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9 on signature page]

10 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
11 **IN AND FOR THE COUNTY OF MARICOPA**

12 STATE OF ARIZONA, *ex rel.* MARK
13 BRNOVICH, Attorney General,

14 Plaintiff,

15 v.

16 INT SOURCING LLC, an Arizona limited
17 liability company d/b/a INT SUPPLY CENTER;
18 PREMIERE OFFICE SUPPLIES LLC, an
19 Arizona limited liability company; ELITE
20 OFFICE SUPPLIES LLC, a Nevada limited
21 liability company; JAMES R. DEREMIAH, in
22 his official capacity as the managing member of
23 INT Sourcing LLC, Premiere Office Supplies
24 LLC, and Elite Office Supplies LLC; and JAMES
R. DEREMIAH and DOROTHY S.
DEREMIAH, husband and wife,

Defendants.

Case No.: CV2018-000023

STIPULATED CONSENT JUDGMENT

(Assigned to the Honorable Christopher
Coury)

1 Plaintiff State of Arizona *ex rel.* Mark Brnovich, the Attorney General, filed a complaint
2 alleging violations of the Arizona Consumer Fraud Act, Ariz. Rev. Stat. (“A.R.S.”) §§ 44-1521
3 to 44-1534 (the “CFA”), against Defendants INT Sourcing LLC, d/b/a INT Supply Center,
4 Premiere Office Supplies LLC, Elite Office Supplies LLC, James R. Deremiah, and Dorothy S.
5 Deremiah (collectively “Defendants”). After being fully advised of their right to a trial in this
6 matter, Defendants have waived their right to trial and have admitted that this Court has
7 jurisdiction over the subject matter and the parties for the purposes of entry and enforcement of
8 this Consent Judgment. Defendants stipulate that the Court may enter the following Findings of
9 Fact, Conclusions of Law, and Judgment.

10 **I. FINDINGS OF FACT**

11 1. Plaintiff is the State of Arizona, *ex rel.* Mark Brnovich, Attorney General (the
12 “State”), who is authorized to bring this action under the Arizona Consumer Fraud Act,
13 A.R.S. §§ 44-1521 to 1534 (the “CFA”).

14 2. Defendant INT Sourcing LLC is an Arizona limited liability company that did
15 business as INT Supply Center.

16 3. Defendant Premiere Office Supplies LLC is an Arizona limited liability company.

17 4. Defendant Elite Office Supplies LLC is a Nevada limited liability company that
18 conducted business in Arizona.

19 5. Defendant James R. Deremiah is a resident of Arizona and served as the sole
20 member of INT Sourcing LLC, Premiere Office Supplies LLC, and Elite Office Supplies LLC.

21 6. Defendant Dorothy S. Deremiah is married to Defendant James R. Deremiah, and
22 was married to Defendant James R. Deremiah during all times relevant to the State’s complaint.
23 Defendant Dorothy S. Deremiah is named solely for her interest in the marital community with
24 Defendant James R. Deremiah. The acts described below were done by Defendant James R.
25 Deremiah for the benefit of the marital community.

1 7. The State does not allege that Dorothy Deremiah participated in the business or
2 financial activities of any entities set forth in the complaint. The State does not allege that
3 Dorothy Deremiah personally conducted any act that violated the CFA.

4 8. From at least December 30, 2015 to February 16, 2018, Defendants James R.
5 Deremiah, INT Sourcing LLC, Premiere Office Supplies LLC, and Elite Office Supplies LLC
6 (the “Acting Defendants”) caused thousands of toner cartridge “invoices” (the “Invoices”) to be
7 mailed from Arizona to consumer businesses across the United States. True and accurate
8 samples of the Invoices were attached as Exhibit A, Exhibit B, Exhibit C, and Exhibit D to the
9 First Amended Complaint and are incorporated as if fully set forth herein.

10 9. The Acting Defendants were directly involved in designing the Invoices and in
11 approving the sending of the Invoices to consumer businesses.

12 10. The Invoices violated the CFA because they had the tendency and capacity to
13 deceive consumer businesses into believing that the consumer businesses owed money to the
14 Acting Defendants for the prior purchase of toner cartridges, or that consumer businesses had
15 previously agreed to purchase toner cartridges from the Acting Defendants.

