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**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

RENTON COLLECTIONS, INC.,

Defendant.

NO.

COMPLAINT FOR INJUNCTIVE AND
OTHER RELIEF

Plaintiff State of Washington, by and through its attorneys Nicholas W. Brown, Attorney General, and Robert Hyde, Assistant Attorney General, brings this action against Defendant Renton Collections, Inc. Defendant engaged in unfair or deceptive acts or practices, and unfair methods of competition, in violation of the Consumer Protection Act, chapter 19.86 RCW, and the Collection Agency Act, chapter 19.16 RCW, by failing to include disclosures required by RCW 19.16.250(28) in over 400,000 debt collection notices sent to Washington consumers. The State alleges the following on information and belief:

I. INTRODUCTION

1.1 Renton Collections, Inc. (RCI) is a Washington-licensed collection agency headquartered in Renton, Washington. RCI has been operating as a collection agency in Washington since 1994. RCI is in the business of collecting consumer debt, including medical debt, from Washington consumers.

1 1.2 In April 2019, the Washington legislature amended the Collection Agency Act
2 by requiring collection agencies that collect medical debt to include new language in their first
3 written debt collection notices to consumers alerting consumers to their right to request key
4 information about the debt. RCW 19.16.250(28)(a); SHB 1531. These new protections went into
5 effect on July 28, 2019.

6 1.3 In the Final Bill Report for SHB 1531, the Legislature cited the prevalence of
7 medical debt in low-income households and listed characteristics that distinguished medical debt
8 from other debt, including the unexpected nature and complexity of medical debt, as some of the
9 reasoning behind the bill. Thus, the amendments in SHB 1531 created stronger protections for
10 Washington consumers burdened with medical debt.

11 1.4 In the context of debt collection, medical debt is an incredibly broad category
12 covering debt arising from any “medical, surgical, dental, chiropractic, hospital, optometric,
13 podiatric, pharmaceutical, ambulance, custodial, mental health, [or] other therapeutic services.”
14 RCW 19.16.100(11); RCW 48.44.010(10).

15 1.5 Contrary to this new law, from July 28, 2019, through December 1, 2024, RCI sent
16 approximately 404,804 first written debt collection notices to Washington consumers seeking to
17 collect medical debt without the disclosures required by RCW 19.16.250(28). RCI collected more
18 than \$35 million from consumers in the process and was paid at least \$7,184,422.36 in commissions
19 as a result of its illegal debt collection practices.

20 1.6 RCI continues to collect and attempt to collect debt from Washington consumers
21 while using debt collection notices that do not comply with RCW 19.16.250(28).

22 1.7 The State, therefore, asks the Court to: (1) enjoin RCI from engaging in the
23 unlawful conduct complained of herein; (2) assess civil penalties against RCI under
24 RCW 19.86.140 for each violation of RCW 19.16.250 and RCW 19.86.020 complained of
25 herein; (3) grant restitution to the consumers from whom RCI unlawfully collected money, with
26 interest; (4) prohibit RCI from imposing future interest, costs, and fees on the accounts that were

1 the subject of RCI's debt collection violations, as provided in RCW 19.16.450; (5) require RCI
2 to reimburse the State for the costs of this action, including reasonable attorney fees pursuant to
3 RCW 19.86.080; and (6) order such other and further relief as the Court deems just and proper.

4 **II. PARTIES**

5 2.1 Plaintiff is the State of Washington, acting by and through the Consumer
6 Protection Division of the Washington Attorney General's Office. The Attorney General is
7 authorized to bring this action pursuant to RCW 19.86.080, RCW 19.86.140, RCW 19.16.440,
8 and RCW 19.16.460.

9 2.1 Defendant RCI is a Washington corporation with its principal place of business
10 located at 211 Morris Ave S, Renton, Washington. It is registered to do business in Washington,
11 its Unified Business Identifier Number is 600-419-968, and it has been licensed as a collection
12 agency in Washington since December 27, 1994.

13 **III. JURISDICTION AND VENUE**

14 3.1 The State files this Complaint and institutes these proceedings under the
15 provisions of the Consumer Protection Act, RCW 19.86, and the Collection Agency Act,
16 RCW 19.16.

17 3.2 RCI has engaged in the conduct set forth in this Complaint in King County and
18 elsewhere in the State of Washington.

