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The Honorable Sandra E. Widlan

**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

MACHOL & JOHANNES, LLC, a Colorado limited liability company; MACHOL & JOHANNES, PLLC, d/b/a MACHOL & JOHANNES, LLC, a Washington limited liability company; JACQUES A. MACHOL III, an individual; and RANDALL D. JOHANNES, an individual,

Defendants.

NO. 20-2-07950-2 SEA

FIFTH AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF UNDER THE CONSUMER PROTECTION ACT, RCW 19.86, AND THE COLLECTION AGENCY ACT, RCW 19.16

The Plaintiff, State of Washington, by and through its attorneys Robert W. Ferguson, Attorney General, and Matthew Geyman and Amy C. Teng, Assistant Attorneys General, brings this action against Defendants Machol & Johannes, LLC, a Colorado limited liability company (“Machol & Johannes, LLC”), Machol & Johannes, PLLC, d/b/a Machol & Johannes, LLC, a Washington limited liability company (“Machol & Johannes, PLLC”), Jacques A. Machol III, and Randall D. Johannes (collectively, “Defendants”) for violations of the Consumer Protection Act (CPA), RCW 19.86, and the Collection Agency Act, RCW 19.16. The State alleges the following on information and belief:

1 **I. INTRODUCTION**

2 1.1 Defendant Machol & Johannes, LLC has offices in multiple states, including
3 Washington State, and is headquartered in Denver, Colorado. Defendant Machol & Johannes,
4 PLLC is a Washington-licensed collection agency that operates in Washington as “Machol &
5 Johannes, LLC” under the direction and control of Defendant Machol & Johannes, LLC.
6 Defendants Jacques A. Machol III and Randall D. Johannes are or were the principals and co-
7 owners of Machol & Johannes, PLLC and Machol & Johannes, LLC (together, “Machol &
8 Johannes”) at all times material hereto.

9 1.2 Under the Collection Agency Act, operating as a collection agency in Washington
10 without being licensed is prohibited. RCW 19.16.110; RCW 19.16.260(1)(a). Operating as a
11 collection agency without a license is also a *per se* unfair act or practice in the conduct of trade
12 or commerce under the CPA. RCW 19.16.440.

13 1.3 Beginning on or about August 2, 2011, when it began operating in Washington,
14 and continuing until October 15, 2012, Machol & Johannes operated as a collection agency in
15 Washington without being licensed.

16 1.4 Prior to licensure, Machol & Johannes sent collection letters to Washington
17 consumers, filed over a thousand collection lawsuits against Washington consumers, and
18 obtained debt collection judgments in many of those Washington lawsuits.

19 1.5 After Machol & Johannes was licensed on October 25, 2012, it continued to
20 collect on unlawful collection judgments from cases it filed prior to licensure by garnishing bank
21 accounts and wages of Washington consumers.

22 1.6 By engaging in these debt collection activities in Washington without being
23 licensed, and continuing to collect on these unlawful judgments after licensure, Machol
24 & Johannes acted unfairly, deceptively and unlawfully and violated the CPA and the Collection
25 Agency Act.
26

1 1.7 Beginning in 2015 and continuing until at least April 2019, Machol & Johannes
2 garnished the wages and bank accounts of Washington consumers by submitting false
3 declarations to Washington courts.

4 1.8 Most of the false declarations were signed by Defendant Randall D. Johannes,
5 who, in addition to being one of the co-owners of Machol & Johannes, is a Washington-licensed
6 attorney.

7 1.9 Garnishment is a statutory remedy that requires strict adherence to procedures
8 expressly set forth by statute. Washington's garnishment law requires a collection agency such
9 as Machol & Johannes that seeks a garnishment judgment based on mailed notice to submit a
10 sworn declaration or affidavit to the court showing the address of the mailing to the consumer
11 and attaching a return receipt or copy of the mailing if it was returned as undeliverable.
12 RCW 6.27.130(2)-(3).

13 1.10 Under the garnishment law, no disbursement order or judgment against the
14 garnishee defendant (i.e., the employer or bank from which funds are sought) may be entered
15 unless the collection agency has filed this sworn declaration of service with the court.
16 RCW 6.27.130(2)(a); RCW 6.27.250(1)(a).

17 1.11 Machol & Johannes violated the garnishment law by routinely submitting sworn
18 declarations to Washington courts falsely stating that the required evidence of mailing to the
19 consumer was attached to the declaration when it was not, and then obtaining or attempting to
20 obtain garnishment disbursement orders based on the false declarations. Machol & Johannes
21 submitted thousands of these false declarations to Washington courts between 2015 and at least
22 April 2019.

23 1.12 In many of these garnishments, not only did Machol & Johannes falsely state that
24 the required evidence of mailing to the consumer was attached when it was not attached, but
25 Machol & Johannes did not possess such evidence at the time the statements were made.
26

1 1.13 Machol & Johannes also violated the garnishment law by engaging in a practice
2 of applying for and obtaining judgments against consumers for garnishment costs when the
3 garnishee’s answer revealed that no funds were captured.

