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Honorable Lonny R. Suko

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
AT SPOKANE

DOYLE WHEELER and CARRI
WHEELER, husband and wife,
individually and on behalf of similarly
situated Washington residents,

Plaintiffs,

v.

NATIONWIDE SUPPORT SERVICES,
INC., a California corporation; JOANNE
GARNEAU, individually and on behalf of
the marital community of JOANNE
GARNEAU and ARTHUR GARNEAU;
FREEDOM DEBT CENTER, a California
corporation; NOTEWORLD, LLC, d/b/a
NOTEWORLD SERVICING CENTER, a
Delaware limited liability company; and
JOHN AND JANE DOES A-K,

Defendants.

No. CV-10-202-LRS

CLASS ACTION

DEFENDANT NATIONWIDE
SUPPORT SERVICES, INC.'S
ANSWER TO FIRST AMENDED
CLASS ACTION COMPLAINT

As and for its answer to Plaintiffs' First Amended Class Action Complaint and Jury Demand, Defendant Nationwide Support Services, Inc. ("Nationwide"), by and through its attorneys Foster Pepper PLLC, denies each and every allegation and legal conclusion of the Class Action Complaint and Jury Demand except as specifically admitted herein, and states as follows:

I. INTRODUCTION

1
2 1. Nationwide denies the averments contained in Paragraph 1 to the
3 extent they relate to Defendant Nationwide and Joanne Garneau and, as to the
4 remaining averments therein relative to Defendant NoteWorld LLC d/b/a
5 NoteWorld Servicing Center (“Defendant NoteWorld”) and Defendant Freedom
6 Debt Center (“Defendant FDC”), Defendant Nationwide is without sufficient
7 knowledge to form a belief regarding the truth or falsity of said averments and
8 therefore denies the same. Alternatively, Paragraph 1 contains legal conclusions to
9 which no answer is required.

10 2. Nationwide is without sufficient knowledge to form a belief regarding
11 the truth or falsity of the averments contained in Paragraph 2 and therefore denies
12 the same.

II. PARTIES

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14 3. Nationwide is without sufficient knowledge to form a belief regarding
15 the truth or falsity of the averments contained in the first sentence of Paragraph 3,
16 and therefore denies the same. Nationwide denies the averments contained in the
17 second sentence of Paragraph 3 to the extent they relate to Nationwide and
18 Garneau and, as to the remaining averments therein, Nationwide is without
19 sufficient knowledge to form a belief regarding the truth or falsity of said
20 averments and therefore denies the same.

21 4. Admit.

22 5. Nationwide admits that Joanne Garneau is the CEO of Nationwide
23 and resides in Orange County, California and denies Plaintiffs’ legal conclusions
24 and characterizations contained in the remainder of Paragraph 4.
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1 6. Nationwide is without sufficient knowledge to form a belief regarding
2 the truth or falsity of the averments contained in Paragraph 6, and therefore denies
3 the same

4 7. Nationwide is without sufficient knowledge to form a belief regarding
5 the truth or falsity of the averments contained in Paragraph 7, and therefore denies
6 the same.

7 8. Nationwide denies the averments in Paragraph 8 that pertain
8 specifically to Nationwide and/or any purported managing agents. With respect to
9 the remaining averments pertaining to Defendants NoteWorld and FDC,
10 Nationwide is without sufficient knowledge to form a belief regarding the truth or
11 falsity of the averments contained in Paragraph 8, and therefore denies the same.

12 9. Nationwide denies the averments in Paragraph 9 that pertain
13 specifically to Nationwide and/or Garneau and/or any purported business affiliates,
14 partners, alter egos, or alleged co-conspirators. With respect to the remaining
15 averments pertaining to Defendants NoteWorld and FDC, Nationwide is without
16 sufficient knowledge to form a belief regarding the truth of falsity of the averments
17 contained in Paragraph 9, and therefore denies the same.

