

# **Exhibit 5**

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KING COUNTY  
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CASE NUMBER: 18-2-09350-3 SEA

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IN THE SUPERIOR COURT OF WASHINGTON  
IN AND FOR KING COUNTY

ALEX GALLEGOS,

Plaintiff,

vs.

NATIONAL CREDIT SYSTEMS, INC.

Defendant.

NO.

**COMPLAINT FOR VIOLATIONS OF 15  
U.S.C. § 1692 ET SEQ. AND RCW  
CHAPTERS 19.16 AND 19.86 ET SEQ.**

COMES NOW Plaintiff, Alex Gallegos, by and through counsel, who alleges:

**I. PARTIES AND JURISDICTION**

1. Plaintiff Alex Gallegos is an individual who resides in Washington State.

2. Defendant National Credit Systems, Inc. (“NCS”), a Georgia corporation, is a debt collector and collection agency doing business in Washington, and who repeatedly attempted to collect an alleged debt from the Plaintiff. NCS’s registered agent is C T Corporation System, 711 Capitol Way S. Suite 204, Olympia, WA 98501. NCS maintains an office at 2800 156 Ave. SE, Suite 205, Bellevue, WA 98007.

3. Jurisdiction over Defendant is proper as Defendant is doing business in King

1 County, Washington State, and venue is appropriate in King County, Washington.

2 **II. FACTS**

3 **Plaintiff Rents an Apartment on a Fixed Term**

4 4. In October 2016, Plaintiff Alex Gallegos rented an apartment at Newport  
5 Crossing. The lease agreement was for approximately six months and was set to expire on April  
6 30, 2017.

7 5. As a courtesy, two days before the expiration of his lease, on April 28, 2017, Mr.  
8 Gallegos filled out an “intent to vacate” form that was provided by Newport Crossing, turned in  
9 the key to the apartment, and moved out of the apartment.

10 6. On or about May 17, 2017, Newport Crossing sent an itemized bill to Mr.  
11 Gallegos, claiming that he owed \$2,368.22. The bill was itemized as follows:

- 12
- 13 • \$2,171.52, ostensibly for unpaid rent<sup>1</sup> and other charges (the exact reason for the
  - 14 • \$125.00 for a unit cleaning fee
  - 15 • \$20.00 for drip pans
  - 16 • \$166.70 for utilities from 4/1/17 to 5/1/17
  - 17 • \$60.00 for touch up paint

18 7. Newport Crossing stated the total outstanding charges were \$2,618.22, then  
19 applied Mr. Gallegos’ \$250.00 deposit, creating an alleged amount due of \$2,368.22.

20 8. Since Mr. Gallegos had moved out two days before his lease expired, he knew  
21 that he did not owe the amount that Newport Crossing was asking, as he did not move out on  
22 May 31, 2017 as Newport alleged.

23 9. Furthermore, he only lived in the apartment for six (6) months, thus the unit could  
not have needed the repairs and replacement that Newport claimed were necessary.

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<sup>1</sup> The itemized bill states that Mr. Gallegos moved out on May 31, 2017, which is untrue.

1           10.     On information and belief, Newport has no evidence to support its claim that the  
2 repairs and replacements were reasonable and necessary.

3           11.     With respect to the rent allegedly owed for the month of May 2017, Plaintiff  
4 suspects that Newport assessed that amount based on the faulty assumption that Mr. Gallegos  
5 failed to give twenty (20) days' notice prior to moving out.

6           12.     However, such notice is only required when a lease is month-to-month. RCW  
7 59.18.200.

8           13.     Here, Mr. Gallegos and Newport had entered into a fixed-term lease, which  
9 simply terminated at the specified time, which was April 30, 2017. RCW 59.18.220. Thus, no  
10 notice was required.

11          14.     Since Mr. Gallegos moved out of the apartment two days prior to the lease  
12 termination, there is no justification to charge him for rent for May 2017.

13          15.     Nevertheless, in November 2017, a collection agency (NCS) began contacting  
14 Mr. Gallegos to collect the illegitimate debt.

