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The Honorable Peter D. Jarvis

KING COUNTY
SUPERIOR COURT CLERK
SEATTLE, WA

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR THE COUNTY OF KING

STATE OF WASHINGTON,

Plaintiff,

v.

RESOURCE DEALER GROUP, INC., an
Illinois Corporation; ASSOCIATES DEALER
GROUP OF BELLEVUE, WASHINGTON,
INC., a Washington Corporation; and DOES 1
THROUGH 57,

Defendants.

NO. 97-2-15754-4 SEA

CONSENT DECREE

(CLERK'S ACTION REQUIRED)

RESOURCE DEALER GROUP, INC.; and
ASSOCIATES DEALER GROUP OF
BELLEVUE, WASHINGTON, INC.,

Counterclaimants,

v.

STATE OF WASHINGTON,

Counterclaim Defendant,

-and-

CHRISTINE O. GREGOIRE, individually
and in her official capacity as the Attorney
General of the State of Washington,

Additional Party Defendant.

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I. JUDGMENT SUMMARY

1.1 Judgment Creditor: State of Washington

1.2 Judgment Debtor: Resource Dealer Group, Inc.; and
Associates Dealer Group of Bellevue, Washington, Inc.,

1.3 Principal Judgment Amount:

a. *Cy Pres* and Complaint Procedure: Complaint and arbitration program; and \$400,000.00 in *cy pres* payment (\$200,000.00 to Legal Aid for Washington (The Law Fund); \$100,000.00 to National Consumer Law Center, Inc., and \$100,000.00 to an interest bearing *cy pres* account with the Washington State Attorney General, Consumer Protection Division for consumer education purposes.)

b. Civil Penalties: \$150,000.00

1.4 Costs and Attorney Fees: \$350,000.00

1.5 Total Judgment: \$900,000.00

1.6 Post Judgment Interest Rate: 12% per annum

1.7 Attorney for Judgment Creditor: Sally R. Gustafson, Senior Assistant Attorney General, and Douglas D. Walsh, Assistant Attorney General.

1.8 Attorney for Judgment Debtor: Ronald M. Gould, Joseph E. Bringman, and James F. Williams of Perkins Coie; Scott M. Stickney and Douglas C. Rasmussen of Bullivant Houser; and Shand S. Stephens, Special Counsel, admitted pro hac vice.

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II. STIPULATIONS

2.1 Plaintiff, State of Washington, commenced this action on June 24, 1997, pursuant to the Unfair Business Practices - Consumer Protection Act ("Consumer Protection Act"), Chapter 19.86 RCW; and Chapter 48.30 RCW.

2.2 Defendants Resource Dealer Group, Inc. and Associates Dealer Group of Bellevue, Washington, Inc. were served a copy of the Summons and Complaint on June 24,

1 1997. On November 13, 1997, Defendants filed an amended answer to Plaintiff's complaint and
2 asserted a number of affirmative defenses, counterclaims and additional party claims against the
3 State of Washington and Attorney General Christine O. Gregoire, individually and in her official
4 capacity as Attorney General.

5 2.3 Plaintiff appeared by and through its attorneys Christine O. Gregoire, Attorney
6 General; Sally R. Gustafson, Senior Assistant Attorney General; Douglas D. Walsh, Assistant
7 Attorney General; Defendants Resource Dealer Group, Inc. and Associates Dealer Group of
8 Bellevue, Washington appeared by and through their attorneys, Ronald M. Gould, Joseph E.
9 Bringman, and James F. Williams of Perkins Coie; Scott M. Stickney and Douglas C. Rasmussen
10 of Bullivant Houser; and Shand S. Stephens, Special Counsel to Defendants; and Additional
11 Party Defendant Attorney General Christine Gregoire and Counterclaim Defendant State of
12 Washington appeared by and through their attorneys Assistant Attorneys General Glen A.
13 Anderson and Trisha L. McArdle.

14 2.4 The parties have agreed on a basis for the settlement of the matters alleged in the
15 Complaint, Counterclaims and Additional Party Claims. All parties agree to the entry of this
16 Consent Decree without the need for trial or adjudication of any issue of law or fact.