18 **III. JURISDICTION AND VENUE**

19 10. Nationwide admits that Plaintiffs' claim to bring this action pursuant
20 to 28 U.S.C. § 1332(a)(1). Except as so expressly admitted, Nationwide denies
21 each and every other allegation of Paragraph 10.

22 11. Nationwide denies that the Court has personal jurisdiction over it or
23 Ms. Garneau because, inter alia, the named plaintiffs' claims are subject to
24 arbitration and there is a lack of sufficient contacts. Nationwide lacks knowledge
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1 sufficient to determine the truth of falsity of the averment as to the other
2 Defendants, and therefore denies the same.

3 12. Nationwide states that the named plaintiffs' claims are subject to
4 arbitration and denies that the Eastern District of Washington is a proper venue for
5 this action.

6 **IV. AVERMENTS OF FACT**

7 13. Nationwide denies the averments of this paragraph as they pertain to
8 Nationwide. Nationwide is without sufficient knowledge to form a belief
9 regarding the truth or falsity of the remaining averments contained in Paragraph
10 13, and therefore denies the same.

11 14. Nationwide states that it provides certain debt settlement services and
12 denies Plaintiffs' legal conclusions and characterizations contained in the
13 remainder of Paragraph 14.

14 15. Nationwide is without sufficient knowledge to form a belief regarding
15 the truth or falsity of the averments contained in Paragraph 15, and therefore
16 denies the same.

17 16. Nationwide is without sufficient knowledge to form a belief regarding
18 the truth or falsity of the averments contained in Paragraph 16, and therefore
19 denies the same.

20 17. Nationwide is without sufficient knowledge to form a belief regarding
21 the truth or falsity of the averments contained in Paragraph 17, and therefore
22 denies the same.

23 18. Nationwide is without sufficient knowledge to form a belief regarding
24 the truth or falsity of the averments contained in Paragraph 18, and therefore
25 denies the same.
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1 19. Nationwide is without sufficient knowledge to form a belief regarding
2 the truth or falsity of the averments contained in Paragraph 19, and therefore
3 denies the same.

4 20. Nationwide denies the averments of this paragraph, express or implied.

5 21. Nationwide admits that front-end debt settlement companies market to
6 consumers indebted with credit card debt. Nationwide is without sufficient
7 knowledge to form a belief regarding the truth or falsity of the remaining
8 averments contained in Paragraph 21, and therefore denies the same.

9 22. Nationwide admits that it provides certain debt settlement services
10 and denies the legal conclusions and characterizations contained in the remainder
11 of Paragraph 22.

12 23. Nationwide denies the averments of this paragraph, express or
13 implied.

14 24. Nationwide denies the averments of this paragraph, express or
15 implied.

16 25. Nationwide denies the averments of this paragraph, express or
17 implied.

18 26. Nationwide is without sufficient knowledge to form a belief regarding
19 the truth or falsity of the averments contained in Paragraph 26, and therefore
20 denies the same.

21 27. Nationwide is without sufficient knowledge to form a belief regarding
22 the truth or falsity of the averments contained in Paragraph 27, and therefore
23 denies the same.

1 28. Nationwide admits that it utilizes or has companies to which it
2 provides services to that utilize contracts, but denies the remaining averments
3 contained in Paragraph 28, express or implied.

4 29 Nationwide denies the averments of this paragraph and each of its
5 subparts, express or implied.

6 30. Nationwide admits that certain states regulate debt settlement and debt
7 settlement. Nationwide denies the remaining averments of this paragraph, express
8 or implied.

9 31. Paragraph 31 contains legal conclusions to which no answer is
10 required; RCW 18.28 speaks for itself.

11 32. Paragraph 32 contains legal conclusions to which no answer is
12 required; RCW 18.28.190 speaks for itself.

13 33. Paragraph 33 contains legal conclusions to which no answer is
14 required; RCW 18.28.185 speaks for itself.