15          16.     In a letter dated November 30, 2017, NCS sent Mr. Gallegos a letter demanding  
16 \$2,368.22 for with an alleged debt owed to Newport Crossing Apartments, an amount that he did  
17 not owe. *See* November 30, 2017 Collection Letter attached as Exhibit A.

18          17.     The letter failed to include numerous disclosures as required by federal law (15  
19 U.S.C. § 1692g) and state law (RCW 19.16.250(8)).

20          18.     Mr. Gallegos contacted NCS to explain that he did not owe money. NCS  
21 reasserted that Mr. Gallegos owed the amount in question, even though it was a legal  
22 impossibility.

1           19.    As a result, Mr. Gallegos requested verification of the debt pursuant to his  
2 statutory rights.

3           20.    To date, NCS has provided no verification.

4           21.    On January 8, 2018, NCS sent another collection letter to Mr. Gallegos, again  
5 failing to provide information as required by law. *See* January 8, 2017 collection letter attached  
6 as Exhibit B.

7           22.    Furthermore, NCS used threats of negative credit reporting as leverage to get Mr.  
8 Gallegos to pay, even though he did not owe the amount alleged. *Id.*

9           23.    The letter also threatened to take actions that NCS could not legally take, such as  
10 garnishing wages, liens placed on property, and seizure and auction of personal property.

11          24.    Over the course of the several months, NCS continued to call Mr. Gallegos,  
12 asserting that he owed money, even though he explained that he did not.

13          25.    On information and belief, NCS conducted no investigation into the alleged debt,  
14 never contacting Newport regarding the lease.

15          26.    As a result of NCS' actions detailed above, Mr. Gallegos has had to retain counsel  
16 to ascertain his legal rights and responsibilities, which gives rise to expenses.

17          27.    On information and belief, Mr. Gallegos has suffered damaged credit. He is  
18 contractually obligated to purchase a home by a certain date, and if it is not purchased, the  
19 purchase price will increase.

20          28.    In order to purchase the home, Mr. Gallegos must obtain financing.

21          29.    On information and belief, NCS's entry onto Mr. Gallegos' credit report will  
22 cause a denial of credit with some lenders, and a higher interest rate with others.

23          30.    In fact, NCS uses credit reporting as leverage for this specific purpose. *See*

1 Exhibit B.

2 **III. CAUSES OF ACTION**

3 **GENERAL ALLEGATIONS APPLICABLE TO ALL COUNTS**

4 31. With respect to the alleged debt, Plaintiff is a consumer as defined by 15 U.S.C. §  
5 1692a(3) and Defendant is a debt collector as defined by 15 U.S.C. § 1692a(6).

6 32. With respect to the alleged debt, Plaintiff is a “debtor” as defined by RCW  
7 19.16.100(7) and Defendant is a collection agency as defined by RCW 19.16.100(4).

8 33. For claims arising under the Fair Debt Collection Practices Act, such claims are  
9 assessed using the “least sophisticated debtor” standard. *Guerrero v. RJM Acquisitions LLC*, 499  
10 F.3d 926, 934 (9th Cir. 2007).

11 34. The discovery rule applies in FDCPA cases. *Mangum v. Action Collection Serv.,*  
12 *Inc.*, 575 F.3d 935, 941 (9th Cir. 2009).

13 **Count 1 (and all subcounts)**

14 35. A debt collector may not use any false, deceptive, or misleading representation or  
15 means in connection with the collection of any debt. 15 U.S.C. § 1692e. This includes the false  
16 representation of the character, amount, or legal status of a debt (§ 1692e(2)), the threat to take  
17 any action which cannot be legally taken (§ 1692e(5)); or the use of any false representation or  
18 deceptive means to collect or attempt to collect a debt (§ 1692e(10)).