4 1.14 In addition, beginning on June 7, 2018, Machol & Johannes garnished or
5 attempted to garnish consumers’ bank accounts and wages after sending them “Exemption
6 Claim” forms that did not list statutory exemptions of \$2,500 for private student loan debts and
7 \$500 for all other debts as required by law.

8 1.15 The garnishment law provides that no disbursement order or judgment may be
9 entered against a garnishee bank or garnishee employer unless the collection agency has served
10 the consumer with the required “Exemption Claim” form listing statutory exemptions.
11 RCW 6.27.130(2)(b); RCW 6.27.140.

12 1.16 Defendants Jacques A. Machol III and Randall D. Johannes, and each of them,
13 knowingly assisted, directed, controlled, participated in, carried out, and/or approved of these
14 acts, practices, and activities by Machol & Johannes that are the subject of this Complaint.

15 1.17 By garnishing or attempting to garnish the wages and bank accounts of
16 Washington consumers by submitting thousands of false declarations to Washington courts,
17 including in cases where Machol & Johannes possessed no confirming evidence of mailing to
18 the consumer, and by applying for and obtaining judgments against consumers for garnishment
19 costs when the garnishee’s answer revealed that no funds were captured, Defendants acted
20 unfairly and/or deceptively under the CPA, RCW 19.86, which prohibits unfair or deceptive acts
21 or practices in trade or commerce that affect the public interest.

22 1.18 Defendants further violated the CPA, RCW 19.86, by garnishing or attempting to
23 garnish funds from Washington consumers after sending “Exemption Claim” forms that did not
24 include mandatory language listing statutory exemptions of \$2,500 for private student loan debts
25 and \$500 for all other debts.
26

1 1.19 By garnishing or attempting to garnish the wages and bank accounts of
2 Washington consumers by submitting thousands of false declarations to Washington courts,
3 including in cases where Machol & Johannes possessed no confirming evidence of mailing to
4 the consumer, Defendants also violated the Collection Agency Act, RCW 19.16, which prohibits
5 licensed collection agencies from taking or threatening actions they cannot legally take under
6 the law. RCW 19.16.250(16).

7 1.20 Defendants further violated the Collection Agency Act, RCW 19.16.250(16) and
8 RCW 19.16.250(21), by applying for and obtaining judgments against consumers for
9 garnishment costs when the garnishee's answer revealed that no funds were captured.

10 1.21 Defendants further violated the Collection Agency Act, RCW 19.16.250(16), by
11 garnishing or attempting to garnish funds from Washington consumers after sending "Exemption
12 Claim" forms that did not include mandatory language listing statutory exemptions of \$2,500 for
13 private student loan debts and \$500 for all other debts.

14 1.22 Defendants further violated the CPA, RCW 19.86, by garnishing or attempting to
15 garnish the wages and bank accounts of Washington consumers between April 14, 2020 and
16 June 18, 2020, in violation of Governor Jay Inslee's Proclamations 20-49 through 20-49.4, which
17 declared a moratorium on consumer garnishments and prohibited Defendants from commencing
18 or pursuing garnishments during that period.

19 1.23 By garnishing or attempting to garnish the wages and bank accounts of
20 Washington consumers during the garnishment moratorium established by Governor Inslee,
21 Defendants also violated the Collection Agency Act, RCW 19.16, which prohibits licensed
22 collection agencies from taking or threatening actions they cannot legally take under the law.
23 RCW 19.16.250(16).

24 1.24 The State, therefore, asks the Court to enjoin Defendants from engaging in the
25 unlawful conduct complained of herein; assess civil penalties against Defendants pursuant to
26 RCW 19.86.140 of up to two thousand dollars (\$2,000) per violation for each and every violation

1 of RCW 19.86.020 complained of herein; grant restitution to consumers of the net revenues
2 Defendants acquired by means of their practices of (1) operating as a collection agency in
3 Washington without being licensed, (2) sending “Exemption Claim” forms that did not include
4 mandatory language listing statutory garnishment exemptions of \$2,500 for private student loan
5 debts and \$500 for all other debts, (3) submitting garnishment declarations falsely stating that
6 evidence of mailing to the consumer was attached when it was not attached and Machol &
7 Johannes possessed no confirming evidence of mailing to the consumer, (4) applying for and
8 obtaining judgments against consumers for garnishment costs when the garnishee’s answer
9 revealed that no funds were captured, and (5) garnishing or attempting to garnish the wages and
10 bank accounts of Washington consumers during the garnishment moratorium established by
11 Governor Inslee, or disgorgement of the money they acquired in those garnishments and other
12 unlawful collection actions; prohibit Defendants and any other persons legally entitled to recover
13 on the subject accounts from recovering interest, attorneys’ fees, or other costs otherwise
14 chargeable to the debtors on those accounts other than the amount of the original claim, as
15 provided in RCW 19.16.450; reimburse the State for the costs of this action, including reasonable
16 attorneys’ fees, pursuant to RCW 19.86.080; and order such other and further relief as the Court
17 deems just and proper.

