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8 **STATE OF WASHINGTON**
KING COUNTY SUPERIOR COURT

9 In Re:

10 RENA CAROLYN MCGILL,
11 INTELLISOURCE, INC.

12 Respondents.

NO.

ASSURANCE OF
DISSCONTINUANCE

13 The State of Washington, by and through its attorneys, Robert M. McKenna, Attorney
14 General, and James T. Sugarman, Assistant Attorney General, files this Assurance of
15 Discontinuance pursuant to RCW 19.86.100.

16 **I. RESPONDENTS**

17 **1.1** Respondent Intellisource, Inc. is a currently inactive Washington corporation
18 that has conducted business within the State of Washington.

19 **1.2** Respondent Rena Carolyn McGill is a resident of King County, Washington and
20 a principal of Intellisource, Inc.

21 **II. INVESTIGATION**

22 **2.1** The Attorney General initiated an investigation into the business practices of
23 the Respondents.

24 **2.2** Respondents were engaged in the business of creating sale/leaseback
25 transactions for properties in foreclosure in the State of Washington. Specifically, the
26 Respondents contacted Washington homeowners facing foreclosure and offered them a real

1 | estate transaction involving a sale of the property to a third party investor arranged by
2 | Respondents with a leaseback to the homeowner and an option for them to repurchase the
3 | property.

4 | **2.3** Respondents represent to the Attorney General that they engaged in no more
5 | than 15 real estate transactions of the type described above, as more fully set forth in their
6 | responses to the civil investigative demand and Intellisource, Inc.'s attorney's letter to the
7 | Attorney General, dated March 25, 2009. This representation is material to the Attorney
8 | General's willingness to accept this Assurance of Discontinuance to resolve this matter.

9 | **2.4** Respondents further represent that they are no longer engaged in the business
10 | described above in paragraph 2.2, that Intellisource, Inc. has been dissolved, and that Rena
11 | McGill and her spouse have fully liquidated their estate pursuant to a voluntary petition in the
12 | U.S. Bankruptcy Court for the Western District of Washington, *In re McGill, Case 09-13761-*
13 | *KAO, filed 4/20/09*. Respondents declare that the information provided in their petition,
14 | schedules and other documents filed in that matter are true and correct. These representations
15 | are material to the Attorney General's willingness to accept this Assurance of Discontinuance
16 | to resolve this matter.

17 | **2.5** The Attorney General deems and Respondents acknowledge that the following
18 | are unfair or deceptive acts or practices, in violation of the Unfair Business Practices –
19 | Consumer Protection Act, chapter 19.86 RCW:

20 | (a) To solicit Washington homeowners facing the imminent threat of foreclosure
21 | for the purpose of offering a sale/leaseback with option to repurchase type of real
22 | estate transaction without clearly and conspicuously disclosing all known and
23 | knowable risks of the transaction, including, but not limited to, the difficulties a
24 | homeowner is likely to experience obtaining financing to repurchase the property;

25 | (b) Misrepresenting, directly or by implication, that one is serving the best
26 | interests of the homeowner or that one's purpose is benevolent, disinterested or

1 anything other than an attempt to earn a profit from an arms-length business
2 transaction;

3 (c) In the context of dealing with persons facing foreclosure, offering assistance
4 and failing to act in the homeowner's best interest and in utmost good faith; failing to
5 disclose all material facts; failing to use reasonable care in performing your duties; and
6 failing to provide an accurate and non-misleading accounting to the homeowner for all
7 money and property received;

8 (d) To manipulate the purchase price, option price and rental payment in a
9 sale/leaseback with option to purchase type real estate transaction with a distressed
10 homeowner so as to unfairly alter the compensation paid to the distressed homeowner
11 or to permit one's investor to unfairly acquire ownership of the homeowner's property
12 at a below market price;

13 (e) To make oral or written representations to homeowners that contradict written
14 disclosures or terms in documents presented to the homeowner for signature at
15 closing;

16 (f) To request or encourage sellers of real estate to agree to conceal any material
17 fact regarding the sale of mortgaged property from the mortgage lender so as to
18 prevent the lender from exercising the due on sale clause;

19 (g) Failing to comply with the Distressed Property Conveyances Act, RCW 61.34
20 including, but not limited to, by:

21 (1) Acting as a distressed home consultant without creating a written
22 contract describing your services in conformance with RCW 61.34.050;

23 (2) Creating a distressed home conveyance without creating a written
24 contract and a clear and conspicuous disclosure regarding the
25 homeowner's right to cancel, in conformance with RCW 61.34.080 –

26 110;

1 (3) Creating a distressed home conveyance without having previously
2 determined that the homeowner has a reasonable ability to pay for the
3 subsequent reconveyance of their home in conformance with RCW
4 61.34.120;

5 (4) Failing to ensure that title to the distressed home is reconveyed to the
6 homeowner, or, that the homeowner is paid at least eighty-two percent
7 of the fair market value of the home at the time the homeowner is
8 evicted or voluntarily relinquishes the property, in conformance with
9 RCW 61.34.120;

10 (5) Failing to convey title in the manner and time mandated by RCW
11 61.34.120.