19 36. Defendant used false, deceptive, or misleading representations or means in  
20 connection with the collection of an alleged debt when it:

- 21 a) Repeatedly demanded amounts that were not owed via phone calls and letters.  
22 b) Reported amounts owed to Mr. Gallegos’ credit, even though he did not owe  
23 money.  
c) Threatened to use the credit reporting to keep him from obtaining favorable  
credit terms.  
d) Told Mr. Gallegos that he would be garnished or have his property taken,

1 when no such actions could be taken.

2 37. Therefore, Defendant violated 15 U.S.C. § 1692e, and/or its subsections, on at  
3 least seven (4) occasions.

4 **Count 2 (and all subcounts)**

5 38. A debt collector may not use unfair or unconscionable means to collect or attempt  
6 to collect any debt. 15 U.S.C. § 1692f.

7 39. Plaintiff realleges paragraph 36, *supra*, as constituting unfair and unconscionable  
8 means to collect a debt.

9 40. Defendant therefore violated 15 U.S.C. § 1692f and/or § 1692f(1) on numerous  
10 occasions.

11 **Count 3**

12 Within five days after the initial communication with a consumer in connection with the  
13 collection of any debt, a debt collector shall, unless the following information is contained in the  
14 initial communication or the consumer has paid the debt, send the consumer a written notice  
15 containing a statement that unless the consumer, within thirty days after receipt of the notice,  
16 disputes the validity of the debt, or any portion thereof, the debt will be assumed to be valid by  
17 the debt collector; a statement that if the consumer notifies the debt collector in writing within  
18 the thirty-day period that the debt, or any portion thereof, is disputed, the debt collector will  
19 obtain verification of the debt or a copy of a judgment against the consumer and a copy of such  
20 verification or judgment will be mailed to the consumer by the debt collector; and a statement  
21 that, upon the consumer's written request within the thirty-day period, the debt collector will  
22 provide the consumer with the name and address of the original creditor, if different from the  
23 current creditor. 15 U.S.C. § 1692g(a).

1           41.     On information and belief, NCS never sent Mr. Gallegos such notice, even though  
2 NCS contacted him on numerous occasions via phone and mail.

3           42.     Therefore, Defendant violated 5 U.S.C. § 1692g(b) on multiple occasions.

4                   **GENERAL ALLEGATIONS APPLICABLE TO ALL CPA CLAIMS**

5           43.     Violations of RCW 19.16.250 are per se violations of the Consumer Protection  
6 Act (“CPA”), RCW chapter 19.86.<sup>2</sup> See RCW 19.16.440. RCW 19.86.090 provides for treble  
7 damages (to a limit of \$25,000) and attorney’s fees.

8           44.     Because RCW Chapter 19.16 is enforced through RCW 19.86 *et seq.*, the below  
9 counts alleging violations of RCW Chapter 19.16 are therefore CPA violations.

10           45.     Even minimal or nominal damages constitute “injury” under the CPA. *Panag*,  
11 166 Wn.2d at 57. A plaintiff need not prove any monetary damages at all, as even  
12 “unquantifiable damages” suffice to establish “injury” for purposes of the CPA. *Id.* (citing  
13 *Nordstrom, Inc. v. Tampourlos*, 107 Wn.2d 735, 740 (1987)).

14                   **Count 4**

15           46.     RCW 19.16.250(21) prohibits the collection, or attempted collection, of any  
16 amounts in addition to the principal of a claim other than allowable interest, collection costs, or  
17 handling fees expressly authorized by statute, and, in the case of suit, attorney’s fees and taxable  
18 court costs.

19           47.     Here, Defendant demanded money (by phone and letters) for a “debt” barred by  
20 law.

21           48.     Even if some obligation was valid, the Defendant sought amounts which could  
22

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23 <sup>2</sup> See *Panag v. Farmers Ins. Co. of Wash.*, 166 Wn.2d 27, 53 (2009) (“Consumer debt collection is a highly regulated field. When a violation of debt collection regulations occurs, it constitutes a per se violation of the CPA...”).



1 not be legally collected.

2 49. Each attempt to collect money from Mr. Gallegos constitutes a separate attempt to  
3 collect the debt.