17 2.5 The parties, by entering into this Consent Decree, neither admit nor deny the
18 allegations of the Complaint, Counterclaims or Additional Party Claims. Plaintiff and
19 Defendants agree that this Consent Decree does not constitute evidence, or an admission
20 regarding the existence or non-existence of any issue, fact, or violation of any state or federal
21 law, rule or regulation alleged by any party.

22 2.6 The parties waive any right they may have to appeal from this Consent Decree.

23 2.7 The parties further agree that they will not oppose the entry of this Consent
24 Decree on the grounds it fails to comply with Rule 65(d) of the Rules of Civil Procedure, and
25 hereby waive any objections based thereon.
26

1 Defendants shall be processed within 90 days of receipt by Defendants. Defendants or their
2 designee shall be entitled to investigate and verify any such complaint, and make good faith
3 settlement offers which may be conditioned upon a waiver or release of claims by the consumer
4 and/or cancellation of the particular products, policies or coverage involved.

5 **5.2** "Qualifying Complaints" are limited to those complaints which are postmarked or
6 received by the Office of the Attorney General, the Better Business Bureau, the Insurance
7 Commissioner, Defendants or Defendants' designee within 90 days of the entry of this Consent
8 Decree and which:

9 **a.** Relate to the purchase of Defendants' credit insurance, or service contracts
10 by the complaining consumer in the State of Washington within the three (3) years prior
11 to the date of entry of this Consent Decree; and

12 **b.** Contain allegations relating to the misrepresentation of the actual cost of
13 Defendants' credit insurance, or service contracts or the optional nature of Defendants'
14 credit insurance, or service contracts.

15 **5.3** Qualifying Complaints which are not settled upon review by Defendants may, at
16 the option of the consumer, be submitted for binding arbitration. The arbitrator shall be selected
17 by mutual agreement of Defendants and the consumer. If agreement on the selection of the
18 arbitrator cannot be reached, then the matter shall be submitted by Defendants to the Superior
19 Court in the county of residence of the consumer for the limited purpose of appointing an
20 arbitrator. The arbitrator shall complete the arbitration within 90 days after submission of the
21 complaint to arbitration.

22 **5.4** Upon demand by the Office of the Attorney General or Insurance Commissioner's
23 Office, Defendants shall provide an accounting of the Qualifying Complaints and their status.

24 **5.5** Defendants shall bear all their own costs associated with the complaint review and
25 settlement procedure, and shall pay the fees and costs of the arbitrator.

1 which occurred before the date of entry of the Consent Decree, in connection with the
2 investigation or litigation of the matters alleged in the complaint. A copy of the Release of all
3 claims against the State of Washington, the Attorney General, and the Insurance Commissioner
4 is attached as Exhibit A.

5 6.3 This Consent Decree does not resolve potential or actual claims or actions by the
6 Office of the Insurance Commissioner. These are the subject of a separate Consent Order with
7 that office.

8 VII. CIVIL PENALTY

9 7.1 Pursuant to RCW 19.86.140, Defendants shall pay a civil penalty in the amount of
10 \$150,000.00.

11 7.2 Interest on any unpaid balance of civil penalty shall accrue in the amount of 12%
12 per annum.

13 VIII. ATTORNEYS FEES AND COSTS

14 8.1 Pursuant to RCW 19.86.080, Plaintiff shall recover and Defendants shall pay the
15 costs and reasonable attorneys' fees incurred by Plaintiff in pursuing this matter in the amount of
16 \$350,000.00.

17 8.2 Interest on any unpaid balance of attorneys' fees and costs shall accrue in the
18 amount of 12% per annum.

19 8.3 Defendants shall bear Plaintiff's reasonable costs, including reasonable attorneys'
20 fees, for enforcing this Consent Decree in any action to enforce any of its provisions in which
21 Plaintiff is the prevailing party.

22 IX. TERMS OF PAYMENT

23 9.1 The stipulated amount of \$350,000.00 in costs and fees and the civil penalty of
24 \$150,000.00 is to be paid in full within 20 days of entry of this Consent Decree.

