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KLING COUNTY
SUPERIOR COURT

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STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

HOUSEVALUES, INC., a Washington
Corporation, in its own name and doing
business as HOUSEVALUES.COM, and
JUSTLISTED.COM,

Defendant.

NO. **07-2-35455-7SEA**

CONSENT DECREE
[CLERK'S ACTION
REQUIRED]

I. JUDGMENT SUMMARY

- 1.1 Judgment Creditor: State of Washington
- 1.2 Judgment Debtor: HouseValues, Inc.
- 1.3 Judgment Amount: \$51,000.00
- (a) Restitution: *See Section IV*
- (b) Costs & Attorneys' Fees: \$51,000.00
- 1.5 Post Judgment Interest Rate: 12%
- 1.5 Attorney for Judgment Creditor: Shannon E. Smith, Assistant Attorney General
- 1.6 Attorney for Judgment Debtor: Perkins Coie LLP, by Thomas L. Boeder and Kate Vaughan



1 Plaintiff, State of Washington, having commenced this action pursuant to the Consumer
2 Protection Act, 19.86 RCW, and

3 Plaintiff appearing by and through its attorneys, Robert M. McKenna, Attorney
4 General, and Shannon E. Smith, Assistant Attorney General; and Defendant appearing by and
5 through its attorneys, Perkins Coie LLP by Thomas L. Boeder and Kate Vaughan; and

6 Plaintiff and Defendant having agreed on a basis for the settlement of the matters
7 alleged in the Complaint, and to the entry of this Consent Decree against Defendant without
8 the need for trial or adjudication of any issue of law or fact; and

9 Plaintiff and Defendant having agreed that this Consent Decree does not constitute
10 evidence or an admission regarding the existence or nonexistence of any issue, fact, or
11 violation of any law alleged by Plaintiff; and

12 Defendant recognizes and states that this Consent Decree is entered into voluntarily and
13 that no promises or threats have been made by the Attorney General's Office or any member,
14 officer, agent or representative thereof to induce it to enter into this Consent Decree, except as
15 provided herein; and

16 Defendant waives any right it may have to appeal from this Consent Decree; and

17 Defendant further agrees that it will not oppose the entry of this Consent Decree on the
18 grounds the Consent Decree fails to comply with Rule 65(d) of the Rules of Civil Procedure,
19 and hereby waives any objections based thereon; and

20 Defendant further agree that this Court shall retain jurisdiction of this action for the
21 purpose of implementing and enforcing the terms and conditions of the Consent Decree and for
22 all other purposes; and

23 The Court finding no just reason for delay;

24 NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as
25 follows:

1 **II. GENERAL**

2 **2.1 Jurisdiction.** This Court has jurisdiction over the subject matter of this action
3 and over the parties. The Plaintiff's Complaint in this matter states claims upon which relief
4 may be granted under the provisions the Consumer Protection Act, RCW 19.86.

5 **2.2 Defendant.** Unless the context otherwise requires, for purposes of this Consent
6 Decree the term "Defendant" shall mean HouseValues, Inc., doing business as
7 Housevalues.com and Justlisted.com.

8 **III. INJUNCTIONS**

9 **3.1 Application of Injunctions.** The injunctive provisions of this Consent Decree
10 shall apply to the Defendant HouseValues, Inc., doing business as HouseValues.com and
11 JustListed.com, and the Defendant's successors, assigns, officers, agents, servants, employees,
12 representatives, affiliates, and all other persons or entities in active concert or participation
13 with the Defendant.

14 **3.2 Notice.** Defendant shall immediately inform all successors, assigns, transferees,
15 officers, agents, servants, employees, representatives, attorneys and all other persons or entities
16 in active concert or participation with Defendant of the terms and conditions of this Consent
17 Decree.

18 **3.3 Injunctions.** Defendant and all successors, assigns, transferees, officers, agents,
19 servants, employees, representatives, affiliates, attorneys and all other persons or entities in
20 active concert or participation with Defendant are hereby permanently enjoined and restrained
21 from directly or indirectly engaging in the following acts or practices in sales to Washington
22 consumers:

23 (a) Defendant shall not misrepresent, in any manner, directly or by
24 implication, the quality or validity of the leads it sells or provides to subscribers.

25 (b) Defendant shall permit subscribers or others who purchase leads from
26 Defendant to return to Defendant, within two business days of receipt, for replacement or full

1 credit or refund (at Defendant's option), any invalid lead. An invalid lead is a lead without an
2 accurate and functioning e-mail address or an obviously false or fictitious name (meaning a
3 name that could not be that of a real person, such as the name of a cartoon character).