4 50. Defendant therefore violated RCW 19.16.250(21) upon each debt collection  
5 attempt, including but not limited to the telephone calls, the letters, and emails.

6 **Count 5**

7 51. A collection agency shall not communicate with a debtor through a written  
8 communication, where such communication is the first written communication with the debtor,  
9 without providing the following information:

- 10 a. The amount owing on the original obligation at the time it was received by the  
11 collection agency for collection.  
12 b. Interest or service charges, collection costs, or late payment charges added to the  
13 original obligation by the original creditor, customer, or assignor before it was  
14 received by the collection agency for collection.  
15 c. Interest or service charges added after the claim was received by the collection  
16 agency for collection.  
17 d. Collection costs that the collection agency is attempting to collect.  
18 e. Attorney's fees that the collection agency is attempting to collect.  
19 f. Any other charges or fees that the collection agency is attempting to collect.

20 52. Here, RCI failed to provide the required information in its November 2017 letter  
21 and its January 2018 letter.

22 53. Therefore, Defendant violated RCW 19.16.250(8) on multiple occasions.

23 **Count 6**

54. A collection agency shall not threaten the debtor with impairment of his or her  
credit rating if a claim is not paid. RCW 19.16.250(11).

55. NCS threatened to impair Mr. Gallegos' credit rating on numerous occasions.

56. NCS even went as far as to specify exactly how damaging such reporting would be  
to Mr. Gallegos credit in its January 2018 letter. This, of course, caused great concern to Mr.

1 Gallegos, who is specifically searching for a mortgage.

2 57. Defendant therefore violated RCW 19.16.250(11).

3 **Count 7**

4 58. A collection agency may not threaten to take any action against the debtor which  
5 the collection agency cannot legally take. RCW 19.16.250(16).

6 59. NCS, however, threatened to damage Mr. Gallegos' credit for the express purpose  
7 of obtaining payment, even though Mr. Gallegos legally owed no money.

8 60. NCS also threatened to garnish Mr. Gallegos' wages or seize his property, when it  
9 had no legal ability to do so.

10 61. NCS therefore violated RCW 19.16.2540(16).

11 **Count 8 – Injunctive Relief**

12 62. A plaintiff may seek injunctive relief for violations of the Consumer Protection  
13 Act. RCW 19.86.090.

14 63. Plaintiff does seek injunctive relief from this Court which would enjoin  
15 Defendant from collecting debts in the manner described above from both Plaintiff and any other  
16 person similarly situated. *Scott v. Cingular Wireless*, 160 Wn. 2d 843, 853 (2007).

17 64. Specifically, Plaintiff seeks an injunction prohibiting Defendant from its unlawful  
18 collection tactics, including but not limited to demanding money that is not owed, and using  
19 credit reporting as leverage to obtain payments on alleged debts not owed.

20 65. Plaintiff has reason to believe these actions make up a pattern and practice of  
21 behavior and have impacted other individuals similarly situated.

22 66. Injunctive relief is necessary to prevent further injury to Plaintiff and to the  
23 Washington public as a whole.

1 67. Injunctive relief should therefore issue as described herein.

2 **IV. PRAYER FOR RELIEF**

3 WHEREFORE, Plaintiff prays:

4 1. For Judgment against Defendant for actual damages.

5 2. For statutory damages of \$1,000.00, for FDCPA violations.

6 3. For statutory damages of \$500 per violation, for Telephone Consumer Protection  
7 Act violations.

8 4. For statutory damages of \$2,000.00 per violation, for Washington Collection  
9 Agency Act and Consumer Protection Act violations.

10 5. For treble damages, pursuant to RCW 19.86.090, calculated from the damages  
11 determined by the court.

12 6. For costs and reasonable attorney's fees as determined by the Court pursuant to  
13 15 U.S.C. 1692k(a)(3).

14 7. For injunctive relief pursuant to 47 U.S.C. § 227 as described above.

15 8. For injunctive relief pursuant to RCW 19.86.090 as described above.

