

STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

LIONHEART MINT, LLC, a
Washington limited liability company
doing business as PennyBiddr;
KANWAL PREET SINGH, also known
as Laly Singh, individually and on
behalf of his marital community,

Defendants.

NO.

CONSENT DECREE

[CLERK'S ACTION REQUIRED]

I. JUDGMENT SUMMARY

1.1 Judgment Creditor: State of Washington

1.2 Judgment Debtors: Lionheart Mint, LLC, a Washington limited liability company doing business as PennyBiddr; Kanwal Preet Singh, also known as Laly Singh, individually and on behalf of his marital community

1.3 Principal Judgment Amount:

a. Civil Penalty \$25,000.00 (suspended on condition of compliance with the terms of the Consent Decree)

b. Restitution \$ TBD (estimated as 6,237.82)

1.4 Costs & Attorneys' Fees: \$ 8,000

1 officer, agent or representative thereof to induce it to enter into this Consent Decree, except as
2 provided herein; and

3 Defendants waive any right they may have to appeal from this Consent Decree; and

4 Defendants further agree that they will not oppose the entry of this Consent Decree on
5 the grounds the Consent Decree fails to comply with Rule 65(d) of the Rules of Civil Procedure,
6 and hereby waives any objections based thereon; and

7 Defendants further agree that this Court shall retain jurisdiction of this action for the
8 purpose of implementing and enforcing the terms and conditions of the Consent Decree and for
9 all other purposes; and

10 The Court finding no just reason for delay;

11 NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as
12 follows:

13 II. GENERAL

14 2.1 Jurisdiction. This Court has jurisdiction over the subject matter of this action and
15 over the parties. The Plaintiff's Complaint in this matter states claims upon which relief may be
16 granted under the provisions of the Consumer Protection Act, RCW 19.86.

17 2.2 Defendants. For purposes of this Consent Decree the term "Defendants" where
18 not otherwise specified shall mean Lionheart Mint, LLC, a Washington limited liability
19 company; and Kanwal Preet Singh, also known as Ialy Singh, individually and on behalf of his
20 marital community.

21 2.3 Definitions. For purposes of this Consent Decree, the following terms are
22 defined as follows:

23 A. "Penny auction" or "penny auction website" is defined as an online auction
24 where participants purchase or receive "bids" that can be spent to participate
25 in the auctions for individual consumer goods. The bids may or may not cost
26 money and may or may not raise the price of the consumer goods in the

1 auction by an amount equal to or less than the cash value of the bid. Penny
2 auctions do not include online auction websites where consumers participate
3 in auctions free of charge and pay money only upon winning an auction.

4 III. INJUNCTIONS

5 3.1 Application of Injunctions. The injunctive provisions of this Consent Decree
6 shall apply to the Defendants, and the Defendants' successors, assigns, officers, agents,
7 servants, employees, representatives and affiliates, in connection with the offer for sale and sale
8 of Covered Services.

9 3.2 Notice. Within thirty days following the entry of this Consent Decree,
10 Defendants shall inform all managers and employees, including those employees with
11 supervising responsibilities, of the terms and conditions of this Consent Decree.

12 3.3 Injunctions. Defendants and all successors, assigns, transferees, officers, agents,
13 servants and employees are hereby permanently enjoined and restrained from directly or
14 indirectly engaging in any of the following conduct, whether from a computer or Internet-
15 enabled cellular telephone or other such device located in the state of Washington, or from a
16 computer or Internet-enabled cellular telephone or other such device elsewhere where the
17 conduct is directed to Washington state residents:

18 3.3.1 Creating, administering, running, purchasing, or in any way using a
19 "penny auction" website to generate income.

20 3.3.2 Using any auto-bid script, bidbot, or other artificial computer program to
21 simulate bidding activity in the context of a "penny auction" website where consumers purchase
22 bids and must spend them to participate in the auction, whether the auctions are timed or
23 untimed, and where the consumer spends money on bids even when the consumer does not win
24 the auction.

25 3.3.3 Directly or indirectly engaging in any act, system, scheme, or plan that
26 involves non-bona fide or shill bidding in the context of any auction, be it online, in person,

1 traditional, or a "penny auction."

2 3.3.4 Making any misrepresentations in the context of any advertising of
3 products or services in online commerce.

4 IV. RESTITUTION

5 4.1 Restitution

6 a) Within 5 days of entry of this Consent Decree, or as otherwise agreed to
7 by the AGO, Defendants shall provide to the AGO a list of consumer emails for each consumer
8 who purchased bids after creating a membership account on Defendants' penny auction
9 website. Also within 5 days of entry of this Consent Decree, Defendant shall pay to the AGO
10 an amount sufficient to grant each such consumer a full refund on all bids purchased as
11 determined by Defendants' business records or those provided by Paypal, Inc. in accordance
12 with a Civil Investigative Demand issued to that company requesting such information. Within
13 30 days of entry of this Consent Decree, the AGO shall email a short letter and a simple claim
14 form to all consumer email addresses provided by Defendants instructing the consumers how
15 to file a claim. The AGO shall then pay each consumer out of the funds provided by
16 Defendant to provide each consumer a full refund. Any funds not claimed within 90 days of
17 entry of this Consent Decree shall be paid to the Attorney General to be applied first to any
18 unrecovered costs and reasonable attorneys fees, including the costs of administering the
19 restitution fund, with any remaining funds to be retained by the Attorney General in the Cy
20 Pres/Consumer Education Account to be used for consumer education and public outreach.