12 (6) Failing to extinguish or formally assume all liens encumbering the
13 home immediately following the conveyance of a distressed home, in
14 conformance with RCW 61.34.120.

15 (h) Negotiating with a lender on behalf of a homeowner in distress without being
16 licensed as a loan originator, a mortgage broker, or a consumer loan company, with the
17 Washington Department of Financial Institutions;

18 (i) Failing to provide the owner of real property less than 24 hours to execute
19 documents affecting the property owner's title or interest in property;

20 (j) Acting as a trustee or other fiduciary in connection with any real estate
21 transaction while having an interest in the property; and

22 (k) Failing to act in conformance with the Washington Mortgage Broker Practices
23 Act, R.C.W. 19.146, the Debt Adjusting Act, R.C.W. 18.28, and the Credit Services
24 Organization Act, R.C.W. 19.134.

III. ASSURANCE OF DISCONTINUANCE

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2 **3.1** Respondents do not admit to have engaged in any unfair or deceptive acts or
3 practices, but nevertheless agree not to engage in any of the practices described in 2.5.
4 Respondents further agree not to engage in, or facilitate, any real property transaction
5 affecting property subject to foreclosure of a tax lien, mortgage, deed of trust, or any other
6 lien or security interest, or any real property where title is subject to an attempt to enforce a
7 delinquent debt or other obligation, whether voluntary or involuntary. Notwithstanding the
8 agreement contained in this paragraph, Respondent Rena Carolynn McGill shall be allowed to
9 purchase or sell a property that is her primary residence or will be used as her primary
10 residence, whether or not that residence faces foreclosure. Further, the terms of this
11 Assurance shall not apply to that real property consisting of 66.57 acres, more or less,
12 identified by Respondents as Parcels 15274-9005 and 15274-9007, and held in part by
13 SWNH, LLC.

14 **3.2** This Assurance of Discontinuance shall not be considered an admission of a
15 violation of the Consumer Protection Act for any purpose, but failure to comply with this
16 Assurance of Discontinuance shall be *prima facie* evidence of violations of RCW 19.86.020,
17 thereby placing upon the Respondents the burden of defending against imposition by the
18 Court of injunctions, restitution, and civil penalties of up to \$2,000.00 per violation and costs,
19 including reasonable attorney's fees, incurred by the Attorney General in pursuing such
20 action.

21 **3.3** Under no circumstances shall this Assurance of Discontinuance or the name of
22 the State of Washington, the Office of the Attorney General, or any of their employees or
23 representatives be used by the Respondents or by their officers, employees, representatives, or
24 agents in conjunction with any business activity of the Respondents.

25 **3.4** Nothing in this Assurance of Discontinuance shall be construed so as to limit
26 or bar any other person or entity from pursuing any legal remedies against the Respondents.

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3 **IV. CERTIFICATION OF ESTATE**

4 **4.1** Respondents shall provide the Attorney General a current financial statement
5 or statements setting forth their assets, liabilities, income and expenses. The financial
6 statement or statements shall be signed by the Respondents and shall contain a certification by
7 them that the statement or statements are true, complete and correct, under penalty of perjury.

8 **4.2** Due to the dissolution of Intellisource and the representations of Rena McGill
9 regarding her total lack of assets and income in *In re McGill*, Bankr. W.D. Wash.,
10 Case 09-13761-KAO (filed 4/20/09), the State is not seeking the penalties assessable for the
11 acts of the Respondents. If Respondents' representations are substantially inaccurate, or if the
12 bankruptcy discharge is denied or vacated, this Assurance is voidable by the State.

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14 **APPROVED IN OPEN COURT THIS** _____ day of _____, 2009.

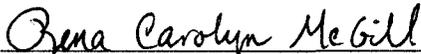
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16 Approved for Entry and Presented by:

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18 **ROBERT M. MCKENNA**
19 Attorney General

20 _____
21 **JAMES T. SUGARMAN**
22 **WSBA #39107**
23 Assistant Attorney General
24 Attorneys for State of Washington

JUDGE/COURT COMMISSIONER
Agreed to, Approved for Entry, Notice of
Presentation Waived:

WSBA #38581
Attorney for Respondents Rena Carolyn McGill
and Intellisource, Inc.

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Rena Carolyn McGill