16 Respectfully submitted this 13th day of March, 2018.

17  
18 **ANDERSON SANTIAGO, PLLC**

19 By: 

T. Tyler Santiago, WSBA No. 46004

Jason D. Anderson, WSBA No. 38014

Attorneys for Plaintiff

787 Maynard Ave. S.

Seattle, WA 98104

(206) 395-2665

(206) 395-2719 (fax)

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# EXHIBIT A

DEPT 855 9904194317113  
PO BOX 4115  
CONCORD CA 94524



# National Credit Systems, Inc

P.O. Box 312125 Atlanta, GA 31131-2125

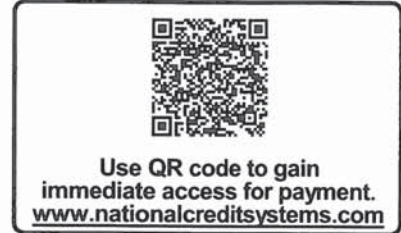
Phone: (404) 629-2728

Toll Free: (800) 459-1539

ADDRESS SERVICE REQUESTED



ALEX GALLEGOS  
PO BOX 121  
EASTON WA 98925-0121



Current Creditor: NEWPORT CROSSING APTS / C-202  
Account #: 3670857  
Balance: \$2368.22

November 30, 2017

Dear ALEX GALLEGOS,

We regret that you have failed to make suitable arrangements concerning the above referenced obligation.

Be advised, we are processing this account for placement on your credit history with all three national credit bureaus. If so reported, your ability to obtain credit, rent, or secure favorable interest rates may be affected for seven years from the date of delinquency.

However, it is not too late for us to place a hold on your account if you act now. You may be able to avoid adverse credit reporting entirely if we can work out a reasonable arrangement.

Our representatives will take your individual situation into consideration.

We urge you to contact our office before this debt is placed on your credit record and to avoid other collection remedies available under the law.

Cordially,

LAIGEN ALLEN  
Collection Representative  
404-592-0213 800-438-7765

Please direct all correspondence to:  
NATIONAL CREDIT SYSTEMS, INC., PO Box 312125, Atlanta, GA 31131-2125

**This communication from a debt collector is an attempt to collect a debt and any information obtained will be used for that purpose.**

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# EXHIBIT B

DEPT 855 4608688718018  
PO BOX 4115  
CONCORD CA 94524



## National Credit Systems, Inc

P.O. Box 312125 Atlanta, GA 31131-2125

Phone: (404) 629-2728

Toll Free: (800) 459-1539

ADDRESS SERVICE REQUESTED



ALEX GALLEGOS  
PO BOX 121  
EASTON WA 98925-0121



Current Creditor: NEWPORT CROSSING APTS / C-202  
Account #: 3670857  
Balance: \$2368.22

January 8, 2018

Dear ALEX GALLEGOS,

Your refusal to make suitable arrangements to satisfy the above referenced debt has resulted in your account being reviewed for additional recovery options available to our client in your state. Our company has already reported this account to all three national credit bureaus, which is likely affecting your ability to obtain credit, rent, or secure favorable interest rates.

If voluntary payment of this account is not made, we may recommend that our client proceed with additional collection remedies available to them under the law. If our client initiates a lawsuit and obtains a court judgment against you, they may pursue their lawful recovery options, which may include any or all of the following, based upon legal procedures allowed in your state:

1. Garnishment of wages (states excluded: NC, SC, PA, TX).
2. Liens placed on property including: Automobiles, Real estate, or Other real property
3. Seizure & auction of personal property

To avoid further costly collection activity, it is imperative you contact me immediately.

Otherwise, you may submit payment for this account through our website ([www.nationalcreditsystems.com](http://www.nationalcreditsystems.com)), by mail, or with our office over the phone.

Sincerely,

LAIGEN ALLEN  
Collection Representative  
404-592-0213 800-438-7765

Please direct all correspondence to:  
NATIONAL CREDIT SYSTEMS, INC., PO Box 312125, Atlanta, GA 31131-2125

**This communication from a debt collector is an attempt to collect a debt and any information obtained will be used for that purpose.**