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**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

COMMUNITY SUPPORT, INC.

Defendant.

NO. **09-2-20597-38EA**

CONSENT DECREE

[Clerk's Action Required]

I. JUDGMENT SUMMARY

- 1.1 Judgment Creditor: State of Washington
- 1.2 Judgment Debtor: Community Support, Inc.
- 1.3 Judgment Amount: \$200,000 (to be paid in accordance with paragraph 5.1).
- 1.4 Post Judgment Interest Rate: 12% (subject to paragraph 5.3)
- 1.5 Attorney for Judgment Creditor: Shannon E. Smith
Assistant Attorney General
- 1.6 Attorney for Judgment Debtor: Eric M. Stahl
Davis Wright Tremaine LLP

Plaintiff, State of Washington, commenced this action pursuant to the Consumer Protection Act, RCW 19.86 and the Charitable Solicitations Act, RCW 19.09, and Defendant, Community Support, Inc., having waived service with a Summons and Complaint in this matter; and

COPY

1 Plaintiff and Defendant have agreed on a basis for the settlement of the matters alleged
2 in the Complaint, and to the entry of this Consent Decree against Defendant without the need
3 for trial or adjudication of any issue of law or fact; and

4 Plaintiff and Defendant acknowledge that each party has agreed to the entry of this
5 Consent Decree solely for the purposes of settlement. Nothing contained in this Consent
6 Decree shall constitute an admission or concession by Defendant or evidence supporting any of
7 the allegations of fact or law set forth in the Complaint, or of any violation of any state or
8 federal law, rule or regulation, or any other liability or wrongdoing whatsoever. Nothing in this
9 paragraph shall limit the Attorney General from relying on this Consent Decree for the purpose
10 of enforcing it against Defendant; and

11 Defendant recognizes and states that this Consent Decree is entered into voluntarily and
12 that no promises or threats have been made by the Attorney General's Office or any member,
13 officer, agent or representative thereof to induce it to enter into this Consent Decree, except as
14 provided herein; and

15 Defendant waives any right it may have to appeal from this Consent Decree; and

16 Defendant further agrees that it will not oppose the entry of this Consent Decree on the
17 grounds the Consent Decree fails to comply with Rule 65(d) of the Rules of Civil Procedure,
18 and hereby waives any objections based thereon; and

19 Defendant further agrees that this Court shall retain jurisdiction of this action for the
20 purpose of implementing and enforcing the terms and conditions of the Consent Decree and for
21 all other purposes; and

22 The parties have stipulated to entry of this Consent Judgment. The Court approves the
23 parties' stipulation.

24 Accordingly, **IT IS HEREBY ORDERED, ADJUDGED AND DECREED** as
25 follows:

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1 **II. JURISDICTION AND SCOPE**

2 2.1 Thirty-one states jointly investigated numerous violations of State Law¹
3 governing solicitations of charitable contributions. All 31 states have contemporaneously filed
4 this Judgment in their respective courts.

5 2.2 Defendant Community Support, Inc., is a Nevada corporation with its principal
6 place of business at 312 E. Wisconsin Ave., Suite 408, Milwaukee, Wisconsin 53202.

7 2.3 Community Support, Inc., is engaged in professional fundraising on behalf of
8 charitable organizations, through telephone solicitations and mailings, and is a “professional
9 fund-raiser” within the meaning of State Law.

10 2.4 This Court has jurisdiction over the parties and the subject matter of this
11 litigation as set forth in the complaint filed contemporaneously with this Judgment.

12 2.5 Venue is proper in King County as set forth in the complaint filed
13 contemporaneously with this Consent Judgment.

14 2.6 The terms of this Judgment shall apply to Community Support, Inc., and its
15 officers, directors, employees, agents, representatives; its successors and assigns; and all
16 persons, corporations, partnerships, and other entities acting in concert or participating with
17 Community Support, Inc.