19 3.3 Venue is proper in King County pursuant to RCW 4.12.020 and 4.12.025, and
20 Court Rule 82 because RCI is headquartered in King County and transacts business in King
21 County.

22 3.4 The Attorney General has the authority to commence this action as conferred by
23 RCW 19.86.080, RCW 19.86.140, RCW 19.16.440, and RCW 19.16.460.

24 **IV. FACTS**

25 4.1 The State brings this action to enforce the Consumer Protection Act, RCW 19.86,
26 and the Collection Agency Act, RCW 19.16.

1 **Washington’s Consumer Protection Act**

2 4.2 The Consumer Protection Act (CPA) prohibits “unfair or deceptive acts or
3 practices in the conduct of any trade or commerce.” RCW 19.86.020.

4 4.3 To prevail on a CPA claim, the State must prove (1) an unfair or deceptive act or
5 practice or an unfair method of competition, (2) occurring in trade or commerce, and (3) a public
6 interest impact. *State v. Mandatory Poster Agency*, 199 Wn. App. 506, 518, 398 P.3d 1271
7 (2017); *see also* RCW 19.86.020; .920. The State is not required to prove intent to deceive, or
8 actual deception. *State v. LA Investors, LLC*, 2 Wn. App. 2d 524, 537-39, 410 P.3d 1183 (2018).

9 4.4 Practices that mislead consumers regarding their legal rights, risks, or defenses
10 are deceptive under CPA. *Panag v. Farmers Ins. Co. of Washington*, 166 Wn.2d 27, 47-48, 204
11 P.3d 885 (2009); *Eng v. Specialized Loan Serv.*, 20 Wn. App. 2d 435, 450, 500 P.3d 171 (2021).

12 4.5 The failure to reveal a benefit to which a consumer is legally entitled is an unfair
13 or deceptive practice under the CPA. *Merriman v. Am. Guarantee & Liab. Ins. Co.*,
14 198 Wn. App. 594, 628-29, 396 P.3d 351 (2017).

15 4.6 Acts or practices that violate the law and give a company an unfair advantage
16 over its competitors is an unfair method of competition under the CPA. *See Seaboard Sur. Co.*
17 *v. Ralph Williams’ Nw. Chrysler Plymouth, Inc.*, 81 Wn.2d 740, 745, 504 P.2d 1139 (1973) (“the
18 statutory offense of ‘unfair methods of competition’ is likely to harm all competitors if it harms
19 any”); *Boggs v. Whitaker, Lipp & Helea, Inc., P.S.*, 56 Wn. App. 583, 588, 784 P.2d 1273 (1990)
20 (unfair method of competition involves harm or potential harm to a competitor).

21 4.7 The Attorney General has the authority to enforce the CPA and to seek to enjoin
22 and prevent violations thereof. RCW 19.86.080.

23 4.8 The CPA is a broadly remedial consumer protection statute that must be liberally
24 construed in favor of protecting consumers. RCW 19.86.920.

1 **Washington’s Collection Agency Act**

2 4.9 In 1971, at the request of then Attorney General Slade Gorton, the Legislature
3 enacted the Collection Agency Act (CAA), “[t]o eliminate the considerable abuse” in debt
4 collection, including deceptive practices undertaken by debt collectors. Wash. Laws, 1971 1st
5 Ex. Session, Ch. 252; Senate Judiciary Committee Report, SSB 796 (1971).

6 4.10 The Attorney General has the independent authority to enforce the CAA and to
7 seek to enjoin and prevent violations thereof. RCW 19.16.460.

8 4.11 The CAA is a broadly remedial consumer protection statute that must be broadly
9 construed in favor of consumers. *See Jametsky v. Olsen*, 179 Wn.2d 756, 765, 317 P.3d 1003
10 (2014) (“We construe remedial consumer protection statutes ... liberally in favor of the
11 consumers they aim to protect”).

12 4.12 Because “[t]he business of debt collection affects the public interest, [] collection
13 agencies are subject to *strict regulation* to ensure they deal fairly and honestly with alleged
14 debtors.” *Panag*, 166 Wn.2d at 54 (emphasis added). “[T]he debt collection industry [is a] highly
15 regulated field[],” and a “primary purpose of the intensive regulation of” debt collection “is to
16 create public confidence in the honesty and reliability of those who engage in the . . . business
17 of debt collection.” *Id.*, 166 Wn.2d at 43.

