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STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON, Plaintiff, v. NETWORK SERVICES OF PUGET SOUND, a Washington Non-Profit Corporation, a/k/a NETWORK MINISTRY and NETWORK SERVICES; SALLI DEBOER, individually and as part of her marital community, Defendants.	NO. 08-2-41558-9 COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF UNDER THE CONSUMER PROTECTION ACT AND CHARITABLE SOLICITATIONS ACT

The Plaintiff, State of Washington, by and through its attorneys Robert M. McKenna, Attorney General, and Shannon E. Smith, Assistant Attorney General, brings this action against the defendants named below. The State alleges the following on information and belief:

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 and RCW 19.86.140.

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II. DEFENDANTS

2.1 Defendant Network Services of Puget Sound, a/k/a Network Ministry and Network Services, is a Washington non-profit corporation. Defendant's mailing address is 704- 228th Avenue, NE, PMB 865, Sammamish, Washington, 98074.

2.2 Defendant Salli DeBoer is President and Executive Director of Network Services of Puget Sound, and as such, she controls its policies, activities, and practices, including those alleged in this Complaint. Defendant resides at 4750 Preston-Fall City Road, Fall City, Washington, 98024. Defendant Salli DeBoer is married to John Doe DeBoer and together they constitute a marital community. All actions taken by Defendant as alleged in this Complaint are for the benefit of her marital community.

III. JURISDICTION AND VENUE

3.1 The State files this complaint and institutes these proceedings under the provisions of the Consumer Protection Act, Chapter 19.86 RCW, and the Charitable Solicitations Act, RCW 19.09.

3.2 The Defendants have engaged in the conduct set forth in this complaint in King County and elsewhere in the state of Washington.

3.3 Venue is proper in King County pursuant to RCW 4.12.020.

IV. NATURE OF TRADE OR COMMERCE

4.1 Defendants are now, and have been at all times relevant to this lawsuit, engaged in trade or commerce within the meaning of RCW 19.86.020 by directly or indirectly soliciting and collecting charitable contributions from the general public in the state of Washington.

4.2 Defendants have been at all times relevant to this action in competition with others engaged in similar activities in the state of Washington.

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V. FACTS

5.1 Defendant Network Services of Puget Sound is a Washington non-profit corporation organized for the purpose of assisting homeless and low-income families. Network Services of Puget Sound was organized on or about November 13, 2003.

5.2 Beginning approximately January 1, 2004 and continuing through May 2, 2007, Defendants solicited and received charitable contributions in the state of Washington. During this time, Network Services of Puget Sound was not registered as a charitable organization with the Washington Secretary of State. Defendants applied for registration as a charitable organization with the Washington Secretary of State on March 20, 2007, and the application was granted on May 2, 2007.

5.3 Prior to becoming registered as a charitable organization with the Secretary of State, Defendants made numerous appeals for charitable contributions from the general public, including soliciting charitable contributions from a website, www.networkserviceswa.org. In addition to the website, Defendants also provided written solicitation material to consumers requesting contributions and advertising fundraisers for the benefit of Network Services of Puget Sound or Network Ministry.

5.4 Network Services of Puget Sound represented in charitable solicitation material distributed on or around May 18, 2004, November 14, 2005, and on another occasion in 2004 that contributions to Network Services of Puget Sound are tax deductible. Network Services of Puget Sound applied for tax exempt status with the United States Internal Revenue Service (IRS) on December 28, 2005, and the IRS determined that Network Services of Puget Sound was tax exempt on August 22, 2006.

5.5 Network Services of Puget Sound has represented on its website that it has provided families in need since 1990, when in fact, it was not founded until November 13, 2003.

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5.6 Network Services of Puget Sound has represented in a videotaped message on its website that, "100% of proceeds benefit families in crisis through Network Services." Network Services of Puget Sound does not apply 100% of its proceeds to benefit families; rather much of the revenue is used toward the organization's fundraising and administrative expenses.

VI. FIRST CAUSE OF ACTION
(Conducting Charitable Solicitations Without Registering With the Secretary of State)

6.1 Beginning on or about January 1, 2004 and continuing through May 2, 2007, Defendants solicited and collected charitable contributions from the general public in the state of Washington without being registered as a charitable organization with the Secretary of State.

6.2 The conduct described in paragraphs 6.1 through 6.2 violates the Charitable Solicitations Act, specifically RCW 19.09.065; 19.09.100(15), (16), (18). Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

VII. SECOND CAUSE OF ACTION
(Misrepresenting Tax Exempt Status Before Application to IRS)

7.1 Plaintiff realleges Paragraphs 1.1 through 6.2.

7.2 Network Services of Puget Sound misrepresented to potential contributors that it was a tax exempt organization before it had applied for tax exempt status with the IRS.