15 34. Nationwide admits that it provides certain debt settlement services,
16 but denies the remaining averments of this paragraph as to Nationwide, express or
17 implied: Nationwide is without sufficient knowledge to form a belief regarding the
18 truth or falsity of the remaining averments contained in Paragraph 34, and
19 therefore denies the same.

20 35. Nationwide is without sufficient knowledge to form a belief regarding
21 the truth or falsity of the averments contained in Paragraph 35, and therefore
22 denies the same.

23 36. Paragraph 36 contains legal conclusions to which no answer is
24 required; RCW 18.28.080 speaks for itself; Nationwide is without sufficient
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1 knowledge to form a belief regarding the truth or falsity of the remaining
2 averments contained in Paragraph 36, and therefore denies the same.

3 37. Nationwide denies the averments of this paragraph as they pertain to
4 Nationwide and Ms. Garneau; Nationwide is without sufficient knowledge to form
5 a belief regarding the truth or falsity of the remaining averments contained in
6 Paragraph 37, and therefore denies the same.

7 38. Nationwide admits that it performs certain debt settlement services;
8 Nationwide denies the remaining averments of this paragraph, express or implied.

9 39. Nationwide is without sufficient knowledge to form a belief regarding
10 the truth or falsity of the averments contained in Paragraph 39, and therefore
11 denies the same.

12 40. Nationwide is without sufficient knowledge to form a belief regarding
13 the truth or falsity of the averments contained in Paragraph 40, and therefore
14 denies the same.

15 41. Paragraph 41 contains legal conclusions to which no answer is
16 required; RCW 18.28.080(1) speaks for itself.

17 43. Nationwide denies the averments of this paragraph pertinent to
18 Nationwide and Ms. Garneau, express or implied; Nationwide is without sufficient
19 knowledge to form a belief regarding the truth or falsity of the remaining
20 averments contained in Paragraph 43, and therefore denies the same.

21 43. Nationwide admits that it performs certain debt settlement services,
22 but denies the remaining averments of this paragraph, express or implied.

23 44. Nationwide is without sufficient knowledge to form a belief regarding
24 the truth or falsity of the averments contained in Paragraph 44, and therefore
25 denies the same.

1 45. Nationwide is without sufficient knowledge to form a belief regarding
2 the truth or falsity of the averments contained in Paragraph 45, and therefore
3 denies the same.

4 46. Paragraph 46 contains legal conclusions to which no answer is
5 required; RCW 18.28.080(1) speaks for itself.

6 47. Nationwide denies the averments of the paragraph as they pertain to
7 Nationwide. Nationwide is without sufficient knowledge to form a belief
8 regarding the truth or falsity of the remaining averments contained in Paragraph
9 47, and therefore denies the same.

10 48. Nationwide denies the averments of this paragraph pertinent to
11 Nationwide and Ms. Garneau, express or implied; Nationwide is without sufficient
12 knowledge to form a belief regarding the truth or falsity of the remaining
13 averments contained in Paragraph 48, and therefore denies the same.

14 49. Defendant Nationwide is without sufficient knowledge to form a
15 belief regarding the truth or falsity of the averments contained in Paragraph 49, and
16 therefore denies the same.

17 50. Paragraph 50 contains legal conclusions to which no answer is
18 required; RCW 18.28.110 speaks for itself.

19 51. Nationwide is without sufficient knowledge to form a belief regarding
20 the truth or falsity of the averments contained in Paragraph 51, and therefore
21 denies the same.

22 52. Paragraph 52 contains legal conclusions to which no answer is
23 required; RCW 18.28.110(1) speaks for itself.
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1 53. Defendant Nationwide is without sufficient knowledge to form a
2 belief regarding the truth or falsity of the averments contained in Paragraph 53, and
3 therefore denies the same.

4 54. Paragraph 54 contains legal conclusions to which no answer is
5 required; RCW 18.28.110(4) speaks for itself.

6 55. Nationwide is without sufficient knowledge to form a belief regarding
7 the truth or falsity of the averments contained in Paragraph 55, and therefore
8 denies the same.