18 4.13 In April 2019, the Legislature passed Substitute House Bill 1531 (SHB 1531).
19 The protections in SHB 1531 went into effect on July 28, 2019.

20 4.14 SHB 1531 created stronger protections for Washington consumers burdened with
21 medical debt, amending the CAA and other statutes to both restrict collection activities and to
22 require debt collectors to provide additional disclosures to consumers when attempting to collect
23 medical and hospital debt.

24 4.15 In the Final Bill Report for SHB 1531, the Legislature cited the prevalence of
25 medical debt in low-income households, and listed characteristics that distinguished medical
26

1 debt from other debt, including the unexpected nature and complexity of medical debt, as some
2 of the reasoning behind the bill.

3 4.16 When a debt collector collects medical debt, it must include with the first written
4 notice sent to a consumer a disclosure with three separate subparts: “a statement that informs the
5 debtor of the debtor’s right to request [1] the original account number or redacted original
6 account number assigned to the debt, [2] the date of the last payment, and [3] an itemized
7 statement as provided in (b) of this subsection.” RCW 19.16.250(28)(a).

8 4.17 RCW 19.16.250(28)(b) requires that a debt collector include the following
9 information to a consumer free of charge in an itemized statement:

- 10 (A) The name and address of the medical creditor;
- 11 (B) The date, dates, or date range of service;
- 12 (C) The health care services provided to the patient as indicated by the health
13 care provider in a statement provided to the licensee;
- 14 (D) The amount of principal for any medical debt or debts incurred;
- 15 (E) Any adjustment to the bill, such as negotiated insurance rates or other
discounts;
- 16 (F) The amount of any payments received, whether from the patient or any
17 other party;
- 18 (G) Any interest or fees; and
- 19 (H) Whether the patient was found eligible for charity care or other reductions
20 and, if so, the amount due after all charity care and other reductions have been
applied to the itemized statement.

21 4.18 As a collection agency doing business in Washington State, RCI is required to
22 comply with the requirements of the CAA, including RCW 19.16.250.

23 **RCI’s Debt Collection Activities**

24 4.19 When seeking to collect general medical debt, RCI uses a template it calls
25 Letter 1.
26

1 4.20 Although the Letter 1 template contains a disclosure about a consumer’s rights
2 under federal law, it lacks any of the disclosures required by RCW 19.16.250(28).

3 4.21 From July 28, 2019, through December 1, 2024, RCI sent 368,470 first written
4 notices to Washington consumers based upon the Letter 1 template in an attempt to collect
5 medical debt.

6 4.22 When seeking to collect hospital debt (which is a type of medical debt under the
7 CAA), RCI uses two different templates. RCI uses a template it calls Letter 100 to collect
8 hospital debt on behalf of private hospitals, while it uses a template it calls Letter 9848 to collect
9 hospital debt on behalf of public hospitals.

10 4.23 Because hospital debt is a type of medical debt, any first written notice sent to a
11 Washington consumer attempting to collect hospital debt after July 28, 2019, must include the
12 disclosures mandated by RCW 19.16.250(28).

13 4.24 From July 28, 2019, through December 1, 2024, RCI sent 28,584 first written
14 notices to Washington consumers based upon the Letter 100 template and another 7,750 first
15 written notices to Washington consumers based upon the Letter 9848 template. Each of these
16 36,334 first written notices was sent in an attempt to collect hospital debt, which is a type of
17 medical debt.

18 4.25 The Letter 100 and Letter 9848 only contain part of the disclosures mandated by
19 RCW 19.16.250(28) because each states only that “you have the right to receive an itemized
20 statement of services the original creditor has provided to you.” The Letter 100 and Letter 9848
21 templates do not contain a statement informing the consumer of the consumer’s right to request
22 the account number assigned to the debt or the date of the last payment, and the disclosure
23 regarding the itemized statement is deficient.

24 4.26 The itemized statement discussed in RCW 19.16.250(28)(a) requires a substantial
25 amount of information related to the debt that is beyond what an ordinary consumer would
26 consider as an “itemized statement” in another context. Therefore, a debt collector must include

1 in its first written notices for medical debt the contents of the itemized statement set forth in
2 RCW 19.16.250(28)(b). A debt collector also must disclose to the consumer that receiving the
3 itemized statement is free.