16 11. Before the Acting Defendants caused the Invoices to be mailed to consumer
17 businesses, the Acting Defendants knew or should have known that the Invoices had the
18 tendency and capacity to deceive consumers, as described in Paragraph 9, based on features
19 contained in the Invoices that deceptively created the indicia of authenticity, including: (1) the
20 word “Invoice” printed in the upper-right corner in large, bold font; (2) a five-digit number
21 under “Invoice #”; (3) the words “PLEASE REMIT PAYMENT” at the bottom-left corner; (4)
22 the words “Net 15” under “Terms”; and (5) private information about the consumer business.

23 12. Consumer businesses made approximately 386 payments to the Acting Defendants
24 as a result of the Acting Defendants’ Invoices. The Acting Defendants received approximately
25 \$419,640.56 in gross revenue from consumer businesses’ payments.

1 13. James Deremiah fully agrees to pay the full amount of restitution for all consumer
2 businesses of the Acting Defendants. Mr. Deremiah affirmatively asserts that he ceased all
3 operations of the Acting Defendants on February 12, 2018 and affirmatively asserts that he has
4 not participated or conducted any business operations as alleged in the First Amended
5 Complaint after February 12, 2018. Mr. Deremiah denies violating the CFA.

6 14. The Parties intend this Consent Judgment to extinguish all existing or potential
7 claims by the State under the CFA arising from the conduct described above.

8 NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED:

9 **II. PERMANENT INJUNCTION**

10 With respect to all business activities conducted in Arizona or targeting Arizona
11 consumers, Defendants, their officers, agents, servants, employees, attorneys and all those in
12 active concert or participation with them who receive actual notice of this Order, by personal
13 service or otherwise, are hereby restrained and enjoined from:

14 A. Engaging in any conduct in violation of the Arizona Consumer Fraud Act, A.R.S.
15 §§ 44-1521 – 44-1534;

16 B. Transmitting to consumers invoices or bills for products or services that
17 consumers did not purchase;

18 C. Advertising products or services through any advertisement in the form of a bill or
19 invoice;

20 D. Misrepresenting their identity to consumers in the course of selling or advertising
21 merchandise or in the course of collecting consumer information for the purpose of selling or
22 advertising merchandise; and

23 E. Misrepresenting the existence of a prior business relationship with consumers
24 when no such relationship exists.

1 **III. PAYMENT**

2 15. Defendants shall pay to the Arizona Attorney General the amount of
3 \$829,640.56 in restitution, civil penalties, and attorneys' fees and costs ("Full Judgment
4 Amount"), which is comprised of the following:

5 A. Defendants shall pay \$419,640.56 in restitution (the "Full Restitution
6 Amount") pursuant to this Consent Judgment. Defendants shall pay \$219,640.56 of this
7 amount to the Arizona Attorney General at the time this Consent Judgment is executed by
8 the parties, but prior to it being lodged with the Court. If the Court rejects this Consent
9 Judgment, the Arizona Attorney General shall return any amount paid by Defendant
10 within 14 days of the Court's order. Defendants shall make payment of the remaining
11 \$200,000 of this amount to the Arizona Attorney General within one year of the Court's
12 entry of this Consent Judgment. There is no penalty for early payment. The monies paid
13 pursuant to this paragraph 15(A) shall be deposited into an interest-bearing account
14 within the Consumer Restitution Subaccount of the Consumer Restitution and
15 Remediation Revolving Fund, pursuant to A.R.S. § 44-1531.02.

16 B. Defendants shall pay \$400,000 in civil penalties ("Civil Penalties")
17 pursuant to this Consent Judgment, and paragraph 15(D). A total of \$210,000 of the
18 Civil Penalties Award shall be deemed satisfied if Defendants timely pay the Full
19 Restitution Amount (\$419,640.56) by the deadlines stated in paragraph 15(A). The final
20 \$50,000 of the Civil Penalties Award shall be deemed satisfied if Defendants have timely
21 paid: (1) the sum of \$140,000 of the Civil Penalties Award pursuant to paragraph 15(D);
22 (2) the Full Restitution Amount pursuant to paragraph 15(A); and (3) the Fees and Costs
23 Award pursuant to paragraph 15(C) and (D).