25 9.2 Payment for costs, fees, penalty, and *cy pres* in the total amount of \$600,000.00
26 shall be paid within 20 days of entry of this Consent Decree to the "Attorney General - State of

1 Washington,” and shall be delivered to the Office of the Attorney General, 900 Fourth Avenue,
2 Suite 2000, Seattle, WA 98164-1012, Attention: Katharine A. Siebs, Office Manager.

3 9.3 In the event that Defendants fail to make payment in full within 20 days of entry
4 of this Consent Decree, without agreement by Plaintiff, Defendants will be considered to be in
5 default of the “Terms of Payment” and interest on any unpaid balance shall accrue at 12% per
6 annum until fully paid.

7 X. ENFORCEMENT

8 10.1 Violation of any of the terms of Paragraph IV, Injunctions, of this Consent Decree
9 shall constitute a violation of an injunction for which civil penalties of up to \$25,000.00 per
10 violation may be sought by the Attorney General pursuant to RCW 19.86.140.

11 10.2 The violation of any of the terms of Paragraph IV, Injunctions, of this Consent
12 Decree shall constitute a violation of the Consumer Protection Act, RCW 19.86.020.

13 10.3 The violation of any of the terms of Paragraph IV, Injunctions, of this Consent
14 Decree by Defendants may result in the revocation of Defendants’ certificate(s) of authority,
15 insurance or agents’ licenses pursuant to RCW 48.05.140(1) or RCW 48.17.530, as applicable.

16 10.4 Jurisdiction is retained for the purpose of enabling the parties to apply to the
17 Court at any time for enforcement of this Consent Decree, to punish violations thereof or to
18 modify or clarify this Consent Decree.

19 10.5 For the purpose of determining or securing compliance with this Consent Decree,
20 representatives of the Office of the Attorney General shall be permitted, upon twenty (20) days
21 notice to Defendant, access for inspection and copying during regular office hours of any
22 documents reasonably believed by Plaintiff to relate to any matters contained in this Consent
23 Decree, provided that the inspection and copying shall be done in such a way as to avoid
24 disruption of Defendants’ business activities.

25 10.6 For the purpose of determining or securing compliance with this Consent Decree,
26 representatives of the Office of the Attorney General may be permitted to question the

1 Defendants or any officer, director, agent, or employee of any Defendants to this Complaint by
2 deposition, pursuant to the provisions of CR 30.

3 10.7 Nothing in this Consent Decree shall be construed as to limit or bar any consumer
4 from pursuing legal remedies other than those specified in this Consent Decree.

5 10.8 Under no circumstances shall this Consent Decree or the names of the State of
6 Washington, the Office of the Attorney General, Consumer Protection Division, and/or the
7 Office of the Insurance Commissioner, or any of their employees or representatives be used by
8 Defendants' agents or employees in connection with any selling, advertising, or promotion of
9 products or services, or as an endorsement or approval of Defendants' acts, practices or conduct
10 of business.

11 XI. DISMISSAL

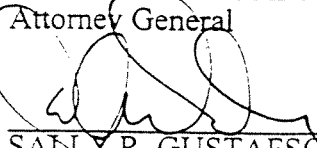
12 11.1 This proceeding including all counterclaims and additional party claims raised by
13 Defendants is, in all other respects, hereby dismissed with prejudice and without costs except as
14 provided herein with respect to the parties and this Consent Decree is entered pursuant to RCW
15 19.86.080.