18 **II. PARTIES**

19 2.1 The Plaintiff is the State of Washington. The Attorney General is authorized to
20 bring this action pursuant to RCW 19.86.080, RCW 19.86.140, RCW 19.16.440, and
21 RCW 19.16.460.

22 2.2 Defendant Machol & Johannes, LLC, is a Colorado limited liability company
23 headquartered at 700 17th Street, Suite 200, Denver, Colorado 80202. It has offices in multiple
24 states, including Washington State.

25 2.3 Defendant Machol & Johannes, PLLC, d/b/a Machol & Johannes, LLC, is a
26 Washington-licensed collection agency that is directed and controlled by Defendant Machol &

1 unless the collection agency has filed this required sworn declaration of service with the court.
2 RCW 6.27.130(2)(a); RCW 6.27.250(1)(a).

3 4.9 Between 2015 and at least April 2019, Machol & Johannes violated the
4 garnishment law by engaging in a pattern or practice of submitting sworn declarations to
5 Washington courts falsely stating that the required evidence of mailing to the consumer was
6 attached to the declaration when it was not.

7 4.10 Machol & Johannes submitted thousands of these false declarations to
8 Washington courts between 2015 and at least April 2019.

9 4.11 In many of these garnishments, not only did Machol & Johannes falsely state that
10 the required evidence of mailing to the consumer was attached when it was not attached, but
11 Machol & Johannes did not possess such evidence.

12 4.12 Most of these thousands of false declarations were signed by Defendant Randall
13 D. Johannes in his capacity as a Washington-licensed attorney acting on behalf of Machol &
14 Johannes.

15 4.13 On May 17, 2019, Judge Julie Spector, the Chief Civil Judge of King County
16 Superior Court in Seattle, held a show cause hearing to question Machol & Johannes' principals,
17 Defendants Jacques A. Machol III and Randall D. Johannes, about the collection agency's
18 submission of false service declarations to King County Superior Court.

19 4.14 Defendants Jacques A. Machol III and Randall D. Johannes both personally
20 appeared at the show cause hearing where they were sworn and testified under oath in response
21 the Court's questions.

22 4.15 Mr. Johannes admitted at the show cause hearing that Machol & Johannes had
23 repeatedly submitted sworn declarations to King County Superior Court stating that the required
24 evidence of mailing to the consumer was attached to the declaration when that required evidence
25 was not attached.

1 4.16 Mr. Johannes also admitted at the show cause hearing that when he signed the
2 service declarations electronically in Denver and stated under penalty of perjury that “Attached
3 hereto is evidence of service,” he had not reviewed the attachments to the declarations and did
4 not know they were being filed without the required evidence of service attached.

5 4.17 Between 2015 and at least April 2019, Defendants, and each of them other than
6 Mr. Machol, knowingly assisted, directed, controlled, participated in, carried out, and/or
7 approved of this pattern or practice of submitting sworn declarations to Washington courts
8 falsely stating that evidence of mailing to consumers was attached to the service declaration
9 when that required evidence was not attached.

10 4.18 In most of these garnishments, before the Washington court issued a
11 disbursement order or judgment against the garnishee defendant (i.e., the bank or employer from
12 which funds were sought), Machol & Johannes sent notices to consumers informing them that it
13 was seeking to garnish their bank accounts or wages.

14 4.19 In these notices to consumers informing them that it intended to garnish their
15 bank accounts or wages, Machol & Johannes did not inform them that it was engaging in a
16 pattern or practice of submitting sworn declarations to Washington courts falsely stating that
17 evidence of mailing to the consumer was attached to the service declaration when the required
18 evidence was not attached.

19 4.20 Based on these false declarations that Machol & Johannes submitted to
20 Washington courts, Machol & Johannes obtained or attempted to obtain thousands of
21 garnishment disbursement orders against Washington consumers between 2015 and at least April
22 2019.

23 4.21 Beginning in August 2011, Machol & Johannes also engaged in a practice of
24 applying for and obtaining judgments against consumers for garnishment costs, despite the fact
25 that the garnishment was unsuccessful and the garnishee’s answer revealed that no funds had
26 been captured.

1 4.22 In addition, beginning on June 7, 2018, Machol & Johannes garnished or
2 attempted to garnish consumers’ bank accounts and wages after sending them “Exemption
3 Claim” forms that did not list statutory exemptions of \$2,500 for private student loan debts and
4 \$500 for all other debts.

5 4.23 Beginning on June 7, 2018, however, Washington’s garnishment law required
6 collection agencies to send consumers an “Exemption Claim” form in bank account
7 garnishments listing statutory exemptions of \$2,500 for private student loan debts and \$500 for
8 all other debts, and, in wage garnishments, listing a statutory exemption of \$2,500 for private
9 student loan debts. RCW 6.27.140; *see also* 2018 Wash. Sess. Laws, ch. 199, § 206 (eff. June 7,
10 2018).

11 4.24 Under the garnishment law, no disbursement order or judgment may be entered
12 against a garnishee bank or garnishee employer unless the collection agency has served the
13 consumer with the required “Exemption Claim” form listing statutory exemptions. RCW
14 6.27.130(2)(b); RCW 6.27.140.