24 C. Defendants shall pay \$10,000 in attorneys' fees and costs (the "Fees and
25 Costs Award") pursuant to paragraph 15(D).

1 D. For the Civil Penalties and Fees and Costs Award, Defendants must make
2 monthly payments of at least \$1,562.50 to the Arizona Attorney General within fifteen
3 (15) days of the first day of each month beginning two years after the Effective Date, for
4 ninety-six (96) months. These payments (totaling \$150,000) will be allocated first to
5 \$140,000 of the Civil Penalties, and then to the Fees and Costs Award. There is no
6 penalty for early payment. The monies paid pursuant to paragraphs 15(B), (C) and (D)
7 shall be deposited into the Consumer Protection–Consumer Fraud Revolving Fund
8 pursuant to A.R.S. § 44-1531.01 and used for the purposes set forth therein.

9 16. Defendants warrant that the amount described in Paragraph 15(A) as the Full
10 Restitution Amount is equal to the total monetary amount paid by consumer businesses in
11 response to the Acting Defendants’ Invoices, excluding any amounts previously refunded to the
12 consumer businesses at issue (the “Full Payment Amount”). If it is later discovered that the Full
13 Payment Amount is higher than the Full Restitution Amount, Defendants agree, upon receiving
14 notice from the State, to also pay the Arizona Attorney General the difference between the two
15 amounts within 30 days of receipt of the State’s notice.

16 17. The State will be responsible for attempting to contact each consumer business
17 that remitted payment to Defendants in response to the Acting Defendants’ Invoices and that has
18 not already received a refund (as reflected in documentation produced by the Acting Defendants
19 to the State in the course of this litigation) to notify the consumer businesses of their eligibility
20 to submit a claim for restitution.

21 18. In the event that any portion of the Restitution Amount ordered herein cannot be
22 distributed to the consumer businesses, is unclaimed, or exceeds the amount owed to all of the
23 consumer businesses, such portion shall be deposited by the Attorney General’s Office into the
24 Consumer Protection–Consumer Fraud Revolving Fund, established pursuant to A.R.S. § 44-
25 1531.01, and used for the purposes set forth therein.

1 19. All payments shall be in the form of a cashier's check or money order made
2 payable to "The State of Arizona" and shall be delivered to: Ms. Stephanie Paine, Office of the
3 Arizona Attorney General, Consumer Protection and Advocacy Section, 2005 N. Central Ave.,
4 Phoenix, Arizona 85004.

5 20. The monetary amounts in Paragraphs 15(A), (B), (C), and (D), and any additional
6 amount required under Paragraph 16 of this Consent Judgment, are entered jointly and severally
7 against INT Sourcing LLC, Premiere Office Supplies LLC, Elite Office Supplies LLC, James R.
8 Deremiah, and Dorothy S. Deremiah (to the extent she possesses interest in her marital
9 community with Defendant James R. Deremiah).

10 21. Defendants warrant and represent that there is not pending any case, proceeding or
11 other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, or
12 recomposition of any Defendant, or the debts of any Defendant, under any law relating to
13 bankruptcy, insolvency, reorganization, or the relief of debtors, or seeking the appointment of a
14 receiver, trustee, custodian, or other similar official for any Defendant. Defendants further
15 warrant and represent that none of them will file, or cause to be filed, any such case, proceeding,
16 or other action prior to 91 days after the payment provided for in Paragraphs 15(A), (B), (C),
17 and (D) and any additional amount required under Paragraph 16, are actually made to the State.
18 If one or more Defendants does file or cause to be filed such a case, proceeding, or other action
19 prior to the expiration of that time, then the State shall have the right, at its sole discretion, to
20 treat that as a material breach of this Consent Judgment, reopen proceedings, and proceed with
21 this case as though this Consent Judgment had not been entered, provided that Defendants shall
22 be entitled to an offset for any amount actually paid to the State and not refunded to one or more
23 Defendants by the State.

24 22. Defendants shall provide the State with written notice within fifteen (15) days of
25 one or more Defendants filing or causing to be filed any case, proceeding or other action seeking

1 reorganization, arrangement, adjustment, liquidation, dissolution, or recomposition of any
2 Defendant, or the debts of any Defendant, under any law relating to bankruptcy, insolvency,
3 reorganization, or the relief of debtors, or seeking the appointment of a receiver, trustee,
4 custodian, or other similar official.

