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STATE OF WASHINGTON
BENTON COUNTY SUPERIOR COURT

STATE OF WASHINGTON,
Plaintiff,

vs.

STORYBOOK LANE, a Washington
Sole Proprietorship; and TERYL
COOPER, as Sole Proprietor,
individually and on behalf of her
marital community,

Defendants.

NO. 08-2-00619-8

STIPULATED JUDGMENT

I. JUDGMENT SUMMARY

- 1.1 Judgment Creditor: State of Washington
- 1.2 Judgment Debtors: Storybook Lane Party Patrol and Teryl Cooper, individually and on behalf of her marital community.
- 1.3 Principal Judgment Amount:
 - a. Restitution: To be determined pursuant to Section V below.
 - b. Costs and Fees: \$15,000.00
 - c.
 - d. Civil Penalty: \$400,000.00, suspended upon compliance pursuant to Paragraph 4.3 (instituted for violations of Consent Decree after March 11, 2010)

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- 1 e. Civil Penalty: \$5,000.00 (unsuspended for violations
- 2 occurring prior to March 11, 2010)
- 3 1.4 Post Judgment Interest Rate: 12% per annum; beginning 12 months
- 4 1.5 Attorney for Judgment Creditor: Paula Selis, Senior Counsel

5 Plaintiff, State of Washington, having filed a Petition for Enforcement of the
 6 March 12, 2008, Consent Decree on March 24, 2011; and

7 Defendant Storybook Lane, and Defendant Teryl Cooper (hereinafter "Defendants")
 8 having been served with copies of the Petition for Enforcement herein; and

9 Plaintiff appearing by and through its attorneys, Robert M. McKenna, Attorney
 10 General, and Paula Selis, Senior Counsel; and

11 Defendants appearing pro se; and

12 Plaintiff and Defendants having stipulated and agreed upon a basis for resolving the
 13 matters alleged in the Petition for Enforcement herein and to the entry of this Findings of Fact,
 14 Conclusions of Law, Judgment and Decree (hereinafter "Judgment") pursuant to CR 54; and

15 The Court having determined that there is no just reason for delay in the entry of a final
 16 judgment against Defendants, and being fully advised, hereby makes and enters the following:

17 **II. FINDINGS OF FACT**

18 2.1 On March 11, 2008, the State of Washington, acting through the Office of the
 19 Attorney General, filed a lawsuit against Defendants for violations of the Consumer Protection
 20 Act, RCW 19.86. The Complaint alleged that Defendants' actions constituted unfair and
 21 deceptive practices. Specifically, the State alleged that Defendants failed to deliver products
 22 ordered through their Website; misrepresented various facts regarding the shipment of products
 23 to consumers; and, misrepresented the ways in which consumers could contact Defendants
 24 regarding concerns about delivery and shipment of products.

25 2.2 The lawsuit was settled with a Consent Decree entered on March 12, 2008. A
 26 number of injunctive provisions were ordered as part of that Decree. Defendants, pursuant to

1 the Consent Decree, were permanently enjoined and restrained from directly or indirectly (a)
2 charging consumers' credit cards for orders before their orders had been shipped; (b) failing to
3 deliver consumers' orders; (c) failing to notify consumers via email on the date their orders had
4 been shipped, and providing them with a tracking number for the shipment, if such tracking
5 number existed; (d) failing to comply with Title 16 CFR Section 435.1, the Mail or Telephone
6 Order Merchandise Rule; (e) failing to respond to consumer inquiries within 48 hours of
7 Defendants' receipt of the consumer's inquiry; (f) making any misrepresentations in the
8 context of the sale or marketing of any product or service; and, (g) violating any provision of
9 the CPA, RCW 19.86. Consent Decree, Paragraph 3.3(a)-(g). Pursuant to the terms of the
10 Consent Decree, the Court retained jurisdiction over the parties "for the purpose of
11 implementing and enforcing the terms and conditions of the Consent Decree and for all other
12 purposes." *Id.* at 3. The Consent Decree provided for restitution, costs and fees, and a civil
13 penalty of which \$60,000.00 was suspended upon compliance with the injunctive provisions of
14 the Consent Decree. *Id.* at 4-7.