18 _____
19 ¹ State statutes specifically alleged to be violated include: §§ 407.020 – 407.469, Revised States of
20 Missouri; N.D.C.C. § 50-22-04.3 and N.D.C.C. § 51-15-02; Chapter 1716 of the Ohio Revised Code;
21 Nevada Revised Statutes, NRS 598.1305; 501.204 Florida Statutes; Chapter 367 of Kentucky Revised
22 Statutes; W.Va. Code § 29-19-1, et seq. and W.Va. Code § 46A-6-104; Charitable Solicitations Act,
23 RCW 19.09 and Consumer Protection Act, RCW 19.86.020; Oregon Revised Statutes 128.886 and
24 ORS 646.608(dd); Montana Code Ann. § 30-14-101 et. seq.; Iowa Code § 714.16 (2)(a) (2009); Ind.
25 Code §§24-5-0.5-1, et seq. and 23-7-8-1, et seq.; Colorado Rev. Stat. Sec. 6-16-111; Arkansas Code
26 Ann. § 4-88-101, et seq. and Arkansas. Code Ann. § 4-28-401, et seq.; Kansas Statutes Annotated §17-
1759, et seq.; Alaska Statutes 45.68.010 et seq. and 45.50.471 et seq.; O.C.G.A. (1) Sec. 10-1-390, et
seq. and (2) Sec. 43-17-1, et seq.; Illinois Solicitation For Charity Act is 225 ILCS 460/1 et seq.; NMSA
1978, Section 57-22-6.3; Haw. Rev. Stat. §§ 467B-9(c),(k),(l) and 480-2; Wis. Stat. § 440.46(1);
Minnesota Chapter 309 and New Jersey Statutes Annotated 45:17A-18 et seq.; Md. Code Ann.,
Business Regulations Article, §§ 6-501(c)-(d), 6-607, and 6-608; 18 Oklahoma Statutes § 552.1-18; La.
R.S. 51:1904.1 , La. R.S. 51:1905, La. R.S. 51:1905.1.

1 **Definitions**

2 2.7 For purposes of this Judgment, the following definitions apply:

- 3 a. "Community Support" means Community Support, Inc., its officers,
4 directors, employees, agents, representatives; its successors and assigns; and
5 all persons, corporations, partnerships, and other entities acting in concert or
6 participating with Community Support, Inc.
- 7 b. "Effective Date" shall be May 21, 2009, or the date this Consent Decree is
8 filed, whichever is later.
- 9 c. "Donation" or "contribution" means money or item of value provided in
10 response to a solicitation made on behalf, or in the name, of any nonprofit
11 organization.
- 12 d. "Donor" means any person or business solicited for a donation or
13 contribution.
- 14 e. "Charity" means any nonprofit organization on whose behalf Community
15 Support solicits donations or contributions.
- 16 f. "Person" means natural person, organization, or other legal entity, including
17 a corporation, partnership, proprietorship, association, cooperative,
18 government agency, or any other group or combination acting as an entity.
- 19 g. "Material fact" means a fact likely to affect a person's decision as to the
20 amount of, or whether to make, a donation or contribution.
- 21 h. "Settling states" means the states that will file this Consent Judgment. As of
the signing of this Consent Judgment those states may include Alaska,
Arkansas, Colorado, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa,
Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri,
Montana, Nevada, New Hampshire, New Jersey, New Mexico, North
Dakota, Ohio, Oklahoma, Oregon, Rhode Island, Texas, Washington, West
Virginia, and Wisconsin. Further, Community Support, Inc., consents to
additional states not listed here filing this consent judgment. This consent
judgment is valid as between Community Support, Inc., and any state that
executes and enters it, without regard to whether any other states also
execute and/or enter it.

22 **III. INJUNCTIVE TERMS**

23 **Solicitation Practices**

24 3.1 IT IS HEREBY ORDERED that Community Support, in connection with
25 soliciting charitable contributions, is hereby permanently restrained and enjoined from:
26

1 3.1.1 Misrepresenting, or assisting others in misrepresenting, expressly or by
2 implication, orally or in writing, any material fact through false or misleading statements or
3 representations without limiting the foregoing, this prohibition includes:

4 3.3.1.1 misrepresenting the nature or purpose of the charitable program
5 activities;

6 3.3.1.2 misrepresenting the portion of the donation that will be retained
7 by the charity;

8 3.3.1.3 misrepresenting the portion of the donation that will be directly
9 used for its charity's charitable purposes;

10 3.3.1.4 misrepresenting, either specifically or generally, that the charity
11 has any connection to or is affiliated with an organization or agency, including a police, fire or
12 other public safety organization;

13 3.3.1.5 misrepresenting that donations will go to a specific purpose or
14 program unless the amount of donations that will actually be used for that purpose or program
15 or a portion is reasonably in proportion to the total donations raised;

16 3.3.1.6 misrepresenting that donations will benefit persons or
17 organizations in the donor's state or local community unless a substantial portion of the
18 charity's program services are provided in that state or local community;

19 3.3.1.7 misrepresenting that a person has previously donated to the
20 charity, or the amount of any previous donation; and

21 3.3.1.8 misrepresenting that a person has already made a pledge to
22 donate to the charity.