15 4.25 Beginning on June 7, 2018, and continuing into 2019, Machol & Johannes
16 obtained or attempted to obtain many hundreds if not thousands of garnishment disbursement
17 orders after failing to send consumers the required “Exemption Claim” form listing statutory
18 exemptions of \$2,500 for private student loan debts and \$500 for all other debts.

19 4.26 On February 29, 2020, Governor Inslee issued Proclamation 20-05 which ordered
20 a State of Emergency for all counties in Washington State as a result of the COVID-19 outbreak
21 in this state and throughout the United States.

22 4.27 On April 14, 2020, as a result of the continued spread of COVID-19 and its
23 significant economic impacts that disproportionately affected low and moderate income
24 consumers, including unprecedented numbers of layoffs, reduced work hours and reduced ability
25 to pay for basic necessities, Governor Inslee issued Proclamation 20-49, and declared a
26

1 moratorium on consumer garnishments starting April 14, 2020 and continuing through May 14,
2 2020.

3 4.28 Governor Inslee subsequently renewed and extended the garnishment
4 moratorium under Proclamations 20-49.1, 20-49.2, 20-49.3, and 20-49.4, and it remained in full
5 effect until June 18, 2020.

6 4.29 Between April 14, 2020 and June 18, 2020, in violation of the garnishment
7 moratorium, Machol & Johannes continued to initiate and pursue garnishments of Washington
8 consumers to collect or attempt to collect consumer debts.

9 4.30 Machol & Johannes did not stop garnishing bank accounts and wages of
10 Washington consumers during the moratorium even after it received letters from Washington
11 courts notifying it that its garnishment filings during the garnishment moratorium were unlawful.

12 **V. VIOLATION OF COLLECTION AGENCY ACT**
13 **RCW 19.16.250(16), RCW 19.16.250(21) & RCW 19.16.260(1)(a)**
14 **(All Defendants)**

15 5.1 Plaintiff re-alleges Paragraphs 1.1 through 4.30 and incorporates them as if set
16 forth fully herein.

17 5.2 Under the Collection Agency Act, it is prohibited for any person or entity to act
18 as a collection agency in Washington without having a collection agency license. RCW
19 19.16.110.

20 5.3 Under the Collection Agency Act, it is also prohibited for any collection agency
21 to bring or maintain any action in a Washington court involving the collection of a claim without
22 having a Washington collection agency license. RCW 19.16.260(1)(a).

23 5.4 The Collection Agency Act defines a “collection agency” as “[a]ny person or
24 entity that directly or indirectly engages in soliciting claims for collection, or collecting or
25 attempting to collect claims owed or due or asserted to be owed or due another person.” RCW
26 19.16.100(4)(a).

1 5.5 Machol & Johannes was required to be licensed as a Washington collection
2 agency when it began operating in Washington on or about August 2, 2011.

3 5.6 Yet Machol & Johannes was not licensed as a Washington collection agency until
4 October 25, 2012, over a year after it began operating as a collection agency in Washington.

5 5.7 Prior to licensure, between August 2, 2011 and October 15, 2012, Machol &
6 Johannes filed over a thousand collection lawsuits against Washington consumers, and obtained
7 debt collection judgments in many of those Washington lawsuits

8 5.8 By bringing and maintaining collection lawsuits against Washington consumers
9 and otherwise operating as a collection agency in Washington prior to October 15, 2012, without
10 being licensed as required by law, Machol & Johannes violated the Collection Agency Act. RCW
11 19.16.110; RCW 19.16.260(1)(a).

12 5.9 Under the Collection Agency Act, it is also prohibited for a licensed collection
13 agency to threaten to take any action against the debtor which the licensee cannot legally take at
14 the time the threat is made. RCW 19.16.250(16).

15 5.10 This prohibition against threatening to take an action against the debtor which the
16 licensed collection agency cannot legally take at the time the threat is made includes taking the
17 action that cannot legally be taken.

18 5.11 Under the Collection Agency Act, it is also prohibited for a licensed collection
19 agency to collect or attempt to collect in addition to the principal amount any sum other than
20 allowable interest, collection costs or handling fees expressly authorized by statute, and, in the
21 case of suit, allowable attorney's fees and taxable court costs. RCW 19.16.250(21).

22 5.12 By garnishing or attempting to garnish the wages and bank accounts of consumers
23 through submission of declarations falsely stating that evidence of mailing to the consumer was
24 attached, when such evidence was not attached, including in many cases where Machol &
25 Johannes possessed no such evidence at the time the statements were made, Machol & Johannes
26 threatened to take and took action it could not legally take at the time the threat was made and

1 | violated RCW 19.16.250(16).

2 | 5.13 By applying for and obtaining judgments against consumers for garnishment
3 | costs despite the fact that the garnishment was unsuccessful and the garnishee’s answer revealed
4 | that no funds had been captured, Machol & Johannes threatened to take and took action it could
5 | not legally take and sought and obtained costs and fees not allowed by law, in violation of RCW
6 | 19.16.250(16) and RCW 19.16.250(21).