9 56. Nationwide is without sufficient knowledge to form a belief regarding
10 the truth or falsity of the averments contained in Paragraph 56, and therefore
11 denies the same.

12 57. Paragraph 57 contains legal conclusions to which no answer is
13 required; RCW 18.28.090 speaks for itself.

14 58. Nationwide denies the averments of the paragraph as they pertain to
15 Nationwide. Nationwide is without sufficient knowledge to form a belief
16 regarding the truth or falsity of the remaining averments contained in Paragraph
17 58, and therefore denies the same.

18 59. Nationwide denies the averments of the paragraph as they pertain to
19 Nationwide. Nationwide is without sufficient knowledge to form a belief
20 regarding the truth or falsity of the remaining averments contained in Paragraph
21 59, and therefore denies the same.

22 60. Nationwide denies the averments of the paragraph as they pertain to
23 Nationwide and Ms. Garneau. Nationwide is without sufficient knowledge to form
24 a belief regarding the truth or falsity of the remaining averments contained in
25 Paragraph 60, and therefore denies the same.
26

V. CLAIMS.

A. Injunctive Relief as to Nationwide

61. Nationwide is without sufficient knowledge to form a belief regarding the truth or falsity of the averments about purported class members' knowledge, and therefore denies the same; Nationwide denies the remaining averments contained in Paragraph 61, express or implied.

62. Nationwide is without sufficient knowledge to form a belief regarding the truth or falsity of the averments about purported class members' knowledge, and therefore denies the same; Nationwide denies the remaining averments contained in Paragraph 62, express or implied.

63. Nationwide is without sufficient knowledge to form a belief regarding the truth or falsity of the averments about purported class members' knowledge, and therefore denies the same; Nationwide denies the remaining averments contained in Paragraph 63, express or implied.

64. Nationwide is without sufficient knowledge to form a belief regarding the truth or falsity of the averments about purported class members' knowledge, and therefore denies the same; Nationwide denies the remaining averments contained in Paragraph 64, express or implied.

65. Nationwide denies the averments of this paragraph, express or implied.

66. Nationwide admits that it engages in certain debt settlement services; Nationwide denies the remaining averments of this paragraph, express or implied.

67. Nationwide admits that it engages in certain debt settlement services; Nationwide denies the remaining averments of this paragraph, express or implied.

1 68. Nationwide denies the averments of this paragraph, express or
2 implied.

3 69. Nationwide denies the averments of this paragraph, express or
4 implied.

5 70. Nationwide denies the averments of this paragraph and its subparts,
6 express or implied.

7 **B. Injunctive Relief as to FDC**

8 71-88. Nationwide is without sufficient knowledge to form a belief
9 regarding the truth or falsity of the averments contained in Paragraphs 71-88, and
10 therefore denies the same.

11 **C. Injunctive Relief as to NoteWorld**

12 79-89. Nationwide is without sufficient knowledge to form a belief
13 regarding the truth or falsity of the averments contained in Paragraphs 79-89, and
14 therefore denies the same.

15 **D. Consumer Protection Act Claims**

16 90. Nationwide admits that it is engaged in certain debt settlement
17 services, some for compensation, denies that those services include proration of
18 indebtedness, and denies the remaining averments of this paragraph, express or
19 implied.

20 91. Nationwide is without sufficient knowledge to form a belief regarding
21 the truth or falsity of the averments contained in Paragraph 91, and therefore
22 denies the same.

23 92. Nationwide is without sufficient knowledge to form a belief regarding
24 the truth or falsity of the averments contained in Paragraph 92, and therefore
25 denies the same.
26

1 93. Nationwide admits that it is engaged in certain debt settlement
2 services; Nationwide is without sufficient knowledge to form a belief regarding the
3 truth or falsity of the remaining averments contained in Paragraph 93, and
4 therefore denies the same and all legal conclusions contained therein.