7.3 The conduct described in paragraphs 7.1 through 7.2 violates RCW 19.09.100(7)(a) and (12) as currently and previously enacted. Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

7.4 Notwithstanding RCW 19.09.340, the conduct described in paragraphs 7.1 through 7.2 has the capacity to mislead a substantial number of consumers and constitutes

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unfair or deceptive acts or practices in trade or commerce, and unfair methods of competition in violation of RCW 19.86.020.

VIII. THIRD CAUSE OF ACTION
(Misrepresenting Duration of Charitable Activities)

8.1 Plaintiff realleges Paragraphs 1.1 through 7.4 and incorporates them herein as if set forth in full.

8.2 Defendants misrepresented either directly or by implication that Network Services of Puget Sound has been in operation and assisting families since 1990 when in fact it has been in operation only since November 13, 2003.

8.3 The conduct described in paragraphs 8.1 through 8.2 violates RCW 19.09.100(12) as currently and previously enacted. Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

8.4 Notwithstanding RCW 19.09.340, the conduct described in paragraphs 8.1 through 8.4 has the capacity to mislead a substantial number of consumers and constitutes unfair or deceptive acts or practices in trade or commerce, and unfair methods of competition in violation of RCW 19.86.

X. FOURTH CAUSE OF ACTION
(Misrepresenting that 100% of Charitable Donations Benefit Charitable Purpose)

9.1 Plaintiff realleges Paragraphs 1.1 through 8.4 and incorporates them herein as if set forth in full.

9.2 Defendants maintain and have maintained an Internet website that solicits contributions from the general public. On the website, Defendants have represented that "100% of proceeds benefit families in crisis through Network Services." However, Defendants apply a portion of proceeds to administrative expenses.

9.3 The conduct described in paragraphs 8.1 through 8.2 violates RCW 19.09.100(12) as currently and previously enacted. Pursuant to RCW 19.09.340,

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violations of the Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

9.4 Notwithstanding RCW 19.09.340, the conduct described in paragraphs 9.1 through 9.4 has the capacity to mislead a substantial number of consumers and constitutes unfair or deceptive acts or practices in trade or commerce, and unfair methods of competition in violation of RCW 19.86.

X. FIFTH CAUSE OF ACTION
(Failure to Include Required Disclosures in Solicitation Material)

10.1 Plaintiff realleges Paragraphs 1.1 through 9.4 and incorporates them herein as if set forth in full.

10.2 Defendants maintain and have maintained an Internet website that solicits contributions from the general public. Defendants also have produced solicitation material distributed to the general public. Defendants have failed to include in the solicitation material the disclosures required by RCW 19.09.100(4), specifically defendants have failed to disclose the Secretary of State's toll-free number to call to obtain additional financial disclosure information.

10.3 The conduct described in paragraphs 9.1 through 9.2 violates RCW 19.09.100(4). Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act are *per se* violations of the Consumer Protection Act, RCW 19.86.

XI. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, State of Washington, prays for relief as follows:

11.1 That the Court adjudge and decree that the Defendants have engaged in the conduct complained of herein.

11.2 That the Court adjudge and decree that the conduct complained of constitutes unfair or deceptive acts and practices and an unfair method of competition and is unlawful in violation of the Consumer Protection Act, Chapter 19.86 RCW.

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11.3 That the Court issue a permanent injunction enjoining and restraining the Defendants, and their representatives, successors, assigns, officers, agents, servants, employees, and all other persons acting or claiming to act for, on behalf of, or in active concert or participation with the Defendants, from continuing or engaging in the unlawful conduct complained of herein.

11.4 That the Court assess civil penalties, pursuant to RCW 19.86.140, of up to two thousand dollars ($2,000) per violation against the Defendants for each and every violation of RCW 19.86.020 caused by the conduct complained of herein.

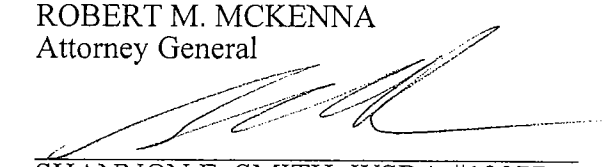
11.5 That the Court make such orders pursuant to RCW 19.86.080 as it deems appropriate to provide for restitution to consumers of money or property acquired by the Defendants as a result of the conduct complained of herein.

11.6 That the Court make such orders pursuant to RCW 19.86.080 to provide that the plaintiff, State of Washington, have and recover from the Defendants the costs of this action, including reasonable attorneys' fees.

For such other relief as the Court may deem just and proper.

DATED this 5th day of Sept., 2008.

ROBERT M. MCKENNA
Attorney General



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