7 | 5.14 By informing consumers that it intended to garnish their bank accounts or wages
8 | while engaging in a pattern or practice of submitting sworn declarations to Washington courts
9 | in support of garnishments falsely stating that the required evidence of mailing to the consumer
10 | was attached to the declaration when it was not, and obtaining or attempting to obtain
11 | garnishment disbursement orders based on those false declarations, Machol & Johannes
12 | threatened to take action it could not legally take and violated RCW 19.16.250(16).

13 | 5.15 By informing consumers that it intended to garnish their bank accounts or wages
14 | after sending them “Exemption Claim” forms that did not include mandatory language listing
15 | statutory exemptions of \$2,500 for private student loan debts and \$500 for all other debts,
16 | Machol & Johannes threatened to take action it could not legally take and violated RCW
17 | 19.16.250(16).

18 | 5.16 By obtaining or attempting to obtain garnishment disbursement orders after
19 | sending consumers “Exemption Claim” forms that did not include mandatory language listing
20 | statutory exemptions of \$2,500 for private student loan debts and \$500 for all other debts,
21 | Machol & Johannes threatened to take and took action it could not legally take and violated
22 | RCW 19.16.250(16).

23 | 5.17 By garnishing or attempting to garnish the wages and bank accounts of
24 | Washington consumers during the garnishment moratorium established by Governor Inslee,
25 | Defendants also violated the Collection Agency Act, RCW 19.16, which prohibits licensed
26 | collection agencies from taking or threatening actions they cannot legally take under the law.

1 RCW 19.16.250(16).

2 5.18 Because Defendants Jacques A. Machol III and Randall D. Johannes knowingly
3 assisted, directed, controlled, participated in, carried out, and/or approved of these acts, practices,
4 and activities of Machol & Johannes in violation of RCW 19.16.110, RCW 19.16.250(16), RCW
5 19.16.250(21) and RCW 19.16.260, they are also liable for these violations of the Collection
6 Agency Act.¹

7 5.19 As a result of the above unlawful actions and practices in violation of RCW
8 19.16.250(16) and RCW 19.16.250(21), Defendants and any other person legally entitled to
9 recover on the subject accounts are prohibited from recovering any interest, attorneys' fees, or
10 other costs otherwise
11 chargeable to the debtor on these accounts other than the amount of the original claim. RCW
12 19.16.450.

13 5.20 Based on the above unlawful actions and practices, Plaintiff is entitled to all relief
14 described under the Collection Agency Act including injunctive relief under RCW 19.16.460
15 and penalties under RCW 19.16.450.

16 **VI. VIOLATION OF CONSUMER PROTECTION ACT**
17 ***PER SE* VIOLATIONS OF RCW 19.86.020 BASED ON**
18 **RCW 19.16.110, RCW 19.16.250(16) AND RCW 19.16.250(21)**
19 **(All Defendants)**

20 6.1 Plaintiff re-alleges Paragraphs 1.1 through 5.20 and incorporates them as if set forth fully
21 herein.

22 6.2 Violations of RCW 19.16.110 of the Collection Agency Act are *per se* unfair or deceptive
23 practices in trade or commerce under the CPA. RCW 19.16.440.

24 ¹ As to Mr. Machol, the State's claim is more limited and does not allege he is personally liable
25 for Machol & Johannes' alleged filing of declarations falsely stating that evidence of mailing to
26 the consumer was attached, when such evidence was not attached, or that he is liable for Machol
& Johannes' alleged violations of the garnishment moratorium.

1 6.3 Violations of RCW 19.16.250(16) and RCW 19.16.250(21) of the Collection Agency Act
2 are also *per se* unfair or deceptive practices in trade or commerce under the CPA. RCW 19.16.440.

3 6.4 Violations of the licensing requirement in RCW 19.16.110 and the prohibited collection
4 practice provisions in RCW 19.16.250 of the Collection Agency Act, which includes RCW 19.16.250(16)
5 and RCW 19.16.250(21), also satisfy the “public interest impact” element of a CPA claim. *Panag v.*
6 *Farmers Ins. Co. of Washington*, 166 Wn.2d 27, 54, 204 P.3d 885 (2009).

7 6.5 Machol & Johannes’ violations of RCW 19.16.110 are *per se* unfair or deceptive practices
8 in trade or commerce that affect the public interest and violate the CPA. RCW 19.86.020; RCW 19.16.440.

9 6.6 Machol & Johannes’ violations of RCW 19.16.250(16) and RCW 19.16.250(21) are also
10 *per se* unfair or deceptive practices in trade or commerce that affect the public interest and violate the CPA.
11 RCW 19.86.020; RCW 19.16.440.