21 b) Alternately, depending on feasibility, the AGO shall work with Paypal,
22 Inc. to grant every consumer an instant refund through the Paypal account that each consumer
23 used to purchase bids from PennyBiddr.com. The AGO shall provide a check to Paypal, Inc.
24 covering all such refunds made in this fashion. This shall be accomplished as soon as is
25 reasonably possible and depending on Defendant's prompt payment of the full restitution
26 amount.

1 c) If necessary, restitution shall be accomplished by some combination of
2 the above two procedures at the sole discretion of the AGO.

3 V. ATTORNEY'S COSTS & FEES

4 5.1 Pursuant to RCW 19.86.080, Plaintiff shall recover and Defendants shall pay the
5 costs and reasonable attorney's fees incurred by the Plaintiff in pursuing this matter in the
6 amount of \$8,000. This amount shall be payable as fifty-three (53) \$150 payments made
7 monthly and one (1) \$50 dollar payment, paid at the conclusion of the \$150 monthly payments.
8 There shall be no restriction on paying an additional amount each month or paying off the
9 balance in its entirety at any time.

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

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

17 VI. CIVIL PENALTY

18 6.1 Pursuant to RCW 19.86.140, a civil penalty of \$25,000 is imposed against
19 Defendants. However, this \$25,000 penalty shall be suspended provided that Defendants
20 comply with the terms of this Consent Decree.

21 6.2 Any payment that becomes due and owing under this provision shall be in the
22 form of a valid check paid to the order of the "Attorney General—State of Washington" and
23 shall be due and owing immediately upon order of the Court. Payment shall be sent to the
24 Office of the Attorney General, Attention: Cynthia Lockridge, Administrative Office Manager,
25 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-3188.
26

VII. ENFORCEMENT

7.1 Violation of any of the injunctions contained in this Consent Decree, as determined by the Court, shall subject the Defendants to a civil penalty of not more than \$25,000 pursuant to RCW 19.86.140.

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

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

7.4 Representatives of the Office of the Attorney General shall be permitted to access, inspect and/or copy all business records or documents under control of Defendants in order to monitor compliance with this Consent Decree within 14 days of written request to Defendants, provided that the inspection and copying shall be done in such a way as to avoid disruption of Defendant's business activities. Said notice shall also reasonably identify the documents Plaintiff seeks to inspect and copy. During the 14 day period Defendants shall have the right to file a motion with this court objecting to the scope and/or reasonableness of Plaintiff's request.

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

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

7.7 Under no circumstances shall this Consent Decree or the name of the State of Washington, the Office of the Attorney General, Consumer Protection Division, or any of their

1 employees or representatives be used by any Defendants named in the Complaint in connection
2 with any selling, advertising, or promotion of products or services, or as an endorsement or
3 approval of Defendants' acts, practices or conduct of business.

4 7.8 Nothing in this Consent Decree bars the Defendants from selling the domain
5 name PennyBiddr.com to a third-party. Any proceeds from the sale of the domain name
6 PennyBiddr.com shall be the sole property of the Defendants, but Defendants shall notify the
7 Attorney General's Office within 5 business days of selling the domain.

8 VIII. RELEASE, DISMISSAL AND WAIVER OF CLAIMS


9 8.1 Upon entry of this Consent Decree, all claims in this matter, not otherwise
10 addressed by this Consent Decree are dismissed.

11 DONE IN OPEN COURT this ____ day of _____, 2010.

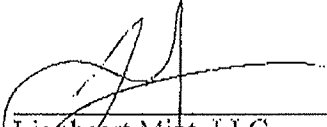
12
13 JUDGE/COURT COMMISSIONER

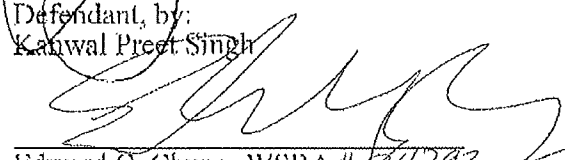
14
15 Approved for entry and presented by:

16 ROBERT M. MCKENNA
17 Attorney General

18 
19 JASON E. BERNSTEIN, WSBA #39362
20 Assistant Attorney General
21 State of Washington
22 Attorneys for Plaintiff

Approved for Entry, Notice of Presentation
Waived:

23 
24 Lionheart Mint, LLC.
25 Defendant, by:
26 Kanwal Preet Singh


Edward C. Chung, WSBA # 34292
Edward C. Chung, Attorney at Law, PLLC
600 First Avenue, Suite 403
Seattle, WA 98104
Attorneys for Defendants