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**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON, <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> PRIMA PROCESSING SOLUTIONS, LLC d/b/a SIMPLE STUDENT LOAN SOLUTIONS, <p style="text-align: center;">Defendant.</p>		NO. COMPLAINT
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I. PLAINTIFF

1.1 The Plaintiff is the State of Washington.

1.2 The Attorney General is authorized to commence this action pursuant to RCW 19.86.080, RCW 19.86.140, and RCW 18.28.200. The Attorney General brings this action to address practices that violate the Consumer Protection Act and the Debt Adjusting Act, including Defendant’s charging of fees for debt adjusting that are well in excess of those allowed under Washington law, failure to make required disclosures, and false advertising.

II. DEFENDANT

2.1 Defendant Prima Processing Solutions, LLC d/b/a Simple Student Loan Solutions is a Florida company. Defendant provides, or purports to provide, counseling, advice, management, and assistance to student loan borrowers applying for U.S. Department of Education federal student loan repayment programs, including Direct Consolidation Loans and the Income-Based Repayment Plan.

1 **III. JURISDICTION**

2 3.1 The State files this Complaint and institutes these proceedings under the
3 provisions of the Consumer Protection Act, RCW 19.86.

4 3.2 Defendant has engaged in the conduct set forth in this Complaint in King
5 County and elsewhere in the state of Washington.

6 **IV. VENUE**

7 4.1 Venue is proper in King County pursuant to RCW 4.12.020 and 4.12.025, and
8 Court Rule 82 because Defendant transacts business in King County – to wit: entering into
9 contracts with consumers located in King County.

10 **V. FACTS**

11 **Federal Student Loan Repayment Programs**

12 5.1 The U.S. Department of Education offers numerous repayment plans to eligible
13 borrowers with federal student loans, all which are designed to help borrowers manage their
14 student loan debt and/or make repayment of student loans more affordable. These plans include
15 its Graduated Repayment Plan, Income-Based Repayment Plan, and Pay As You Earn
16 Repayment Plan. The amount the borrower will pay and the repayment term can vary
17 depending on the repayment plan in which the borrower enrolls.

18 5.2 To access certain repayment plans, some borrowers will first combine their
19 multiple eligible federal student loans into a single Direct Consolidation Loan. Eligible
20 borrowers can apply electronically for a Direct Consolidation Loan through the U.S.
21 Department of Education’s website at www.studentloans.gov or by mailing a completed paper
22 application to the U.S. Department of Education.

23 5.3 The process of federal student loan consolidation also involves paying off
24 multiple existing student loans – i.e., liquidating them – and replacing them with a new, single
25 federal student loan. This process may be used by borrowers to manage indebtedness, and is
26

1 available as a tool for defaulted federal student loan borrowers to become current on their loans
2 and escape default.

3 5.4 The U.S. Department of Education does not charge borrowers any fee to apply
4 for a Direct Consolidation Loan or any U.S. Department of Education repayment plan or
5 program. Additionally, its website includes numerous self-help materials and FAQs for use by
6 individual borrowers during the consolidation process.

7 5.5 Significant help with federal consolidation and other programs is available *for*
8 *free*. First, the government provides instructions for consumers looking to consolidate their
9 federal student loans and/or apply for an income-driven repayment plan.¹ Borrowers with
10 questions can call 1-800-557-7392. Second, non-profit organizations such as the National
11 Consumer Law Center's Student Loan Borrower Assistance program also provide helpful
12 information and may also assist borrowers directly.²

13 **Defendant's Debt Adjustment Services**

14 5.6 Defendant has marketed and advertised for-cost services to advise and assist
15 student loan borrowers applying for U.S. Department of Education federal student loan
16 repayment programs, including the Income-Based Repayment Program, Direct Consolidation
17 Loans, and Loan Forgiveness.

18 5.7 Defendant operates a website to advertise its student loan adjustment services.³
19 Among other things, on its website Defendant explains that its team was formed by "a group of
20 industry professionals with extensive experience in all areas of student loan consolidation and
21 default resolution."
22

23 ¹ See <https://studentaid.ed.gov/sa/repay-loans/consolidation> (last visited January 13, 2017);
24 <https://studentloans.gov/myDirectLoan/whatYouNeed.action?page=ibr> (last visited January 13, 2017).