15 2.3 Since entry of the Consent Decree, Defendants have engaged in acts similar to
16 those which gave rise to the original lawsuit. Between April 10, 2008, and January 2, 2011,
17 the Attorney General's Office received 16 consumer complaints against Defendants
18 referencing practices that occurred after entry of the Consent Decree. These complaints allege
19 practices that are the same or substantially similar to practices alleged in the State's original
20 Complaint.

21 2.4 On March 24, 2011, Plaintiff, State of Washington, filed a Petition for
22 Enforcement of the Consent Decree requesting that the Court institute the civil penalties of
23 \$60,000.00 that were suspended upon condition of compliance with the terms of the Consent
24 Decree, impose additional civil penalties pursuant to RCW 19.86.140, impose additional
25 injunctive relief, provide restitution to harmed consumers and award the costs and fees
26 resulting from Plaintiff's enforcement action.

1 2.5 Defendants Storybook Lane and Teryl Cooper were duly served or accepted
2 service of Plaintiff's Petition for Enforcement.

3 2.6 At all times material to this action, Defendants have promoted, advertised,
4 marketed, and sold children's décor products to consumers across the country through their
5 Website, www.storybooklane.com.

6 2.7 Storybook Lane is in competition with others in the State of Washington
7 engaged in similar business.

8 2.8 Defendants have violated many of the injunctive provisions of the Consent
9 Decree entered on March 12, 2008. Specifically, Defendants have violated the Consent Decree
10 through the following conduct:

11 a. Defendants consistently charge consumers for their purchases on the
12 date the order is placed, or shortly thereafter, and then, in many
13 instances, fail to deliver the order in a timely fashion, or fail to deliver at
14 all.

15 b. Defendants have charged consumers for their orders and failed to deliver
16 the orders despite receiving full payment. Specifically, in late 2010, in
17 at least three instances, consumers placed orders through Defendants'
18 Website, and were charged for these orders in full. Defendants failed to
19 deliver these orders, and failed to provide refunds.

20 c. Pursuant to the Consent Decree, Defendants were permanently enjoined
21 from "(d) failing to comply with Title 16 CFR Section 435.1, the Mail or
22 Telephone Order Merchandise Rule." Consent Decree, Paragraph
23 3.3(d). The Mail or Telephone Order Merchandise Rule requires sellers
24 to ship items within thirty days, or within the time represented by their
25 solicitation. Defendants' Website represents that "once shipped, it
26 usually takes between 2-10 business days for your order to arrive at your

1 front door.” In total, five post-Consent Decree consumer complaints to
2 the Attorney General’s Office reported orders that were not received
3 within the time stated on Defendant’s Website.

4 d. Pursuant to the Consent Decree, Defendants were permanently
5 restrained from “(e) failing to respond to consumer inquiries within
6 forty-eight hours of Defendants’ receipt of the consumer’s inquiry.”
7 Consent Decree, Paragraph 3.3(e). In total, all 16 post-Consent Decree
8 consumer complainants reported receiving no response to their contact
9 attempts.

10 e. In several instances, Defendants have made misrepresentations in the
11 context of the sale and marketing of their products. In total, all 16
12 consumer complaints received by the Attorney General’s Office report
13 misrepresentations that occurred after entry of the Consent Decree.
14 Defendants, through their Website, misrepresented their ability to
15 respond to consumer inquiries in a timely manner, as well as their ability
16 to ship orders in a timely fashion.

17 f. The Consent Decree specifically enjoins Defendants from violating the
18 Consumer Protection Act, RCW 1986. Consent Decree, Paragraph
19 3.3(g). Defendants’ pattern of misrepresentation in the context of their
20 sales violates the CPA. Accordingly, all 16 post-Consent Decree
21 consumer complaints report at least one violation of the CPA.