5 94 Nationwide denies the averments of this paragraph as they pertain to
6 Nationwide; Nationwide is without sufficient knowledge to form a belief regarding
7 the truth or falsity of the remaining averments contained in Paragraph 94, and
8 therefore denies the same.

9 **E. “Aiding and Abetting” Claims**

10 95. Nationwide denies the averments of this paragraph as they pertain to
11 Nationwide and Ms. Garneau; Nationwide is without sufficient knowledge to form
12 a belief regarding the truth or falsity of the remaining averments contained in
13 Paragraph 95, and therefore denies the same.

14 96. Nationwide denies the averments of this paragraph as they pertain to
15 Nationwide; Nationwide is without sufficient knowledge to form a belief regarding
16 the truth or falsity of the remaining averments contained in Paragraph 96, and
17 therefore denies the same.

18 97. Nationwide denies the averments of this paragraph as they pertain to
19 Nationwide; Nationwide is without sufficient knowledge to form a belief regarding
20 the truth or falsity of the remaining averments contained in Paragraph 97, and
21 therefore denies the same.

22 98. Nationwide denies the averments of this paragraph and all its subparts
23 as they pertain to Nationwide and Ms. Garneau; Nationwide is without sufficient
24 knowledge to form a belief regarding the truth or falsity of the remaining
25 averments contained in Paragraph 98, and therefore denies the same.
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1 99. Nationwide denies the averments of this paragraph as they pertain to
2 Nationwide and Ms. Garneau; Nationwide is without sufficient knowledge to form
3 a belief regarding the truth or falsity of the remaining averments contained in
4 Paragraph 99, and therefore denies the same.

5 100. Nationwide denies the averments of this paragraph as they pertain to
6 Nationwide and Ms. Garneau; Nationwide is without sufficient knowledge to form
7 a belief regarding the truth or falsity of the remaining averments contained in
8 Paragraph 100, and therefore denies the same

9 **F. Fiduciary Duty Claim against NoteWorld**

10 101-107. Nationwide is without sufficient knowledge to form a belief
11 regarding the truth or falsity of the remaining averments contained in Paragraphs
12 101-107, and therefore denies the same.

13 **VI. CLASS CERTIFICATION**

14 108. Nationwide denies that class certification is appropriate in this case.
15 Nationwide is without sufficient knowledge to form a belief regarding the truth or
16 falsity of the remaining averments contained in Paragraph 108, and therefore
17 denies the same.

18 109. Nationwide denies that class certification is appropriate in this case.
19 Nationwide is without sufficient knowledge to form a belief regarding the truth or
20 falsity of the remaining averments contained in Paragraph 109, and therefore
21 denies the same.

22 110 – 115. Nationwide denies that class certification is appropriate in this
23 case. These paragraphs assert legal conclusions rather than averments of fact to
24 which an answer is required; to the extent any answer is required, Nationwide
25 denies the same.
26

1 116. Nationwide denies the averments of this paragraph.

2 **VII. DEMAND FOR RELIEF**

3 Paragraphs 1 through 10 of Plaintiffs' Demand for Relief make no
4 averments of fact to which an answer is required. Nationwide denies that plaintiffs
5 are entitled to any of the relief they request.

6 **VIII. AFFIRMATIVE DEFENSES**

7 As to the plaintiffs individually and any other person they purport to
8 represent (hereafter collectively "plaintiffs"), in further answer to plaintiffs'
9 Amended Complaint and as and for its affirmative defenses to each and every
10 allegation contained therein, such affirmative defenses serving to bar or reduce the
11 relief plaintiffs seek, Nationwide states the following affirmative defenses based on
12 fact known and on information and belief:

13 1. Plaintiffs and some or all of the other members of the putative class
14 fail to state a claim upon which relief can be granted against Nationwide.

15 2. The court lacks subject-matter and personal jurisdiction in this case
16 and the Eastern District of Washington is an improper venue because, inter alia, the
17 named plaintiffs' claims are subject to arbitration and there is a lack of sufficient
18 contacts.