25 ² See <http://www.studentloanborrowerassistance.org/> (last visited January 13, 2017).

26 ³ See <http://simplestudentloansolutions.com/> (last visited January 13, 2017).

1 5.8 On another page on its website, Defendant proclaims that “Simple Student Loan
2 Solutions will first provide you with a free consultation and analysis of your student loan
3 situation. We will help you identify the different options available to you based on your
4 situation and then assist you with applying for and obtaining the best possible consolidation
5 program available.”

6 5.9 In highlighting its specialized services, Defendant’s website also advertises that
7 Simple Student Loan Solutions will “help [consumers] identify which programs are available
8 to [consumers]” and “keep [consumers] informed every step of the way.”

9 5.10 Upon information and belief, in exchange for a fee, Defendant counseled
10 Washington student loan borrowers regarding Federal loan repayment, consolidation, and
11 forgiveness programs, compiled borrowers’ applications for such programs, and enrolled
12 borrowers in these programs.

13 5.11 Upon information and belief, Defendant collected all or part of its fee from each
14 of its Washington clients before those clients’ federal student loans were consolidated, and
15 before those clients’ loans were enrolled in an alternative repayment plan.

16 **VI. COUNT I – VIOLATION OF WASHINGTON DEBT ADJUSTING ACT**

17 6.1 The State incorporates Paragraphs 1.1 through 5.11 herein as if set forth in their
18 entirety.

19 6.2 RCW 18.28.010(2) provides that “[d]ebt adjusting’ means the managing,
20 counseling, settling, adjusting, prorating, or liquidating of the indebtedness of a debtor, or
21 receiving funds for the purpose of distributing said funds among creditors in payment or partial
22 payment of obligations of a debtor.” The term “debt adjuster” is defined to include “any person
23 known as a debt pooler, debt manager, debt consolidator, debt prorater, or credit counselor, is any
24 person engaging in or holding himself or herself out as engaging in the business of debt adjusting
25 for compensation.” RCW 18.28.010(1).

1 6.3 Upon information and belief, Defendant has liquidated the student loan debts of its
2 Washington clients by assisting them in replacing their multiple federal student loans with a single
3 consolidation loan through the U.S. Department of Education.

4 6.4 Upon information and belief, Defendant has managed the student loan debts of
5 Washington consumers by consolidating their loans and enrolling them in income-based
6 repayment programs, thereby altering their monthly loan payments, interest rates, and principal
7 balances.

8 6.5 Upon information and belief, Defendant counseled student loan borrowers by
9 identifying appropriate Department of Education loan repayment, consolidation, and forgiveness
10 programs for consumers' needs.

11 6.6 Defendant held itself out as engaged in the business of debt adjusting by
12 maintaining a website which advertised its "unparalleled professionalism and diligence" when
13 informing "[consumers] of the different repayments options available to [them] by the
14 Department of Education."

15 6.7 Defendant is, therefore, a "debt adjuster" as defined by the DAA.

16 6.8 The DAA places strict limits on the fees that a debt adjuster may charge for its
17 services. First, RCW 18.28.080(1) provides that "[t]he debt adjuster may make an initial charge of
18 up to twenty-five dollars which shall be considered part of the total fee."

19 6.9 Upon information and belief, Defendant has entered into contracts with
20 Washington consumers with initial fees well in excess of \$25.

21 6.10 The DAA includes strict consequences for those who violate the fee limitations.
22 RCW 18.28.090 provides

23 [i]f a debt adjuster contracts for, receives or makes any charge in excess of the
24 maximums permitted by this chapter, except as the result of an accidental and bona
25 fide error, the debt adjuster's contract with the debtor shall be void and the debt
26 adjuster shall return to the debtor the amount of all payments received from the
debtor or on the debtor's behalf and not distributed to creditors.

1 6.11 As such, the State seeks a declaration that each and every contract between
2 Defendant and its Washington customers is void, and an order directing Defendant to return all
3 payments made to it by Washington consumers.