22 Based upon the foregoing Findings of Fact, the Court hereby makes the following:

23 **III. CONCLUSIONS OF LAW**

24 3.1 The Court has jurisdiction of the subject matter of this action and of the parties
25 hereto, and Plaintiff’s Complaint states claims upon which relief may be granted.
26

1 3.2 The Attorney General has jurisdiction to bring this action under
2 RCW 19.86.080 and RCW 19.86.040.

3 3.3 Defendants' conduct as described in the Findings of Fact 2.1 through 2.8
4 violated the Consent Decree in the following manner:

- 5 a. The course of conduct described in Paragraph 2.8(a) above violates
6 Paragraph 3.3(a) of the Consent Decree, which prohibits Defendants
7 from "charging consumers' credit cards for orders before their orders
8 have been shipped."
- 9 b. The course of conduct described in Paragraph 2.8(b) above violates
10 Paragraph 3.3(b) of the Consent Decree, which prohibits Defendants
11 from "failing to deliver consumers' orders."
- 12 c. The course of conduct described in Paragraph 2.8(c) above violates
13 Paragraph 3.3(d) of the Consent Decree which prohibits violation of the
14 Mail or Telephone Order Merchandise Rule.
- 15 d. The course of conduct described in Paragraph 2.8(d) above violates
16 Paragraph 3.3(e) of the Consent Decree, which prohibits Defendants
17 from "failing to respond to consumer inquiries within forty-eight hours
18 of Defendants' receipt of the consumer's inquiry."
- 19 e. The course of conduct described in Paragraph 2.8(d) above violates
20 Paragraph 3.3(f) of the Consent Decree, which prohibits Defendants
21 from "making any misrepresentations in the context of the sale or
22 marketing of any product or service."
- 23 f. The course of conduct described in Paragraph 2.8(d) above constitutes a
24 pattern of misrepresentation in the context of their sales in violation of
25 the CPA. The conduct therefore is in violation of Paragraph 3.3(g) of
26 the Consent Decree, which enjoins violations of the CPA.

1 3.4 Plaintiff is entitled to a Judgment ordering Defendants to pay a civil penalty
2 pursuant to RCW 19.86.140.

3 3.5 Plaintiff is entitled to a Judgment ordering Defendants to pay restitution to
4 consumers pursuant to RCW 19.86.080.

5 3.6 Plaintiff is entitled to a Judgment binding upon Defendants and their successors,
6 officers, employees, agents, servants, transferees, directors, and all persons in active concert or
7 participation with Defendants permanently enjoining Defendants from engaging in the
8 practices described in Findings of Fact 2.8(a) through (f) and requiring Defendants to comply
9 with the injunctive relief outlined below.

10 3.7 Plaintiff is entitled to a Judgment ordering Defendants to pay Plaintiff's costs
11 and fees incurred in the prosecution of this action pursuant to RCW 19.86.080.

12 3.8 The fees and costs incurred by Plaintiff in the prosecution of this action are
13 reasonable.

14 3.9 The named individual defendant in this action, Teryl Cooper, sole proprietor of
15 Storybook Lane, has control over its policies, activities and practices, and is liable for its
16 actions.

17 The Court having made the foregoing Findings of Fact and Conclusions of Law, and in
18 accordance therewith, enters the following:

19 **IV. JUDGMENT AND DECREE**

20 NOW, THEREFORE, IT IS HEREBY ADJUDGED, ORDERED, AND DECREED
21 as follows:

22 4.1 Pursuant to RCW 19.86.080, Plaintiff shall recover and Defendants shall pay
23 the costs and reasonable attorneys' fees incurred by Plaintiff in pursuing this matter in the
24 amount of \$15,000.00.