4 4.27 From July 28, 2019, through the middle of 2024, RCI collected \$35,076,994.03
5 from Washington consumers and obtained \$7,184,422.36 in commissions on accounts where
6 RCI sent a first written notice based upon Letter 1, Letter 100, or Letter 9848.

7 4.28 RCI's unfair and deceptive acts and practices, and unfair methods of competition,
8 have impacted the public interest and are likely to continue without relief from this Court.

9 4.29 RCI, at all times relevant to this action, has been engaged in trade or commerce
10 within the meaning of RCW 19.86.010(2), by collecting and attempting to collect debt from
11 Washington consumers.

12 **V. VIOLATIONS OF THE COLLECTION AGENCY ACT**

13 5.1 The State re-alleges Paragraphs 1.1 through 1.7 and incorporates them as if set forth
14 fully herein.

15 5.2 The CAA prohibits a Washington-licensed collection agency from sending a first
16 written notice seeking to collect medical debt without including the disclosures required by
17 RCW 19.16.250(28).

18 5.3 RCI's Letter 1, Letter 100, and Letter 9848 template letters do not contain the
19 disclosures required by RCW 19.16.250(28).

20 5.4 By sending first written notices seeking to collect medical debt from Washington
21 consumers utilizing the Letter 1, Letter 100, and Letter 9848 templates, RCI violated
22 RCW 19.16.250(28).

23 5.5 Each deficient first written notice RCI sent is a separate violation of the CAA.

24 5.6 As a result of the above unlawful actions and practices in violation of
25 RCW 19.16.250(28), RCI and any other person legally entitled to recover on any account that
26 received a Letter 1, Letter 100, or Letter 9848-based first written notice are prohibited from

1 recovering any interest, attorney fees, or other costs otherwise chargeable to the consumer on
2 these accounts other than the amount of the original claim. RCW 19.16.450.

3 5.7 Based on the above violations of the CAA, the State is entitled to all relief
4 described under the CAA including injunctive relief under RCW 19.16.460 and penalties under
5 RCW 19.16.450.

6 **VI. PER SE VIOLATIONS OF CONSUMER PROTECTION ACT**

7 6.1 The State re-alleges Paragraphs 1.1 through 1.7 and incorporates them as if set forth
8 fully herein.

9 6.2 It is unlawful for a collection agency to send a first written notice seeking to collect
10 medical debt without including the disclosures required by RCW 19.16.250(28).

11 6.3 RCI sent out 404,804 first written notices seeking to collect medical debt without
12 the disclosures required by RCW 19.16.250(28).

13 6.4 Any violations of RCW 19.16.250 constitute “unfair acts or practices or unfair
14 methods of competition in the conduct of trade or commerce for the purpose of the application of
15 the consumer protection act in chapter 19.86 RCW” and are per se violations of the CPA.
16 RCW 19.16.440.

17 6.5 Each deficient first written notice RCI sent is a separate violation of the CPA.

18 6.6 Based upon RCI’s per se violations of the CPA, the State is entitled to relief under
19 the CPA including injunctive relief and restitution pursuant to RCW 19.86.080, civil penalties
20 pursuant to RCW 19.86.140 for each violation of RCW 19.86.020 of up to seven thousand five
21 hundred dollars (\$7,500) per violation, and reimbursement of the costs of this action, including
22 reasonable attorney fees, under RCW 19.86.080.

23 **VII. DIRECT VIOLATIONS OF CONSUMER PROTECTION ACT**

24 7.1 The State re-alleges Paragraphs 1.1 through 1.7 and incorporates them as if set forth
25 fully herein.
26

7.2 It is unlawful for a collection agency to send a first written notice seeking to collect medical debt without including the disclosures required by RCW 19.16.250(28).

7.3 RCI sent out 404,804 first written notices seeking to collect medical debt without the disclosures required by RCW 19.16.250(28).

7.4 By sending first written notices without the disclosures required by RCW 19.16.250(28), RCI engaged in unlawful and unfair or deceptive practices in trade or commerce that affected the public interest in violation of RCW 19.86.020.