4 6.12 In addition to violating the fee limitations explained above, Defendant also failed
5 to comply with the requirements of RCW 18.28.100 that contracts between debt adjusters and
6 consumers contain notices that consumers should read the contract, that they are entitled to a copy
7 of the contract, and that the consumer has the right to cancel the contract within three days. RCW
8 18.28.100.

9 6.13 By leaving these important consumer notifications out of their contracts,
10 Defendant violated the Debt Adjusting Act and also prevented its customers from making
11 informed decisions regarding the services offered by Defendant.

12 6.14 RCW 18.28.200 provides that “[n]otwithstanding any other actions which may be
13 brought under the laws of this state, the attorney general or the prosecuting attorney of any county
14 within the state may bring an action in the name of the state against any person to restrain and
15 prevent any violation of this chapter.” Consequently, the State seeks an injunction prohibiting
16 Defendant from entering into or collecting fees on contracts with Washington consumers that
17 violate RCW 18.28.

18 **VII. COUNT II – VIOLATION OF WASHINGTON CONSUMER PROTECTION ACT**

19 ***(Per se violation through the Debt Adjusting Act)***

20 7.1 The State incorporates Paragraphs 1.1 through 6.14 herein as if set forth in their
21 entirety.

22 7.2 RCW 18.28.185 provides that “[a] violation of this chapter constitutes an unfair or
23 deceptive act or practice in the conduct of trade or commerce under chapter 19.86 RCW.” As a
24 result, each of the acts or practices set forth above that violate the DAA are also violations of
25 RCW 19.86.020.

1 7.3 Defendant's acts or practices also took place in trade or commerce because it
2 advertised its services to, entered into consumer contracts with, and received fees from,
3 Washington residents.

4 7.4 Upon information and belief, Defendant contracted with and collected illegal fees
5 from numerous Washington consumers, advertised to additional Washington consumers in the
6 manner described above, and the acts and practices herein were undertaken as part of its regular
7 business practices. In addition, unless restrained, these acts have a substantial potential for
8 repetition and to injure additional Washington consumers. Defendant's acts or practices affect the
9 public interest.

10 7.5 The State requests that the Court declare the acts and practices described above are
11 unfair or deceptive under RCW 19.86.020, and violate the CPA.

12 7.6 RCW 19.86.080(1) provides in relevant part that "[t]he attorney general may bring
13 an action in the name of the state, or as *parens patriae* on behalf of persons residing in the state,
14 against any person to restrain and prevent the doing of any act herein prohibited or declared to be
15 unlawful." Accordingly, the State requests that the Court enjoin Defendant from entering into
16 contracts with Washington consumers without strictly complying with RCW 18.28.

17 7.7 RCW 19.86.080(2) provides that "[t]he court may make such additional orders or
18 judgments as may be necessary to restore to any person in interest any moneys or property, real or
19 personal, which may have been acquired by means of any act herein prohibited or declared to be
20 unlawful." Accordingly, the State requests that the Court issue an order requiring Defendant to
21 return to Washington consumers all sums obtained in violation of the DAA and the CPA, or
22 pursuant to void contracts.

23 7.8 RCW 19.86.140 provides "Every person who violates RCW 19.86.020 shall
24 forfeit and pay a civil penalty of not more than two thousand dollars for each violation."
25 Accordingly, the State requests that the Court impose a penalty of \$2,000 per violation of the
26 CPA.

1 **VIII. COUNT III – ALTERNATIVE VIOLATION OF THE CONSUMER**
2 **PROTECTION ACT**

3 **(Deceptive Advertising and Systematic Failure to Perform Contractual Services)**

4 8.1 The State incorporates Paragraphs 1.1 through 7.8 herein as if set forth in their
5 entirety.

6 8.2 Notwithstanding its violations of the DAA and *per se* violations of the CPA, if
7 Defendant did not act as a debt adjuster by liquidating, managing, or counseling consumers with
8 respect to their student loans, then Defendant has engaged in false advertising and systematic
9 failure to deliver the services they promised to Washington consumers and, therefore, has engaged
10 in unfair and deceptive conduct in violation of the CPA.