23 3.2 Except as provided in paragraph 3.3 of this section, using a local, state or
24 regional address on return envelopes and other solicitation or collection materials unless the
25 address is one at which the client charity actually has an ongoing physical presence and
26 conducts substantial activities unrelated to fundraising, except that Community Support shall

1 have no more than 90 days from the Effective Date of this Judgment to continue to use
2 supplies of written materials it had on hand on May 1, 2009. Nonetheless, Community Support
3 shall comply with this requirement as soon as practicable.

4 3.2.1 Community Support may use the address of a national or a regional
5 processing center as necessary to promote cost-savings, which must be clearly and
6 conspicuously identified as being a mail processing address on mailings and pledge materials
7 received by consumers so that the consumer could not misapprehend that the address is the
8 location of the charitable organization.

9 3.3 Using post office boxes or private mail boxes as collection points for donations
10 in states or local communities in which Community Support is soliciting unless the client
11 charity actually has an ongoing physical presence and conducts substantial activities unrelated
12 to fundraising in such state or local community. Community Support must cease the use of all
13 such post office boxes or private mail boxes no later than 90 days from the Effective Date of
14 this Judgment.

15 3.4 Failing to provide the following disclosures IN THE FOLLOWING ORDER
16 after the opening greeting of the call and after disclosure of the fact the call is being recorded
17 or in close proximity to the opening greeting, and beginning no later than the THIRD sentence
18 after the opening greeting of the presentation, and in all instances prior to the request for any
19 financial support:

20 3.4.1 the name of the individual solicitor and a clear and unambiguous
21 identification of company he or she works for. Further, Community Support shall avoid any
22 phrasing reasonably likely to cause confusion between the company name and the ordinary
23 usage of the words "community support";

24 3.4.2 the paid and/or professional status of the individual and the company
25 making the call, using the terms "paid caller," "paid solicitor," "paid fundraiser," OR
26 "professional fundraiser" unless state law expressly requires the use of different words;

1 WORDING THAT CONCEALS, OBFUSCATES OR DIMINISHES THE INTENT OF THE
2 DISCLOSURE, SUCH AS, "AS A PAID CALLER FOR COMMUNITY SUPPORT, INC.,
3 YOU HAVE THREE LEVELS OF SUPPORT TO CHOOSE FROM," DOES NOT COMPLY
4 WITH THIS PROVISION.

5 3.5 Failing to clearly and accurately disclose how donations will substantially be
6 used by the charity in each solicitation call.

7 3.6 Failing to conspicuously and accurately identify the location of the headquarters
8 of the charity in all written material sent to donors.

9 3.7 Engaging in any conduct during the course of a telephone call that harasses,
10 intimidates or frightens the recipient of a solicitation call. Harassment shall include causing a
11 telephone to ring repeatedly or continuously with intent to annoy, abuse, or harass any person
12 at the called number.

13 3.8 Failing to comply with all state registration laws and rules of the Settling States,
14 including without limitation those related to the following:

15 3.8.1 the identification and registration of subcontractors of Community
16 Support;

17 3.8.2 the use of entities that provide caging services;

18 3.8.3 required pre- and post-solicitation disclosures;

19 3.8.4 affirmative disclosure of the charitable purposes for which the donation
20 will be spent;

21 3.8.5 misrepresenting the nature or purpose of the charitable program
22 activities; and

23 3.8.6 misrepresenting the portion of the donation that will be retained.

24 **Record Retention and Production**

25 3.9 Community Support shall keep all relevant records for at least three years,
26 unless state law would require a longer period of time or this Judgment specifies a shorter

1 period. Community Support shall make all such records available upon 10 days' notice to any
2 settling state. The records that Community Support must keep include:

3 3.9.1 all recordings of all calls made by Community Support, however
4 Community Support is only required to keep recordings for 12 months;

5 3.9.2 copies of each call script, letter, pledge notice, and all other solicitation
6 materials actually used by Community Support;

7 3.9.3 records identifying all persons solicited by Community Support and
8 their donations;