5 23. Defendants agree that the facts as alleged in the Complaint in this action shall be
6 taken as true without further proof in any bankruptcy case or subsequent civil litigation pursued
7 by the State to enforce its rights to any payment or money judgment pursuant to this Judgment,
8 including but not limited to a nondischargeability complaint in any bankruptcy case. Defendants
9 further stipulate and agree that the facts alleged in the Complaint establish all elements
10 necessary to sustain an action by Plaintiff pursuant to Section 523(a)(2)(A) of the Bankruptcy
11 Code, 11 U.S.C. § 523(a)(2)(A), and that this Judgment shall have collateral estoppel effect for
12 such purposes.

13 24. Interest shall accrue from the Effective Date at the statutory rate on the Full
14 Judgment Amount (the Full Restitution Amount, the Civil Penalties, and the Fees and Costs
15 Award), but shall be suspended unless and until Defendants default on any payment obligation
16 or materially breach any provision of this Consent Judgment. Upon payment of the amounts
17 listed in paragraphs 15(A), (B), (C), and (D) and any additional amount required under
18 Paragraph 16 of this Consent Judgment, without default or material breach, Defendants will
19 have completed their financial obligations under this Consent Judgment, all suspended interest
20 amounts will be waived by the State, and Defendants will have no obligation to pay any accrued
21 interest.

22 25. If Defendants fail to make any payments outlined in paragraphs 15(A), (B), (C),
23 and (D) or any additional amount required under Paragraph 16 of this Consent Judgment within
24 fifteen (15) calendar days of the date any payment is due, Defendants will be deemed in default
25 of their payment obligation. In the event of a default of any payment obligation imposed by this

1 Consent Judgment, and in addition to any other relief or remedy outlined in this Consent
2 Judgment, all payments set forth in paragraphs 15(A), (B), (C), and (D) and any additional
3 amount required under Paragraph 16 of this Consent Judgment, plus interest at the statutory rate
4 per annum from the Effective Date and costs of collection, less any amount previously paid,
5 shall be accelerated and be immediately due and owing.

6 **IV. GENERAL TERMS**

7 26. The Effective Date of this Consent Judgment is the date when the Court has signed
8 this judgment and the Court enters it with the Clerk of Court.

9 27. Any notice required to be provided by this Consent Judgment shall be provided to
10 the undersigned attorneys at the mailing and email addresses set forth in this Consent Judgment.
11 Any Party or attorney for a Party may give notice of new contact information for that Party.

12 28. The Parties have agreed to a voluntary compromise of disputed claims, and the
13 Parties have agreed on a basis for the settlement of these matters in dispute. All Parties agree to
14 forego any appeals resulting from entry of this Consent Judgment. Except as provided in the
15 previous section, each Party bears its own costs and attorneys' fees related to these proceedings,
16 except that the State may recover costs and attorneys' fees in any action or proceeding to
17 enforce this Consent Judgment as provided by law.

18 29. The terms of this Consent Judgment apply to Defendants, individually and
19 collectively, and to any successor entities which substantially continue the same business
20 enterprise, despite alterations of the entity name, or due to acquisition, merger, inheritance, sale,
21 purchase or otherwise.

22 30. Defendants shall not participate directly or indirectly in any activity to form a
23 separate entity or corporation for the purpose of engaging in acts prohibited in this Consent
24 Judgment or for any other purpose which would otherwise circumvent any part of this Consent
25 Judgment or the spirit or purposes of this Consent Judgment.

1 31. The State acknowledges by its execution hereof that this Consent Judgment
2 constitutes a complete settlement of the consumer fraud allegations contained in the State’s
3 complaint against Defendants. Notwithstanding the foregoing, the State may institute an action
4 or proceeding to enforce the terms and provisions of this Consent Judgment, take action based
5 on future conduct by the Defendants, or take action based on past or present conduct of
6 Defendants that is not addressed by the allegations in the State’s Complaint against Defendants.

7 32. The Defendants are enjoined from representing or implying that the State of
8 Arizona, or any agency or officer thereof, has approved any of their past, present, or future
9 actions or practices.

10 33. This Court retains jurisdiction of this matter for the purpose of entertaining an
11 application by the State for the enforcement of this Consent Judgment.