12 6.7 Because Defendants Jacques A. Machol III and Randall D. Johannes knowingly assisted,
13 directed, controlled, participated in, carried out, and/or approved of these acts, practices, and activities of
14 Machol & Johannes in violation of RCW 19.16.110, RCW 19.16.250(16) and RCW 19.16.250(21), each
15 of them is jointly and severally liable under the CPA for these unfair or deceptive acts. RCW 19.16.440;
16 RCW 19.86.020; *State v. Ralph Williams’ N.W. Chrysler Plymouth, Inc.*, 87 Wn.2d 298, 322, 553 P.2d 423
17 (1976).²

18 6.8 Based on the above unfair or deceptive actions and practices, Plaintiff is entitled to relief
19 under the CPA including injunctive relief pursuant to RCW 19.86.080, penalties against Defendants
20 pursuant to RCW 19.86.140 of up to two thousand dollars (\$2,000) per violation for each and every
21 violation of RCW 19.86.020, restitution to consumers of the net revenues Defendants acquired by means
22 of their practices of (1) bringing and maintaining collection lawsuits against Washington consumers and
23 otherwise operating as a collection agency in Washington without being licensed, (2) sending “Exemption

24 ² Again, as to Mr. Machol, the State’s claim is more limited and does not allege he is personally
25 liable for Machol & Johannes’ alleged filing of declarations falsely stating that evidence of
26 mailing to the consumer was attached, when such evidence was not attached, or that he is liable
for Machol & Johannes’ alleged violations of the garnishment moratorium.

1 Claim” forms that did not include mandatory language listing statutory garnishment exemptions of \$2,500
2 for private student loan debts and \$500 for all other debts, (2) submitting garnishment declarations falsely
3 stating that evidence of mailing to the consumer was attached when it was not attached and Machol &
4 Johannes possessed no confirming evidence of mailing to the consumer, (3) applying for and obtaining
5 judgments against consumers for garnishment costs when the garnishee’s answer revealed that no funds
6 were captured, and (4) garnishing or attempting to garnish the wages and bank accounts of Washington
7 consumers during the garnishment moratorium established by Governor Inslee, or disgorgement of the
8 money they acquired in those garnishments and other unlawful collection actions, and reimbursement of
9 the costs of this action, including reasonable attorneys’ fees, pursuant to RCW 19.86.080.

10 **VII. VIOLATION OF CONSUMER PROTECTION ACT**
11 **RCW 19.86.020**
12 **(All Defendants)**

13 7.1 Plaintiff re-alleges Paragraphs 1.1 through 6.8 and incorporates them as if set forth fully
14 herein.

15 7.2 By bringing and maintaining collection lawsuits against Washington consumers and
16 otherwise operating as an unlicensed collection agency in Washington for over a year beginning on or about
17 August 2, 2011, and continuing until October 15, 2012, Machol & Johannes engaged in unlawful, unfair or
18 deceptive practices in trade or commerce that affected the public interest and violated the CPA. RCW
19 19.86.020.

20 7.3 Machol & Johannes’ pattern or practice of submitting sworn declarations to Washington
21 courts in support of garnishments in which it falsely stated that the required evidence of mailing to the
22 consumer was attached, when such evidence was not attached, and in some cases Machol & Johannes did
23 not possess any confirming evidence of mailing to the consumer, was unfair or deceptive under the CPA.
24 RCW 19.86.020; *Klem v. Washington Mut. Bank*, 176 Wn.2d 771, 794-95, 295 P.3d 1179 (2013).

25 7.4 By submitting sworn declarations to Washington courts in support of garnishments falsely
26 stating that the required evidence of mailing to the consumer was attached when it was not, and obtaining
or attempting to obtain garnishment disbursement orders based on those false declarations, Machol &

1 Johannes engaged in unfair or deceptive practices in trade or commerce that affected the public interest and
2 violated the CPA. RCW 19.86.020.

3 7.5 By informing consumers that it intended to garnish their bank accounts or wages while
4 engaging in a pattern or practice of submitting sworn declarations to Washington courts in support of
5 garnishments falsely stating that the required evidence of mailing to the consumer was attached to the
6 declaration when it was not, including in cases where Machol & Johannes did not possess such evidence,
7 and obtaining or attempting to obtain garnishment disbursement orders based on those false declarations,
8 Machol & Johannes engaged in unfair or deceptive practices in trade or commerce that affected the public
9 interest and violated the CPA. RCW 19.86.020.

10 7.6 Machol & Johannes' practice of applying for and obtaining judgments against consumers
11 for garnishment costs when the garnishee's answer revealed that no funds were captured was also unfair or
12 deceptive under the CPA. RCW 19.86.020; *Watkins v. Peterson Enter., Inc.* 137 Wn.2d 632, 647-49, 973
13 P.2d 1037 (1999).

14 7.7 By applying for and obtaining judgments against consumers for garnishment costs when
15 the garnishee's answer revealed that no funds were captured, Machol & Johannes engaged in an unfair or
16 deceptive practice in trade or commerce that affected the public interest and violated the CPA. RCW
17 19.86.020.

18 7.8 Machol & Johannes' pattern or practice of sending "Exemption Claim" forms to
19 consumers that did not include mandatory language listing statutory exemptions of \$2,500 for private
20 student loan debts and \$500 for all other debts was unfair or deceptive under the CPA. RCW 19.86.020.