9 3.9.4 copies of all complaints, emails, letters and other communications from
10 donors or other persons solicited by Community Support. During the initial year following
11 execution of this Consent Decree, every 30 days Community Support shall forward to the
12 appropriate state agencies all complaints received from residents of the state, along with a
13 statement of the steps, if any, Community Support took to resolve the complaint. Provided,
14 this obligation shall continue for an additional year upon a request in writing from a settling
15 state to continue for another year;

16 3.9.5 copies of all Community Support's correspondence with any
17 government agency including without limitation copies of all complaints, letters, and emails
18 from persons solicited;

19 3.9.6 copies of all contracts and other agreements with each of Community
20 Support's charities for whom it solicits charitable donations;

21 3.9.7 copies of all correspondence, reports, and summaries given to or
22 received from Community Support's charities for whom it solicits charitable donations; and

23 3.9.8 copies of all written authorizations or verifications from Community
24 Support's clients regarding representations in the charitable solicitations made by Community
25 Support.

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1 undertakes or will undertake the programs described in the solicitation materials used by
2 Community Support;

3 3.10.6 that more than an incidental amount of the contributions received by the
4 charity are spent on the programs or services described in the solicitation scripts and in other
5 solicitation materials used by Community Support during the most recent fiscal or calendar
6 year, including by reviewing a financial statement of the charity for each year and accounting
7 period during the past two calendar or fiscal years (or for the period of the charity's operation,
8 if less than two years) or, if the organization has filed a Form 990 or other tax return with the
9 Internal Revenue Service at any time during the past three calendar or fiscal years, by
10 reviewing copies of each Form 990 or other tax return filed by or on behalf of the charity
11 during that time, provided that, if such programs or services will be or have been provided for
12 the first time during the current calendar or fiscal year, the substantiation shall be sufficient if it
13 identifies or describes the program's intended beneficiaries and intended local communities and
14 includes the charity's written plan and itemized budget for delivering these benefits during the
15 current calendar or fiscal year; and

16 3.10.7 that the charity has provided written confirmation that its scripts,
17 rebuttal scripts, thank you letters, invoices, brochures, and other solicitation materials are true
18 and not deceptive. However, this required confirmation is not, by itself, sufficient to comply
19 with the requirements of this section. If Community Support has reasonable grounds to doubt
20 the veracity of such confirmation, it must take reasonable steps to ascertain the truth of the
21 representations.

22 3.11 Community Support shall meet with each client charity every six months to
23 verify all information it uses in its solicitations is accurate and Community Support shall
24 document such verifications and meetings in writing and shall maintain such records, and all
25 information obtained from the client, and provide them to any settling state regulator upon
26 request. Such meetings may take place via telephone or videoconference.

1 3.12 No later than July 1, 2009, Community Support shall obtain from each charity
2 for which it is currently soliciting, or with which it has a contract, written confirmation that the
3 specific script, the rebuttal script, and Q&A's and all representations contained therein are true
4 and accurate.

5 **Collection Efforts**

6 3.13 IT IS FURTHER ORDERED that Community Support will not make any
7 additional telephone calls to effect collection 30 days after the termination of any agreement
8 with any client. In addition, in any agreement signed after May 15, 2009, Community Support
9 shall not include any term that allows it to continue to receive and issue the proceeds collected
10 in accordance with the terms of any agreement with any client more than 90 days after
11 termination of that agreement.

12 **IV. ENFORCEMENT**

13 4.1 Every settling state shall have the authority to enforce or seek sanctions for
14 violations of the provisions of this Judgment in this Court.

15 4.2 Each of the Settling States shall be able to enforce the terms of this consent
16 judgment independently in its state courts and without approval from the other participating
17 states.

18 4.3 Community Support shall pay \$5,000 to \$10,000 for each individual violation
19 of this Judgment to the state in which the violation took place or where the recipient of the
20 solicitation is located. But Community Support shall not be liable to that settling state for that
21 penalty if it:

22 4.3.1 Supplies recordings, documents, and other evidence, and makes
23 employees available for interviews or other statements, at the request of and to the satisfaction
24 of such settling state, including but not limited to recordings of the calls in question and others
25 as delineated by the settling state, and
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- 1 5.1.1 \$50,000.00 on May 31, 2009;
- 2 5.1.2 \$25,000.00 on August 15, 2009;
- 3 5.1.3 \$50,000.00 on January 15, 2010;
- 4 5.1.4 \$25,000.00 on May 15, 2010; and
- 5 5.1.5 \$50,000.00 on November 15, 2010.