4 (c) Defendant shall not misrepresent, in any manner, directly or indirectly,
5 the nature and duration of a subscription term.

6 (d) Defendant shall not charge an early termination fee unless the contracts
7 or agreements with subscribers clearly and conspicuously disclose that Defendant will charge
8 subscribers an early termination fee. For purposes of this injunction, "clearly and
9 conspicuously" means that the disclosure must appear on the first page of the contract in bold
10 face type, immediately below and in the same size type as the monthly subscription rate.
11 Defendant shall further disclose to each subscriber, in bold face type and in the same size type
12 as the monthly subscription rate, how the early termination fee is calculated (such as 50% of
13 the remaining balance of the contract or agreement) and an example of the subscriber's early
14 termination fee if the subscriber cancels his or her subscription after the first five months (or
15 such shorter number of months, consistently applied, as chosen by Defendant) of the
16 subscription term. In addition, Defendant shall require that each subscriber take affirmative
17 action (such as checking an acknowledgement box) to acknowledge the early termination fee
18 before the contract is deemed accepted by Defendant.

19 (e) If Defendant charges subscribers an early termination fee, Defendant
20 shall not misrepresent, directly or by implication, that the subscribers may cancel their
21 subscription without paying an early termination fee.

22 IV. RESTITUTION

23 4.1 Defendant shall waive and not seek to collect any fees currently owed by
24 consumers who filed a complaint with the Washington Attorney General's Office, the Attorney
25 General's Office of any other state, the Federal Trade Commission, or the Better Business
26 Bureau provided such consumer is no longer a HouseValues subscriber. For all of the

1 foregoing consumers, Defendant shall cease all collection activities or direct any third-party
2 collector acting on its behalf to cease all collection activities against the consumer. At the
3 consumer's request, Defendant shall provide all assistance necessary to remove any negative
4 reference on the consumer's credit history associated with the consumer's HouseValues
5 account.

6 **V. ATTORNEYS' COSTS AND FEES**

7 **5.1** Pursuant to RCW 19.86.080, Plaintiff shall recover and Defendant shall pay the
8 costs and reasonable attorneys' fees incurred by the Plaintiff in pursuing this matter in the
9 amount of \$51,000.00, payable promptly after entry of this Consent Decree.

10 **5.2** In any successful action to enforce any part of this Consent Decree, Defendant
11 will pay the Attorney General its attorneys' fees and costs, including reasonable attorneys' fees
12 as provided by RCW 19.86.080.

13 **5.3** Payment owing under this provision shall be in the form of a valid check paid to
14 the order of the "Attorney General—State of Washington" and shall be due and owing
15 immediately upon entry of the Consent Decree. Payment shall be sent to the Office of the
16 Attorney General, Attention: Cynthia Lockridge, Administrative Office Manager, 800 Fifth
17 Avenue, Suite 2000, Seattle, Washington, 98104-3188.

18 **VI. ENFORCEMENT**

19 **6.1** Violation of any of the injunctions contained in this Consent Decree, as
20 determined by the Court, shall subject the Defendant to a civil penalty of up to \$25,000.00 per
21 violation pursuant to RCW 19.86.140. Before bringing any action for alleged violation of this
22 Consent Decree, Plaintiff shall first give notice to Defendant of such alleged violation and shall
23 provide a reasonable period of time, but in no event less than 60 days, to allow Defendant to
24 cure. If Defendant cures to Plaintiff's satisfaction within such 60 day period, there shall be no
25 deemed violation of, or civil penalty assessed pursuant to, this Consent Decree.

1 6.2 Violation of any of the terms of this Consent Decree, as determined by the
2 Court, shall constitute a violation of the Consumer Protection Act, RCW 19.86.020.

3 6.3 This Consent Decree is entered pursuant to RCW 19.86.080. Jurisdiction is
4 retained for the purpose of enabling any party to this Consent Decree with or without the prior
5 consent of the other party to apply to the Court at any time for enforcement of compliance with
6 this Consent Decree, to punish violations thereof, or to modify or clarify this Consent Decree.