21 7.9 By sending the "Exemption Claim" form to consumers that did not include mandatory
22 language listing statutory exemptions of \$2,500 for private student loan debts and \$500 for all other debts,
23 and obtaining or attempting to obtain garnishment disbursement orders after failing to provide the required
24 "Exemption Claim" form, Machol & Johannes engaged in unfair or deceptive practices in trade or
25 commerce that affected the public interest and violated the CPA. RCW 19.86.020.

1 7.10 Machol & Johannes’ practice of garnishing or attempting to garnish the wages and bank
2 accounts of Washington consumers between April 14, 2020 and June 18, 2020, in violation of Governor
3 Jay Inslee’s Proclamations 20-49 through 20-49.4, which declared a moratorium on consumer
4 garnishments during that period, was unfair or deceptive under the CPA. RCW 19.86.020.

5 7.11 By garnishing or attempting to garnish the wages and bank accounts of Washington
6 consumers between April 14, 2020 and June 18, 2020, in violation of Governor Jay Inslee’s Proclamations
7 20-49 through 20-49.4, Machol & Johannes engaged in unfair or deceptive practices in trade or commerce
8 that affected the public interest and violated the CPA. RCW 19.86.020.

9 7.12 Because Defendants Jacques A. Machol III and Randall D. Johannes knowingly assisted,
10 directed, controlled, participated in, carried out, and/or approved of Machol & Johannes’ practices of (1)
11 bringing and maintaining collection lawsuits against Washington consumers and otherwise operating as a
12 collection agency in Washington without being licensed, (2) submitting sworn declarations to Washington
13 courts in support of garnishments falsely stating that the required evidence of mailing to the consumer was
14 attached to the declaration when it was not, including in cases where Machol & Johannes possessed no such
15 evidence, (3) informing consumers that it intended to garnish their bank accounts or wages while engaging
16 in this pattern or practice of submitting sworn declarations to Washington courts in support of garnishments
17 falsely stating that the required evidence of mailing to the consumer was attached to the declaration when
18 it was not, (4) obtaining or attempting to obtain garnishment disbursement orders based on the false
19 declarations, (5) sending “Exemption Claim” forms to consumers that did not include mandatory language
20 listing statutory garnishment exemptions of \$2,500 for private student loan debts and \$500 for all other
21 debts, (6) obtaining or attempting to obtain garnishment disbursement orders after failing to provide the
22 required information on “Exemption Claim” forms, each of them is jointly and severally liable under the
23 CPA for these unfair or deceptive acts, (7) applying for and obtaining judgments against consumers for
24 garnishment costs when the garnishee’s answer revealed that no funds were captured, and (5) garnishing or
25 attempting to garnish the wages and bank accounts of Washington consumers during the garnishment
26 moratorium established by Governor Inslee, each of them is jointly and severally liable under the CPA for

1 these unfair or deceptive acts and practices.³

2 7.13 Based on the above unfair or deceptive actions and practices, Plaintiff is entitled to relief
3 under the CPA including injunctive relief pursuant to RCW 19.86.080, penalties against Defendants
4 pursuant to RCW 19.86.140 of up to two thousand dollars (\$2,000) per violation for each and every
5 violation of RCW 19.86.020, restitution to consumers of the net revenues Defendants acquired by means
6 of their practices of (1) bringing and maintaining collection lawsuits against Washington consumers and
7 otherwise operating as a collection agency in Washington without being licensed, (2) sending “Exemption
8 Claim” forms that did not include mandatory language listing statutory garnishment exemptions of \$2,500
9 for private student loan debts and \$500 for all other debts, (3) submitting garnishment declarations falsely
10 stating that evidence of mailing to the consumer was attached to the declaration when it was not attached
11 and Machol & Johannes possessed no confirming evidence of mailing to the consumer, (4) seeking and
12 obtaining judgments against consumers for costs when the garnishee’s answer revealed there was no debt
13 owing to the debtor, and (5) garnishing or attempting to garnish the wages and bank accounts of Washington
14 consumers during the garnishment moratorium established by Governor Inslee, or disgorgement of the
15 money they acquired in those garnishments and other unlawful collection actions, and reimbursement of
16 the costs of this action, including reasonable attorneys’ fees, pursuant to RCW 19.86.080.

17 **VIII. PRAYER FOR RELIEF**

18 Wherefore, Plaintiff prays for the following relief:

19 8.1 That the Court adjudge and decree that Defendants have engaged in the conduct
20 complained of herein;

21 8.2 That the Court adjudge and decree that Defendants’ conduct complained of herein
22 violates the Collection Agency Act, RCW 19.16.110;

23
24 ³ The State’s claim is again more limited as to Mr. Machol and does not allege he is personally
25 liable for Machol & Johannes’ alleged filing of declarations falsely stating that evidence of
26 mailing to the consumer was attached, when such evidence was not attached, or that he is liable
for Machol & Johannes’ alleged violations of the garnishment moratorium.