7.5 By sending first written notices without the disclosures required by RCW 19.16.250(28), RCI engaged in unfair methods of competition in trade or commerce that affected the public interest in violation of RCW 19.86.020.

7.6 Each deficient first written notice RCI sent is a separate violation of the CPA.

7.7 Based upon RCI's violations of RCW 19.86.020, the State is entitled to relief under the CPA including injunctive relief and restitution pursuant to RCW 19.86.080, civil penalties pursuant to RCW 19.86.140 for each violation of RCW 19.86.020 of up to seven thousand five hundred dollars (\$7,500) per violation, and reimbursement of the costs of this action, including reasonable attorney fees, under RCW 19.86.080.

VIII. PRAYER FOR RELIEF

Wherefore, the State prays for the following relief:

8.1 That the Court adjudge and decree that Defendant Renton Collections, Inc. has engaged in the conduct complained of herein;

8.2 That the Court adjudge and decree that Defendant Renton Collections, Inc.'s conduct complained of herein violates the Collection Agency Act, RCW 19.16.250(28);

8.3 That the Court, pursuant to the Attorney General’s powers under RCW 19.16.460 to seek injunctive relief to restrain or prevent violations of the Collect Agency Act, enjoin Defendant Renton Collections, Inc. from continuing or resuming the violations of RCW 19.16.250(28) complained of herein;

1 8.4 That the Court adjudge and decree, pursuant to RCW 19.16.450, that as a result
2 of Defendant Renton Collections, Inc.'s violations of RCW 19.16.250(28), Defendant Renton
3 Collections, Inc. and any other persons legally entitled to recover fees on the subject accounts are
4 prohibited from recovering any interest, attorney fees, or other costs otherwise chargeable to the
5 consumers on those accounts other than the amount of the original claim;

6 8.5 That the Court adjudge and decree that Defendant Renton Collections, Inc.'s
7 violations of RCW 19.16.250(28) constitute per se unfair or deceptive acts or practices or unfair
8 methods of competition in trade or commerce that affect the public interest, as provided in
9 RCW 19.16.440, in violation of the CPA, RCW 19.86.020, for which Defendant Renton
10 Collections, Inc. is liable;

11 8.6 That the Court adjudge and decree that Defendant Renton Collections, Inc.'s
12 practices complained of herein were also unfair or deceptive practices in trade or commerce
13 affecting the public interest, in violation of the CPA, RCW 19.86.020, for which Defendant Renton
14 Collections, Inc. is liable;

15 8.7 That the Court issue a permanent injunction pursuant to the CPA, RCW 19.86.080,
16 and other authority, enjoining and restraining Defendant Renton Collections, Inc. and its
17 representatives, successors, assigns, officers, agents, servants, employees, and all other persons
18 acting or claiming to act for, on behalf of, or in concert or participation with Defendant Renton
19 Collections, Inc., from continuing or resuming the unlawful conduct complained of herein;

20 8.8 That the Court, pursuant to RCW 19.86.140, assess civil penalties against Defendant
21 Renton Collections, Inc. of up to seven thousand five hundred dollars (\$7,500) per violation for
22 each and every violation of RCW 19.86.020 established herein;

23 8.9 That the Court, pursuant to RCW 19.86.080, order restitution to consumers of the
24 total amount collected on any account where Defendant Renton Collections, Inc. utilized a
25 collection letter that violated RCW 19.16.250(28), plus interest;
26

1 8.10 That Plaintiff State of Washington recover from Defendant Renton Collections, Inc.
2 the costs of this action, including reasonable attorney fees, pursuant to RCW 19.86.080;

3 8.11 That the Court award prejudgment interest at a rate of 12 percent per annum,
4 pursuant to RCW 19.52.020; and

5 8.12 That the Court order such other and further relief as it deems just and proper to
6 remedy the effects of the conduct complained of herein.

7 DATED this 5th day of March, 2025.

8
9 NICHOLAS W. BROWN
10 Attorney General

11 /s/ Robert Hyde
12 ROBERT HYDE, WSBA #33593
13 Assistant Attorney General
14 Attorneys for Plaintiff State of Washington
15 800 Fifth Avenue, Suite 2000
16 Seattle, WA 98104
17 (206) 464-7744
18 Robert.Hyde@atg.wa.gov
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