7 6.4 Representatives of the Office of the Attorney General shall be permitted
8 reasonable access, inspect and/or copy all business records or documents under control of
9 Defendant in order to monitor compliance with this Consent Decree within 14 days of such
10 reasonable written request to Defendant, provided that the inspection and copying shall be
11 done in such a way as to avoid unreasonable disruption of Defendant's business activities.
12 Failure to comply with this section will subject Defendant to a minimum civil penalty of
13 \$2,000.00 per day for each day beyond 14 days after such reasonable written request that the
14 Attorney General is prevented by Defendant from accessing all records as provided by this
15 paragraph.

16 6.5 Representatives of the Office of the Attorney General may be permitted to
17 question Defendant, or any officer, director, agent, or employee of any corporation affiliated
18 with Defendant, in deposition, pursuant to the provisions and notice requirements of CR 30, in
19 order to monitor compliance with this Consent Decree.

20 6.6 Nothing in this Consent Decree shall be construed as to limit or bar any
21 governmental entity or consumer from pursuing other available remedies against Defendant.

22 6.7 Under no circumstances shall this Consent Decree or the name of the State of
23 Washington, the Office of the Attorney General, Consumer Protection Division, or any of their
24 employees or representatives be used by any Defendant named in the Complaint in connection
25 with any selling, advertising, or promotion of products or services, or as an endorsement or
26 approval of Defendant's acts, practices or conduct of business.

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VII. DISMISSAL AND WAIVER OF CLAIMS

7.1 Upon entry of this Consent Decree, all claims in this matter, not otherwise addressed by this Consent Decree are dismissed.

DONE IN OPEN COURT this _____ day of NOV 05 2007, 2007.

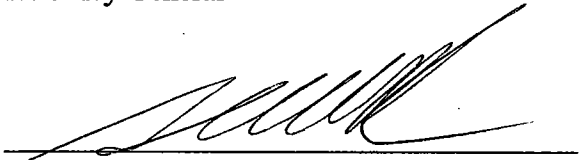
CARLOS Y. VELATEGUI

JUDGE/COURT COMMISSIONER

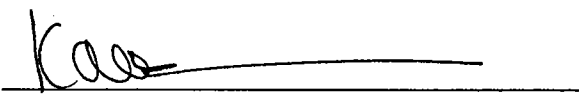
Approved for Entry and Presented by:

Approved for Entry, Notice of Presentation Waived:

ROBERT M. MCKENNA
Attorney General



SHANNON E. SMITH, WSBA #19077
Assistant Attorney General
Attorneys for Plaintiff
State of Washington



THOMAS L. BOEDER, WSBA #408
KATE VAUGHAN, WSBA #35970
Perkins Coie, LLP
Attorneys for Defendants

HOUSEVALUES, INC.
Defendant
by: _____

1 **VII. DISMISSAL AND WAIVER OF CLAIMS**

2 7.1 Upon entry of this Consent Decree, all claims in this matter, not otherwise
3 addressed by this Consent Decree are dismissed.

4
5 DONE IN OPEN COURT this ____ day of _____, 2007.

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7 _____
8 JUDGE/COURT COMMISSIONER

9
10 Approved for Entry and Presented by:

Approved for Entry, Notice of Presentation
11 Waived:

12 ROBERT M. MCKENNA
13 Attorney General

14
15 _____
16 SHANNON E. SMITH, WSBA #19077
17 Assistant Attorney General
18 Attorneys for Plaintiff
19 State of Washington

20 *Kate*
21 _____
22 THOMAS L. BOEDER, WSBA #408
23 KATE VAUGHAN, WSBA #35970
24 Perkins Coie, LLP
25 Attorneys for Defendants

26
27 JACQUELINE L. DAVIDSON
28 VICE PRESIDENT OF FINANCE
29 HOUSEVALUES, INC.
30 Defendant
31 by: *Jacqueline L. Davidson*

VII. DISMISSAL AND WAIVER OF CLAIMS

7.1 Upon entry of this Consent Decree, all claims in this matter, not otherwise addressed by this Consent Decree are dismissed.

DONE IN OPEN COURT this ____ day of _____, 2007.

JUDGE/COURT COMMISSIONER

Approved for Entry and Presented by:

Approved for Entry, Notice of Presentation Waived:

ROBERT M. MCKENNA
Attorney General

SHANNON E. SMITH, WSBA #19077
Assistant Attorney General
Attorneys for Plaintiff
State of Washington

THOMAS L. BOEDER, WSBA #408
KATE VAUGHAN, WSBA #35970
Perkins Coie, LLP
Attorneys for Defendants

HOUSEVALUES, INC.

Defendant

by:

Jacqueline Davidson