19 3. Plaintiffs and some or all other members of the putative class have, on
20 information and belief, failed to mitigate damages and costs they are seeking
21 herein.

22 4. On information and belief, plaintiffs' claims and the claims of other
23 members of the putative class are barred in whole or in part by the doctrines of
24 Waiver, Estoppel, Laches, Release, Unclean Hands, and Ratification and or other
25 equitable limitations.
26

1 5. Plaintiffs' claims and the claims of the other members of the putative
2 class are not suitable for disposition as a class action and plaintiffs' claims and the
3 claims of the other members of the putative class are not suitable for certification
4 as a class action under Fed. R. Civ. P. 23.

5 6. Plaintiffs lack standing to seek injunctive relief be it individually or
6 on behalf of a putative class. On information and belief, plaintiffs lack standing
7 for purposes of class certification to assert the claims alleged herein. Finally,
8 RCW 18.28 et seq. provides no private right of action applicable to Nationwide
9 and/or Ms. Garneau.

10 7. Plaintiffs' claims and the claims of the other members of the putative
11 class are barred by the applicable statutes of limitations and/or repose.

12 8. Plaintiffs' claims and the claims of the other members of the putative
13 class are barred, in whole or in part, by an accord and satisfaction, compromise,
14 discharge, waiver of breach, payment and/or substituted or agreed performance, or
15 prior settlement.

16 9. The claims of some members of the putative class may be barred by
17 discharge or judicial estoppel through bankruptcy.

18 10. Some or all of plaintiffs' claims are barred because defendants
19 Nationwide and Ms. Garneau acted in good faith.

20 11. Some or all of plaintiffs' claims are barred by the doctrine of
21 arbitration and award.

22 12. Some or all of plaintiffs' claims are barred by the doctrine of
23 assumption of risk.

24 13. Some or all of plaintiffs' claims are barred by the doctrine of failure
25 of consideration.

26

PRAYER FOR RELIEF

1
2 Having fully answered plaintiffs' Complaint, Nationwide prays for judgment
3 as follows:

4 1. For judgment in favor of Nationwide and against plaintiffs' Amended
5 Complaint and all claims therein, awarding Nationwide its costs and fees as
6 allowed by law;

7 2. For such other and further relief as the Court deems just, at law and in
8 equity.

9 Dated this 23rd day of April, 2012.

10
11 FOSTER PEPPER PLLC

12 *s/ Christopher G. Emch*

13 John Ray Nelson, WSBA #16393
14 Christopher G. Emch, WSBA #26457
15 Attorneys for Defendant
16 Nationwide Support Services, Inc.

17 nelsj@foster.com

18 emchc@foster.com
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CERTIFICATE OF SERVICE

I, Christopher Emch, certify that on April 23, 2012, I caused to be served the foregoing DEFENDANT NATIONWIDE SUPPORT SERVICES, INC.'S ANSWER TO FIRST AMENDED CLASS ACTION COMPLAINT to the following counsel of record in the manner indicated below at the following addresses:

Darrell W. Scott	<input type="checkbox"/>	via e-service
Matthew John Zuchetto	<input type="checkbox"/>	via hand delivery
The Scott Law Group PS	<input type="checkbox"/>	via first class mail, postage
926 West Sprague Avenue, Suite 680		prepaid
Spokane, WA 99201-5076	<input type="checkbox"/>	via facsimile
Phone: 509-455-3966	<input checked="" type="checkbox"/>	via ECF
Fax: 509-455-3906	<input checked="" type="checkbox"/>	via FedEx
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Attorneys for Plaintiff Wheeler

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Email: todd.nunn@klgates.com	<input type="checkbox"/>	via FedEx

Attorney for Defendant NoteWorld LLC

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- via first class mail, postage prepaid
- via facsimile
- via ECF
- via FedEx

Attorneys for Defendant Freedom Debt Center

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Signed at Seattle, Washington, this 23rd day of April, 2012.

s/ Christopher G. Emch
Christopher Emch