11 8.3 For example, Defendant's website represents that it offers student loan liquidation
12 through consolidation of consumers' loans. If Defendant does not, in fact, assist consumers in
13 consolidating their loans, then it has engaged in false advertisement and systematic failure to
14 deliver the services it promised to Washington consumers.

15 8.4 Further, Defendant's website represents that it offers debt management and
16 counseling services through identifying income-based repayment plans, loan consolidation, and
17 debt forgiveness programs that will enable consumers to better manage their student loan debts. If
18 Defendant does not, in fact, offer debt management services then it has engaged in false
19 advertisement and systematic failure to deliver the services it promised to Washington consumers.

20 8.5 A business's practice of misrepresenting its services in advertisements, including
21 on its website, is a deceptive act or practice. Such misrepresentations have the capacity to deceive
22 a substantial portion of the public because they are made publicly, and may lead potential
23 customers to misunderstand the service that they will receive if they become a client of
24 Defendant. Similarly, misrepresentations in the parties' contracts themselves about the nature of
25 services to be provided are also deceptive, and have the capacity to deceive a substantial portion
26 of the public because they are made to each and every one of Defendant's Washington clients.

1 8.6 A business’s practice of systematically failing to deliver the goods or services it
2 advertises or contracts to perform is an unfair act or practice.

3 8.7 Defendant’s website also contained the misrepresentations described above in
4 Paragraphs 5.7-5.11.

5 8.8 Defendant’s unfair or deceptive acts or practices were conducted in trade or
6 commerce because they relate to the sale of Defendant’s services.

7 8.9 Defendant’s unfair or deceptive acts or practices affect the public interest because
8 they were distributed widely through advertisements, and numerous Washington consumers
9 engaged Defendant’s services.

10 8.10 The State therefore seeks (1) a declaration that Defendant’s acts or practices
11 described above are unfair or deceptive, in violation from RCW 19.86.020; (2) an injunction
12 prohibiting Defendant from engaging in these unfair or deceptive acts or practices; (3) a civil
13 penalty of \$2,000 for each unfair or deceptive act or practice; and (4) the State’s costs and
14 reasonable attorney’s fees incurred in bringing this action.

15 **IX. PRAYER FOR RELIEF**

16 Wherefore, the State prays for the following relief:

17 9.1 A declaration that each and every contract between Defendant and Washington
18 consumers is void, pursuant to RCW 18.28.090;

19 9.2 An order requiring Defendant to return to Washington consumers all funds
20 received from the consumers which were not forwarded on to the consumers’ creditor(s), pursuant
21 to RCW 18.28.090;

22 9.3 An injunction against Defendant prohibiting it from entering into contracts that
23 require payments in excess of those allowed under RCW 18.28.080(1) or which violate any other
24 provision of the Debt Adjusting Act, RCW 18.28, pursuant to RCW 18.28.200;

1 9.4 A declaration that Defendant's acts described above are unfair or deceptive acts or
2 practices in trade or commerce, affecting the public interest, and in violation of the Consumer
3 Protection Act, RCW 19.86;

4 9.5 An injunction preventing Defendant or anyone acting in concert with it from
5 violating the Debt Adjusting Act and the Consumer Protection Act in the manner described above,
6 pursuant to RCW 19.86.080(1);

7 9.6 An order necessary to restore to any person an interest in any moneys or property,
8 real or personal, which may have been acquired by means of an act prohibited by the Consumer
9 Protection Act, pursuant to RCW 19.86.080(2);

10 9.7 An award of a civil penalty in the amount of \$2,000 for each and every violation
11 of Washington's Consumer Protection Act, pursuant to RCW 19.86.140;

12 9.8 An award of the State's reasonable costs and attorney's fees incurred in this action,
13 pursuant to RCW 19.86.080(1); and

14 9.9 Any other award the Court determines is just and equitable.

15 DATED this 13th day of February, 2017.

16 ROBERT W. FERGUSON
17 Attorney General

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19 _____
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22 Assistant Attorneys General
23 Attorneys for Plaintiff State of Washington
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