1 8.3 That the Court adjudge and decree that Defendants’ conduct complained of herein
2 violates the Collection Agency Act, RCW 19.16.250(16);

3 8.4 That the Court adjudge and decree that Defendants’ conduct complained of herein
4 violates the Collection Agency Act, RCW 19.16.250(21);

5 8.5 That the Court adjudge and decree that Defendants’ conduct complained of herein
6 violates the Collection Agency Act, RCW 19.16.260(1)(a);

7 8.6 That the Court, pursuant to the Attorney General’s powers under RCW 19.16.460
8 to seek injunctive relief to restrain or prevent violations of the Collection Agency Act, enjoin
9 Defendants from continuing or resuming the violations of RCW 19.16.250(16) and RCW
10 19.16.250(21) complained of herein;

11 8.7 That the Court adjudge and decree, pursuant to RCW 19.16.450, that as a result
12 of Defendants’ violations RCW 19.16.250(16) and RCW 19.16.250(21), Defendants and any
13 other persons legally entitled to recover on the subject accounts are prohibited from recovering
14 any interest, attorneys’ fees, or other costs otherwise chargeable to the debtors on those accounts
15 other than the amount of the original claim;

16 8.8 That the Court, pursuant to RCW 19.16.450 and RCW 19.16.460, enjoin
17 Defendants and any other persons legally entitled to recover on the subject accounts from
18 recovering any interest, attorneys’ fees, or other costs otherwise chargeable to the debtors on
19 those accounts other than the amount of the original claim;

20 8.9 That the Court adjudge and decree that Machol & Johannes’ violations of RCW
21 19.16.110, RCW 19.16.250(16), RCW 19.16.250(21) and RCW 19.16.260(1)(a) constitute
22 unfair or deceptive acts or practices in trade or commerce that affect the public interest, in
23 violation of the CPA, RCW 19.86.020, for which all Defendants are liable;

24 8.10 That the Court adjudge and decree that that Defendants’ practices complained of
25 herein were unfair or deceptive practices in trade or commerce affecting the public interest, in
26 violation of the CPA, RCW 19.86.020, for which all Defendants are liable;

1 8.11 That the Court issue a permanent injunction, pursuant to the CPA, RCW
2 19.86.080, and other authority, enjoining and restraining Defendants and their representatives,
3 successors, assigns, offices, agents, servants, employees, and all other persons acting or claiming
4 to act for, on behalf of, or in concert or participation with Defendants, from continuing or
5 resuming the unlawful conduct complained of herein;

6 8.12 That the Court, pursuant to RCW 19.86.140, assess civil penalties against
7 Defendants of up to two thousand dollars (\$2,000) per violation for each and every violation of
8 RCW 19.86.020 by Defendants alleged herein;

9 8.13 That the Court, pursuant to RCW 19.86.080, order restitution to consumers of the
10 net revenues Defendants acquired by means of their practices of (1) bringing and maintaining
11 collection lawsuits against Washington consumers and otherwise operating as a collection
12 agency in Washington without being licensed, (2) sending “Exemption Claim” forms that did
13 not include mandatory language listing statutory garnishment exemptions of \$2,500 for private
14 student loan debts and \$500 for all other debts, (3) submitting garnishment declarations falsely
15 stating that evidence of mailing to the consumer was attached to the declaration when it was not
16 attached and Machol & Johannes possessed no confirming evidence of mailing to the consumer,
17 (4) seeking and obtaining judgments against consumers for costs when the garnishee’s answer
18 revealed there was no debt owing to the debtor, and (5) garnishing or attempting to garnish the
19 wages and bank accounts of Washington consumers during the garnishment moratorium
20 established by Governor Inslee, or disgorgement of the money they acquired in those
21 garnishments;

22 8.14 That the Plaintiff, State of Washington, recover from Defendants the costs of this
23 action, including reasonable attorneys’ fees, pursuant to RCW 19.86.080; and

24 8.15 That the Court order such other and further relief as it deems just and proper to
25 remedy the effects of the conduct complained of herein.
26

1 DATED this 18th day of March, 2021.

2 Presented by:

3 ROBERT W. FERGUSON
4 Attorney General

5 *s/ Matthew Geyman*

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1 **CERTIFICATE OF SERVICE**

2 I certify that I caused a copy of the foregoing to be served on the following party via the
3 following methods:

<p>4 Brad P. Thoreson, WSBA #18190 5 John B. Crosetto, WSBA #36667 6 Buchalter, PC 7 1420 Fifth Avenue, Suite 3100 8 Seattle, WA 98101 9 bthoreson@buchalter.com 10 jcrosetto@buchalter.com 11 mbrandt@buchalter.com 12 13 Counsel for Defendants</p>	<p><input type="checkbox"/> Legal Messenger <input type="checkbox"/> First-Class Mail, Postage Prepaid <input type="checkbox"/> Certified Mail, Receipt Requested <input type="checkbox"/> Facsimile <input checked="" type="checkbox"/> King County E-Service <input checked="" type="checkbox"/> Email</p>
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11 I certify, under penalty of perjury under the laws of the State of Washington, that the
12 foregoing is true and correct.

13 DATED this 18th day of March, 2021, at Seattle, Washington.

14
15 s/ Matthew Geyman
16 MATTHEW GEYMAN