12 34. This Consent Judgment is the result of a compromise and settlement agreement
13 between the Parties. Only the Parties may seek enforcement of this Consent Judgment. Nothing
14 herein is intended to create a private right of action by other parties.

15 35. Nothing herein prohibits the State from taking actions necessary to protect public
16 health and safety as provided by applicable law. If any portion of this Consent Judgment is held
17 invalid by operation of law, the remaining terms thereof shall not be affected and shall remain in
18 full force and effect.

19 36. This Consent Judgment resolves all outstanding claims in this action. Because
20 no further matters remain pending, this is a final judgment entered pursuant to Ariz. R. Civ. P.
21 54(c).

22 DATED this _____ day of _____, 2019.

23
24
25

Christopher Coury
Judge of the Superior Court

1 **CONSENT TO JUDGMENT**

2 1. Defendants state that no promise of any kind or nature whatsoever was made to them
3 to induce them to enter into this Consent Judgment and that they have entered into the Consent
4 Judgment voluntarily and not as the result of fraud, undue influence, duress, or any other known
5 cause to set aside this Consent Judgment.

6 2. Defendants have fully read and understood this Consent Judgment, understand the
7 legal consequences involved in signing it, assert that this is the entire agreement of the Parties,
8 and that there are no other representations or agreements not stated in writing herein and no
9 force, threats, or coercion of any kind have been used to obtain their signatures.

10 3. Defendants acknowledge that the State of Arizona's acceptance of this Consent
11 Judgment is solely for the purpose of settling this litigation and, except as expressly provided
12 therein, does not preclude the Attorney General, or any other agency or officer of this State, or
13 subdivision thereof, from instituting other civil or criminal proceedings as may be appropriate
14 now or in the future.

15 4. Defendants represent and warrant that the persons signing below on their behalf are
16 duly appointed and authorized to do so.

17 5. This Consent to Judgment may be executed in counterpart, and may be executed by
18 way of facsimile or electronic signature, and if so, shall be considered an original.

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22 ///

23 ///

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25 ///

1 INT SOURCING LLC
2 d/b/a INT Supply Center

3 [Signature]

4 By: JAMES DEREMIAH

5 Title: President

Dated: 2-27-19

6 PREMIERE OFFICE SUPPLIES LLC

7 [Signature]

8 By: JAMES DEREMIAH

9 Title: President

Dated: 2-27-19

10 ELITE OFFICE SUPPLIES LLC

11 [Signature]

12 By: JAMES DEREMIAH

13 Title: President

Dated: 2-27-19

14 [Signature]

15 JAMES R. DEREMIAH

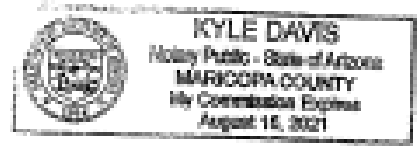
Dated: 2-27-19

16 [Signature]
17 [Signature]
18 [Signature]
19 DOROTHY S. DEREMIAH

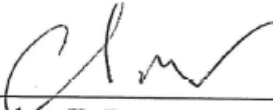
Dated: 2-27-19

20 STATE OF ARIZONA }
21 COUNTY OF MARICOPA } SS
22 This instrument was acknowledged before me this 27 day of
23 February, 2019, by James Deremiah
24 In witness whereof I herewith set my hand and official seal.
25 [Signature] NOTARY PUBLIC
Expires 8/15/2021

STATE OF ARIZONA }
COUNTY OF MARICOPA } SS
This instrument was acknowledged before me this 27 day of
February, 2019, by James Deremiah
In witness whereof I herewith set my hand and official seal.
[Signature] NOTARY PUBLIC
Expires 8/15/2021



1 **APPROVED AS TO FORM**

2
3  013374

Dated: 3-1-19

4 Christopher T. Rapp
5 Andrew C. Pacheco
6 Ryan Rapp & Underwood, PLC
7 CTrapp@rrulaw.com
8 APacheco@rrulaw.com
9 *Attorneys for Defendants*

10 **APPROVED AS TO FORM AND CONTENT**

11 MARK BRNOVICH, Attorney General

12 

Dated: 3-10-19

13 Matthew du Mee
14 Assistant Attorneys General
15 Consumer@azag.gov
16 *Attorneys for the State of Arizona*