16 DATED this 22nd day of May, 1998.

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19 THE HONORABLE PETER D. JARVIS
Superior Court Judge

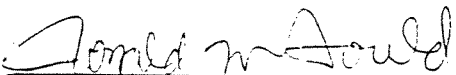
20 Presented by:

21 CHRISTINE O. GREGOIRE
22 Attorney General

23 
24 SALLY R. GUSTAFSON, WSBA # 7638
Senior Assistant Attorney General
25 DOUGLAS D. WALSH, WSBA# 11554
Assistant Attorney General
26 Attorneys for Plaintiff
State of Washington

Approved for Entry, Notice of Presentation
Waived:

PERKINS COIE; BULLIVANT, HOUSER,
BAILEY PENDERGRASS & HOFFMAN;
AND SPECIAL COUNSEL

27 
28 RONALD M. GOULD, WSBA #6458
JOSEPH E. BRINGMAN, WSBA #15236
JAMES F. WILLIAMS, WSBA #23613
SCOTT M. STICKNEY, WSBA # 14540

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GLEN A. ANDERSON, WSBA # 17490
TRISHA L. MCARDLE, WSBA # 16371
Assistant Attorneys General
Attorneys for Counterclaim Defendant, State of
Washington, and Additional Party Defendant
Christine O. Gregoire

DOUGLAS C. RASMUSSEN, WSBA # 18156
SHAND S. STEPHENS, Special Counsel,
admitted pro hac vice,
Attorneys for Defendants Resource Dealer
Group, Inc. and Associates Dealer Group of
Bellevue, Washington, Inc.

CONSENT

William G. Post, in his capacity as Employee And Authorized Agent of Associates Dealer Group of Bellevue, WA, Inc. (ADG), being so authorized to do so by and on behalf of ADG:

- 1) Admits to the continuing jurisdiction of the Superior Court over the persons and subject matter of this action,
- 2) Consents to the entry of a Final Consent Decree regarding the claims at issue between the State of Washington and ADG, in the form attached hereto,
- 3) Certifies that he has personally read and understands the Consent Decree and has consulted with counsel, and knowingly and voluntarily enters into this Consent Decree,
- 4) Waives presentation of this Consent Decree pursuant to CR 54,
- 5) Understands that any violation of this Decree may result in ADG being punished pursuant to RCW 7.21, and/or RCW 19.86.140.

ASSENTED TO, WAIVING ALL RIGHTS OF APPEAL

By:

William G. Post

Date:

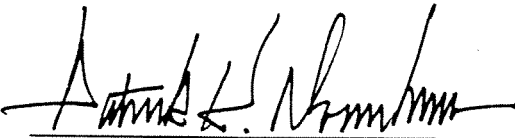
May 20, 1998

CONSENT

PATRICK R. DOJAHUE, in his capacity as PRESIDENT of
Resource Dealer Group, Inc. (RDG), being so authorized to do so by and on behalf of RDG:

- 1) Admits to the continuing jurisdiction of the Superior Court over the persons and subject matter of this action,
- 2) Consents to the entry of a Final Consent Decree regarding the claims at issue between the State of Washington and RDG, in the form attached hereto,
- 3) Certifies that he has personally read and understands the Consent Decree and has consulted with counsel, and knowingly and voluntarily enters into this Consent Decree,
- 4) Waives the ^{PKD PRESENTATION} entry of this Consent Decree pursuant to CR 54,
- 5) Understands that any violation of this Decree may result in RDG being punished pursuant to RCW 7.21, and/or RCW 19.86.140.

ASSENTED TO, WAIVING ALL RIGHTS OF APPEAL

By: 

Date: 5/20/98

RELEASE

FOR AND IN CONSIDERATION of the State of Washington's agreement to settle the State's complaint against Resource Dealer Group, Inc. an Illinois Corporation, and Associates Dealer Group of Bellevue, Washington, Inc., a Washington Corporation, in King County Cause No. 97-2-15754-4SEA upon the terms stated in the Consent Decree entered in that case, and in consideration of the agreement by Associates Dealer Group of Bellevue, Washington, Inc., to settle its appeal in the United States Court of Appeals for the Ninth Circuit against Attorney General Christine O. Gregoire, Cause No. 97-36090, upon the terms stated in the Stipulation and Order Dismissing Appeal and Awarding Attorneys' Fees and Costs entered in that case, Resource Dealer Group, Inc., Associates Dealer Group of Bellevue, Washington, Inc., (hereinafter RDG, and ADG) their officers, directors, assigns, or other successors in interest, do hereby release and forever discharge the STATE OF WASHINGTON and its officers, agents, employees, agencies, departments, and elected officials and their offices and employees, including, but not limited to, Christine O. Gregoire, the Attorney General, Deborah Senn, the Insurance Commissioner, the Office of the Attorney General and the Office of the Insurance Commissioner and all employees or agents thereof, from any and all existing and future claims, damages and causes of action arising out of the Attorney General's investigation and prosecution of RDG and ADG for alleged Insurance Code and Consumer Protection Act violations, Chapter 19.86 RCW, Chapter 48.03.030 RCW, and Chapter 48.30 RCW related to the practices of "packing", "assumptive selling", and the "self-bump" including all claims for any activities undertaken by the State of Washington, the Attorney General, the Office of the Insurance Commissioner, their agents, officers or employees, prior to the signing of this release; including but not limited to those injuries and damages stated in the claims,

