                   **Payment**

20                   **4.9**     Payment owing under all provisions of this Stipulated Judgment shall be in the  
21 form of a valid check paid to the order of the "Attorney General—State of Washington" and  
22 shall be due and owing upon entry of this Stipulated Judgment. Payments shall be sent to the  
23 Office of the Attorney General, Attention: Cynthia Lockridge, Administrative Office  
24 Manager, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-3188.

1           **4.10** In any successful action to enforce any part of this Stipulated Judgment,  
2 Defendants will pay the Attorney General its attorney's fees and costs, including reasonable  
3 attorney's fees as provided by RCW 19.86.080.  
4

5           **Enforcement**

6           **4.11** Violation of any of the injunctions contained in this Judgment, as determined by  
7 the Court, shall subject the Defendants to a civil penalty of up to \$25,000.00 per violation  
8 pursuant to RCW 19.86.140.

9           **4.12** Violation of any of the terms of this Judgment, except for failure to make the  
10 monetary payments set out above, as determined by the Court, shall constitute a violation of the  
11 Consumer Protection Act, RCW 19.86.020.

12           **4.13** This Judgment is entered pursuant to RCW 19.86.080. Jurisdiction is retained for  
13 the purpose of enabling any party to this Judgment with or without the prior consent of the other  
14 party to apply to the Court at any time for enforcement of compliance with this Judgment, to  
15 punish violations thereof, or to modify or clarify this Judgment.

16           **4.14** Under no circumstances shall this Judgment or the names of the State of  
17 Washington or the Office of the Attorney General, Consumer Protection Division, or any of its  
18 employees or representatives be used by Defendants, or Defendants' agents or employees, in  
19 connection with the promotion of any product or service or an endorsement or approval of  
20 Defendants' practices.

21           **4.15** Nothing in this Judgment shall be construed as to limit or bar any other  
22 governmental entity or consumer from pursuing other available remedies against Defendants.

23           **Dismissal and Waiver of Claims**

24           **4.16** Upon entry of this Judgment, all claims in this matter, not otherwise addressed by  
25 this Judgment are dismissed.  
26

NOV - 9 2015

DONE IN OPEN COURT this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

CARLOS Y. VELATEGUI

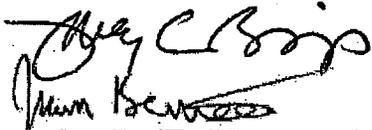
JUDGE/COURT COMMISSIONER

Approved for entry and presented by:

ROBERT W. FERGUSON  
Attorney General

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

Approved for Entry, Notice of Presentation  
Waived:

  
JASON BERNSTEIN, WSBA #39362  
JEFF BRIGGS (*pro hac vice*)  
Attorneys for Defendants

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