1 4.2 Pursuant to RCW 19.86.140, the amount of \$60,000.00 which was suspended
2 pursuant to the terms of the March 12, 2010 Consent Decree, is hereby partially instituted and
3 shall be paid by Defendants in the amount of \$5,000.00.

4 4.3 Pursuant to RCW 19.86.140, Plaintiff shall recover and Defendants shall pay a
5 civil penalty of \$400,000.00 for violations of the March 12, 2010 Consent Decree occurring
6 after its entry, provided that such amount shall be suspended upon full compliance with all the
7 terms of this Stipulated Judgment.

8 4.4 Defendants and their successors, assigns, transferees, officers, agents, servants,
9 directors, employees, and all other person or entities in active concert or participation with
10 Defendants shall be informed of the terms and conditions of this Order.

11 4.5 Defendants and their successors, assigns, transferees, officers, agents, servants,
12 directors, employees, and all other persons or entities in active concert or participation with
13 Defendants are hereby enjoined and restrained from engaging in the following acts and
14 practices in connection with any internet-related businesses:

- 15 a. Charging consumers' credit cards for orders before their orders have
16 been shipped;
- 17 b. Failing to deliver consumers' orders;
- 18 c. Failing to notify consumers via email on the date their orders have been
19 shipped, and failing to provide them with a tracking number for the
20 shipment, if such tracking number exists;
- 21 d. Failing to comply with Title 16 CFR Section 435.1, the Mail or
22 Telephone Order Merchandise Rule;
- 23 e. Failing to respond to consumer inquiries within 48 hours of Defendants'
24 receipt of the consumer's inquiry;
- 25 f. Failing to provide a telephone number and voice message system for
26 consumer inquiries;

- 1 g. Failing to provide an email address for consumer inquiries;
- 2 h. Failing to provide a street address for consumer inquires;
- 3 i. Making any misrepresentations in the context of the sale or marketing of
- 4 any product or service;
- 5 j. Violating any provision of the CPA, RCW 19.86;
- 6 k. Engaging in the practices described in Findings of Fact 2.8(a) through
- 7 (f); and
- 8 l. Failing to inform the Attorney General's Office if Defendants engage in
- 9 any sale or marketing of goods or services on the Internet as part of an
- 10 ongoing business with a website. If Defendants do engage in such
- 11 business in the future, Defendants shall, for a period of five years from
- 12 the date of this Stipulated Judgment, make a monthly accounting to the
- 13 Attorney General's Office listing the name, email address and telephone
- 14 number of all customers who have purchased goods or services during
- 15 the preceding month, the item(s) purchased, the amount of the purchase,
- 16 and the date delivery of the item(s) was made or is anticipated to be
- 17 made. In the each month following the preceding month's report,
- 18 Defendants shall identify all orders from the prior month that were
- 19 delivered, and shall indicate the date of delivery.

20 V. RESTITUTION

21 5.1 Pursuant to RCW 19.86.080, Defendants hereby agree to provide payment for

22 consumer restitution as follows:

- 23 a. Defendants shall identify to Plaintiff those consumers who have
- 24 complained to the Attorney Generals' Office of any state, the Better
- 25 Business Bureau, or Defendants, of the practices identified in the State's
- 26 Petition for Enforcement and the amounts spent by those consumers.

1 Within seven days following the signing of this Judgment, Defendants
2 shall provide a refund to all those consumers who have not received a
3 refund for a non-delivered or returned product, including but not limited
4 to Dawn Pequignot, Paula Margolin, Judith Bartush and Mildred Terry.

5 b. For those consumers who have already been identified as complaining to
6 Defendants, and who have not confirmed directly to Plaintiff that they
7 have received either a product or a refund, namely Mindy Homer,
8 Patricia Walsh, Terra Watts, Angelica Flores Leal, and Rick Wright,
9 Defendants and Plaintiff shall seek direct confirmation from the
10 consumers as to their status. If, after seven days following the signing of
11 this Judgment, neither Defendants nor Plaintiff are able to obtain direct
12 confirmation, it shall be presumed that these consumers are still owed
13 restitution, and such restitution shall, within 14 days following the
14 signing of this Judgment, be due and owing from Defendants in the form
15 of a full refund of any amounts charged for the consumers' orders.