counterclaims and additional party claims asserted by the defendants RDG and ADG in the lawsuits filed in King County Superior Court under cause of action 97-2-15754-4SEA, the Notice of Claims dated April 23, 1998 and filed with the Office of Risk Management, the United States District Court for the Western District of Washington under Cause No. 97-5397FDB, and the United States Court of Appeals for the Ninth Circuit under Cause No. 97-36090.

FURTHER, the undersigned defendants represent, warrant and agree that:

1. This is a final, conclusive and complete release of all unknown and unanticipated damages arising out of the above stated investigation, prosecution, occurrence, casualty or event as well as those now known or disclosed.

2. The undersigned defendants will indemnify and save harmless the parties herein released from all loss, damage and expense of any kind or character arising out of the injury, damage or loss sustained by the defendants, their officers, directors, employees, affiliates, client dealers, successors, assigns or other successors in interest relating to the above described investigation, prosecution, occurrence, casualty or event, and from all loss, damage and expense incurred directly or indirectly by reason of the falsity or inaccuracy of any representation by the undersigned defendants.

3. The undersigned hereby declares that the terms of this release and the Consent Decree filed in King County Cause No. 97-2-15754-4SEA, and the Stipulation and Order of Dismissal in the United States Court of Appeals for the Ninth circuit under Cause No. 97-36090 have been completely read and are fully understood and voluntarily accepted, for the purpose of making a full and final compromise, adjustment and settlement of any and all claims, disputed or otherwise.

4. This release shall not be binding upon the STATE OF WASHINGTON until accepted by the head or governing body of the agency or department of state government or the designee of any such agency, and approved by the Attorney General of the State of Washington.

DATED this 5th day of May, 1998

Arthur K. Abraham

Authorized Representative
Resource Dealer Group, Inc.,
Associates Dealer Group of
Bellevue, Washington, Inc.
2550 W. Golf Rd, Suite 600
Rolling Meadows IL 60008
Address

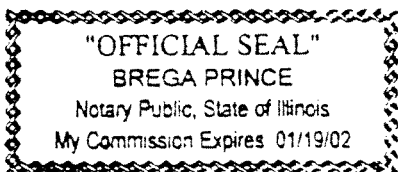
STATE OF Illinois
COUNTY OF Cook

I certify that I know or have satisfactory evidence that PATRICK K. Donahue is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that PATRICK K. Donahue was authorized to execute the instrument and acknowledged it as the President of Resource Dealer Group, Inc., and Associates Dealer Group of Bellevue, Washington, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 20th day of May, 1998.

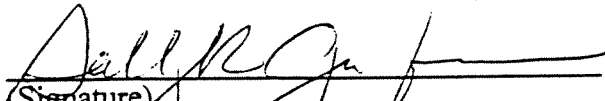
Brega Prince
Notary Public

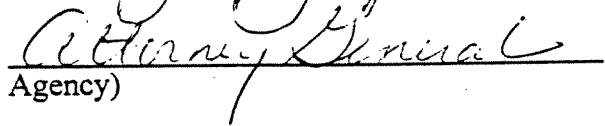
My appointment expires: 1-19-02



Approved and Accepted:

CHRISTINE O. GREGOIRE
Attorney General



(Signature)
St. Assistant Attorney General


Agency)