6 5.2 Such monies shall be paid by Community Support to the Attorney General of
7 the State of Missouri on behalf of the Settling States. The \$200,000 shall be distributed to the
8 Settling States as per an agreement between them, to which Community Support is not a party.

9 5.3 In the event such funds are not paid by the specified dates, interest on any
10 unpaid balance shall accrue at the rate of twelve percent per annum from the date due until
11 paid in full. In addition to such interest, Community Support shall pay the Settling States an
12 additional \$300,000 if it fails to pay any of the four payments specified above within thirty
13 (30) days of the due date.

14 5.4 Community Support shall immediately pay the Settling States \$500,000 should
15 any of the financial information it provided to the Settling States in negotiating this Judgment
16 prove to be inaccurate in any material respect.

17 5.5 As soon as practicable following receipt of the above funds, the Attorney
18 General of the State of Missouri shall cause such funds to be distributed among the Settling
19 States pursuant to an agreement between and among the Settling States, to which Community
20 Support is not a party. The funds may be used at the discretion of the receiving agency in each
21 state, consistent with state law, for purposes of reimbursement of the state's costs and fees
22 associated with the investigation and litigation of this matter, consumer protection law
23 enforcement, education, litigation funds, local consumer aid funds, public protection, or for
24 any other purpose allowed by law.

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VI. GENERAL PROVISIONS

6.1 Preservation of Law Enforcement Action. Nothing herein precludes the States from enforcing the provisions of this Consent Judgment, or from pursuing any law enforcement action with respect to the acts or practices of Community Support not covered by this Consent Judgment or any acts or practices conducted after the Effective Date.

6.2 Compliance with and Application of State and Federal Law. Nothing in this Judgment will be construed to limit the authority of any participating agency to protect the interests of their constituents. Accordingly, nothing herein relieves Community Support of their continuing duty to comply with applicable laws of all States nor constitutes authorization by the State for Community Support to engage in acts and practices prohibited by such laws.

6.3 Community Support shall comply will all state and federal laws, as they currently exist or may be amended in the future, pertaining to unfair and deceptive trade practices, telemarketing or any form of charitable solicitation. Further, nothing in this Judgment shall in any way restrict any state from enforcing its Do-Not-Call laws, federal telemarketing sales rules, registration laws, or consumer protection laws against Community Support or any of its clients, affiliates or subcontractors. The penalties and injunctions herein are intended to supplement state and federal laws and nothing herein shall relieve Community Support of its duty of compliance with any law. Nothing in this Judgment shall be deemed to preclude any donor or charity from bringing any action it may have against Community Support that arises out of Community Support's solicitation efforts.

6.4 Non-Admission. This Judgment shall not be construed as, or deemed to be evidence of, an admission or concession on the part of Community Support of any liability or wrongdoing whatsoever, which is hereby expressly denied and disclaimed by Community Support. This Judgment is a compromise settlement with no finding of any wrongdoing whatsoever, including but not limited to any violation of federal or state law.

1 6.5 Past and Future Practices. Nothing herein constitutes approval by any State of
2 Community Support's past or future practices. Community Support shall not make any
3 representation contrary to this paragraph.

4 6.6 No Change to Substantive Rights. Nothing herein shall be construed to waive,
5 modify or change any substantive rights of other persons or entities against Community
6 Support or against other persons or entities with respect to the acts and practices covered by
7 this Consent Judgment.

8 6.7 Review. Community Support has read and understands this Judgment and
9 enters into it voluntarily, having been advised by its undersigned counsel of the meaning and
10 effect of each provision of this Judgment.

11 6.8 Approval. Community Support and all Settling States shall recommend that this
12 Judgment be approved by a court with appropriate jurisdiction in all Settling States. In
13 addition, Community Support consents to this Judgment being presented, submitted, and filed
14 ex parte and entered in all Settling States without the need for an entry of appearance
15 Community Support or any other sort of consent beyond Community Support's signature on
16 this Judgment. Further, Community Support consents to additional states not listed here filing
17 this consent judgment. This consent judgment is valid as between Community Support and any
18 state that executes and enters it, without regard to whether any other states also execute and/or
19 enter it.

20 6.9 Continuing Jurisdiction. Community Support and the Settling States
21 acknowledge that the state court that approves this Judgment shall have continuing jurisdiction
22 over all matters concerning this Judgment in that state.

23 6.10 Community Support shall sign and agree to any document necessary to
24 effectuate this Judgment.

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