

Spokesman Review
May 13, 2011

Debt fee law applies in civil case, court rules

Bert Caldwell The Spokesman-Review

An Oklahoma-based company that held consumer money for subsequent distribution to creditors is engaged in “debt adjustment” as defined by Washington law, the state Supreme Court ruled Thursday.

The ruling could expose the company and its owners to criminal charges, said attorney Tim Durkop, who is representing two Spokane couples in a civil class action lawsuit filed in 2009 against Global Client Solutions, Global Holding LLC and their owners.

Criminal charges will be up to county attorneys, he said.

Global managed bank accounts that held the consumer funds, and charged them for forwarding the money to another company – Freedom Debt Relief – that paid off creditors.

Durkop said U.S. District Court Judge Lonny Suko has scheduled a hearing on a settlement with Freedom for next month.

He said Global did not challenge the facts in his complaint, but argued Washington law regulating debt adjusters does not apply to its services.

Global maintains it only processed money transfers, had no control over the consumer money, and that limits on fees for debt management services do not apply.

Suko forwarded questions regarding the application of Washington law to the state high court.

Durkop said the Supreme Court’s ruling returns the case to Suko.