16 c. Within 30 days following the signing of this Judgment, Defendants shall
17 provide to Plaintiff a full accounting of all funds paid to all consumers
18 who have received refunds, including the consumer's name, amount
19 paid, method of payment and date of payment.

20 d. For the three-year period following entry of this Judgment, consumers
21 who contact the Attorney General's Office, and who complain about
22 Defendants' practices, shall be entitled to immediate delivery or refund
23 of any amount paid.

24 **VI. STIPULATION AS TO CONTINUING DISCOVERY**

25 6.1 The parties stipulate that Plaintiff may send a subpoena, pursuant to Civil Rule 45,
26 to Yahoo Online Stores, PayPal or any other third party in order to determine whether there are

1 consumers, in addition to those identified by Defendants, who have neither received a refund nor
2 delivery of items ordered from Defendants. The parties further stipulate that Defendants shall
3 give full permission, if necessary, for Plaintiff to obtain any information from third parties
4 otherwise protected from disclosure under any state or federal law, including, but not limited to
5 the Electronic Communications Privacy Act.

6 6.2 The parties further stipulate that if Plaintiff determines that there are consumers in
7 addition to those identified by Defendants who are entitled to restitution, Plaintiff shall be given
8 leave, at its sole discretion, to move this Court for further relief, including, but not limited to
9 additional restitution, civil penalties and attorney fees and costs. Defendants shall be liable for
10 payment of restitution to any additional consumers who have not received either refunds or
11 products, and who are identified by Plaintiff subsequent to the entry of this Judgment.

12 VII. PAYMENT PROVISIONS

13 7.1 Payments owing under the provisions of this Stipulated Judgment at
14 Paragraphs 4.1 and 4.2 shall be in the form of valid checks paid to the order of the "Attorney
15 General—State of Washington" and shall be due and owing in accordance with the schedule set
16 forth in Paragraph 7.2. Payment shall be sent to the Office of the Attorney General, Attention:
17 Cynthia Lockridge, Administrative Office Manager, 800 Fifth Avenue, Suite 2000, Seattle,
18 Washington 98104-3188.

19 7.2 Pursuant to Paragraphs 4.1 and 4.2 above:

- 20 a. Defendants' first payment in the amount of \$500.00 shall be due and
21 owing within 30 days of the date the Judgment is entered.
- 22 b. Defendants' second payment in the amount of \$500.00 shall be due and
23 owing within two months of the date the Judgment is entered.
- 24 c. Defendants' third payment in the amount of \$500.00 shall be due and
25 owing within three months of the date the Judgment is entered.
- 26

- 1 d. Defendants' fourth payment in the amount of \$500.00 shall be due and
2 owing within four months of the date the Judgment is entered.
- 3 e. Defendants' fifth payment in the amount of \$500.00 shall be due and
4 owing within five months of the date the Judgment is entered.
- 5 f. Defendants' sixth payment in the amount of \$500.00 shall be due and
6 owing within six months of the date the Judgment is entered.
- 7 g. Defendants' seventh payment in the amount of \$500.00 shall be due and
8 owing within seven months of the date the Judgment is entered.
- 9 h. Defendants' eighth payment in the amount of \$500.00 shall be due and
10 owing within eight months of the date the Judgment is entered.
- 11 i. Defendants' ninth payment in the amount of \$500.00 shall be due and
12 owing within nine months of the date the Judgment is entered.
- 13 j. Defendants' tenth payment in the amount of \$500.00 shall be due and
14 owing within ten months of the date the Judgment is entered.
- 15 k. Defendants' eleventh payment in the amount of \$500.00 shall be due
16 and owing within eleven months of the date the Judgment is entered.
- 17 l. Defendants' twelfth payment in the amount of \$500.00 shall be due and
18 owing within twelve months of the date the Judgment is entered.
- 19 m. Defendants' thirteenth payment in the amount of \$2,000.00 shall be due
20 and owing within thirteen months of the date the Judgment is entered.
- 21 n. Defendants' fourteenth payment in the amount of \$2,000.00 shall be due
22 and owing within fourteen months of the date the Judgment is entered.
- 23 o. Defendants' fifteenth payment in the amount of \$2,000.00 shall be due
24 and owing within fifteen months of the date the Judgment is entered.
- 25 p. Defendants' sixteenth payment in the amount of \$2,000.00 shall be due
26 and owing within sixteen months of the date the Judgment is entered.

1 q. Defendants' seventeenth payment in the amount of \$2,000.00 shall be
2 due and owing within seventeen months of the date the Judgment is
3 entered.

4 r. Defendants' eighteenth payment in the amount of \$2,000.00 shall be due
5 and owing within eighteen months of the date the Judgment is entered.

6 s. Defendants' nineteenth payment in the amount of \$2,000.00 shall be due
7 and owing within nineteen months of the date the Judgment is entered.

8 VIII. ENFORCEMENT

9 8.1 Violation of any of the terms of this Judgment shall constitute a violation of an
10 injunction for which contempt of court proceedings and civil penalties may be sought by the
11 Attorney General pursuant to RCW 19.86.140, which provides in relevant part: "Every person
12 who shall violate the terms of any injunction issued as in this chapter provided, shall forfeit and
13 pay a civil penalty of not more than twenty-five thousand dollars."

14 8.2 The violation of any of the terms of this Judgment constitutes a violation of the
15 Consumer Protection Act, RCW 19.86 et seq.

16 8.3 Jurisdiction is retained for the purpose of enabling any party to this Judgment to
17 apply to the Court at any time for the enforcement of compliance therewith, the punishment of
18 violations thereof, or the modification or clarification thereof.

19 8.4 Nothing in this Judgment shall be construed to limit or to bar any other consumer
20 in the pursuit of other remedies against Defendants or any governmental entity from pursuing
21 other remedies arising out of causes of action or unlawful conduct not alleged herein.

22 8.5 Representatives of the Office of Attorney General shall be permitted upon 10
23 days' notice to Defendants to access, inspect, and/or copy all business records or documents under
24 the control of Defendants in order to monitor compliance with the injunctive provisions of this
25 Decree.

1 the control of Defendants in order to monitor compliance with the injunctive provisions of this
2 Decree.

3 8.6 Under no circumstances shall this Judgment or the names of the state of
4 Washington or the Office of the Attorney General, Consumer Protection Division, or any of its
5 employees or representatives be used by Defendants in connection with the promotion of any
6 product or service or an endorsement or approval of Defendants' practices.

7 The Court finding no just reason for delay, hereby expressly directs entry of this
8 Judgment and Decree.

9 SO ORDERED this 12 day of April, 2011.

10 **ROBERT G. SWISHER**

11 JUDGE/COURT COMMISSIONER

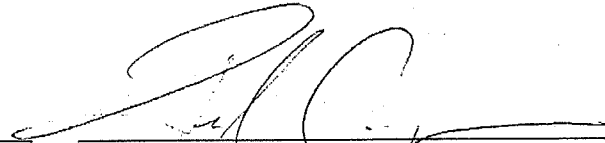
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13 Presented by:

14 ROBERT M. MCKENNA.
15 Attorney General

16 

17 PAULA SELIS, WSBA #12823
18 Senior Counsel
19 Attorneys for Plaintiff
20 State of Washington

21 Agreed to, Approved for Entry, and
22 Notice of Presentation Waived:

23 

24 TERYL COOPER, *Pro Se* Defendant
25 Individually and as Sole Proprietor for
26 Storybook Lane