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**STATE OF WASHINGTON  
ISLAND COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,  
  
Plaintiff,  
  
v.  
  
THE EMPTY CANOE, LLC, a  
Washington limited liability company;  
THE GHOSTWRITING STUDIO, a  
division of The Empty Canoe, LLC;  
KRISTINA CANU, also known as  
KRISTINA VALOCCHI; individually  
and on behalf of her marital  
community; and MICHAEL CANU,  
individually and on behalf of his marital  
community,  
  
Defendants.

NO.  
  
STIPULATED FINDINGS OF FACT,  
CONCLUSIONS OF LAW,  
JUDGMENT AND DECREE

**I. JUDGMENT SUMMARY**

- 1.1 Judgment Creditor: State of Washington
- 1.2 Judgment Debtors: The Empty Canoe, LLC; The Ghostwriting Studio, a division of The Empty Canoe, LLC; Kristina Canu, also known as Kristina Valocchi, individually and on behalf of her marital community; and Michael Canu, individually and on behalf of his marital community.
- 1.3 Principal Judgment Amount:
  - a. Costs and Fees: **\$10,000.00**



1           **2.2** Defendants were served with the Summons and Complaint on or about  
2 November 19, 2007.

3           **2.3** Defendant The Empty Canoe, LLC (“TEC”) was, until August 31, 2006,  
4 registered as a Washington limited liability company with the Washington Secretary of State.  
5 Its principal place of business was located at 4403 Krieg Lane, Oak Harbor, WA 98277. At all  
6 times relevant to this action, Defendant TEC was engaged in the marketing and sale of  
7 ghostwriting, book publishing, and book marketing services through Internet advertisements  
8 and its Web sites, *www.emptycanoe.com* and *www.ghostingstudio.com*.

9           **2.4** Defendant The Ghosting Studio (“GS”) was a division of TEC. Its principal  
10 place of business was located at 4403 Krieg Lane, Oak Harbor, WA 98277. At all times  
11 relevant to this action, Defendant GS was engaged in the marketing and sale of ghostwriting,  
12 book publishing, and book marketing services through Internet advertisements and its Web  
13 site, *www.ghostingstudio.com*.

14           **2.5** At all times material to this action, Defendant Kristina Canu, also known as  
15 Kristina Valocchi, was an owner of Defendant TEC. Kristina Canu is married to Michael  
16 Canu, and together they constitute a marital community. As an owner of TEC, Defendant  
17 Kristina Canu had control over TEC’s policies, practices, and activities and its division GS’  
18 policies, practices, and activities. All acts performed by Kristina Canu on behalf of TEC and  
19 GS were done for the benefit of her marital community. Defendant Kristina Canu resides at  
20 964 NW Anchor Drive, Oak Harbor, WA 98027.

21           **2.6** At all times relevant to this action, Defendant Michael Canu was the manager of  
22 TEC. Michael Canu is married to Kristina Canu, and together they constitute a marital  
23 community. As the manager of TEC, Defendant Michael Canu had control over TEC’s  
24 policies, practices, and activities and its division GS’ policies, practices, and activities. All  
25 acts performed by Michael Canu on behalf of TEC and GS were done for the benefit of his  
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1 marital community. Defendant Michael Canu resides at 964 NW Anchor Drive, Oak Harbor,  
2 WA 98027.

3       **2.7** At all times material to this action, Defendants promoted, advertised, marketed,  
4 and sold ghostwriting, book publishing, and book marketing services to consumers.  
5 Defendants primarily marketed these services through Internet advertisements, including  
6 postings to *www.guru.com*, and their Web sites, *www.emptycanoe.com* and  
7 *www.ghostingstudio.com*.

8       **2.8** The Web site *www.guru.com* is an online marketplace for freelance services and  
9 projects. Using the *www.guru.com* Web site, freelance service providers can post their  
10 credentials, bid on projects posted by individuals and businesses, and sell their services.  
11 Individuals and businesses interested in obtaining freelance services can post projects, search  
12 for service providers, contact service providers, and leave feedback about particular providers.  
13 Service providers are charged a 5 or 10 percent service fee for projects acquired though the  
14 *www.guru.com* Web site.

15       **2.9** Defendants contracted with consumers to help them write and edit books,  
16 advertise and market written work, and handle all facets of the publishing process including  
17 printing, copyright and title registration, and payment of royalties.  
18

19       **2.10** Defendants advertised that they had seventeen titles in print and at least one  
20 Amazon.com bestseller. Their Web site, *www.emptycanoe.com*, featured descriptions and  
21 reviews of the TEC titles in print.

22       **2.11** GS was a division of TEC that offered professional ghostwriting services. On  
23 *www.ghostingstudio.com*, consumers could read about GS, contact GS, and view Defendants'  
24 estimated pricing for ghostwriting, publishing, and marketing packages, and ghostwriting as an  
25 individual service.  
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1           **2.12** Defendants primarily communicated with consumers though electronic mail  
2 (“email”). During initial email communications, Defendants described their services, pricing,  
3 and experience to consumers. Following this initial communication, Defendants provided  
4 consumers with a copy of their contract and “The Empty Canoe Publishing House Book  
5 Marketing Plan” (“Marketing Plan”). Consumers who contracted with Defendants paid  
6 between \$3,000 and \$10,000 for their services.

7           **2.13** Throughout their dealings with consumers, Defendants agreed to provide  
8 consumers with ghostwriting, publishing, and marketing services. Consumers paid Defendants  
9 for these services, often in full; provided Defendants with notes, research, and personal items  
10 related to their story ideas; and dedicated their time to working with Defendants to bring their  
11 story ideas to fruition. However, in many instances, Defendants failed to perform, in part or in  
12 full, the services they had agreed to provide to consumers. Defendants’ failures to perform  
13 included, but were not limited to, the following:

14           a. In a number of instances, Defendants failed to perform any of  
15 ghostwriting, marketing, or publishing services they had promised to consumers.

16           b. In many instances, Defendants partially performed the ghostwriting  
17 services they had agreed to provide but failed to complete those services and performed no  
18 publishing or marketing services.

19           c. In some instances, Defendants completed ghostwriting services for  
20 consumers but failed to make all agreed-upon edits to consumers’ books.

21           d. In many instances, Defendants completed ghostwriting services and  
22 published consumers’ books but failed to market those books in accordance with their  
23 contracts with consumers, Defendants’ Marketing Plan, and verbal representations Defendants  
24 had made to consumers.  
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1 e. When Defendants completed ghostwriting services, published  
2 consumers' books, and completed some marketing services, in many instances, Defendants  
3 failed to pay consumers royalties for their book sales.

4 f. In a number of instances, Defendants failed to register consumers'  
5 copyrights according to the terms of consumers' contracts.

6 **2.14** Defendants, in the regular course of business, made a number of  
7 misrepresentations, including but not limited to the following:

8 a. Defendants represented that they could deliver an all-inclusive  
9 ghostwriting, publishing, and marketing package to consumers at an affordable price. In fact,  
10 after collecting payment, Defendants failed to deliver any of these services to a number of  
11 consumers.

12 b. Defendants represented that they were one of the "premier ghostwriting  
13 studios in the word." In fact, Defendants were a small operation that provided minimal  
14 services to relatively few clients.

15 c. Defendants represented that TEC was a "registered" publisher. In fact,  
16 no registration exists for publishers, so TEC was not a "registered" publisher.

17 d. Defendants represented that they would complete most ghostwriting,  
18 marketing, and publishing projects within three to four months and would complete those on  
19 the "fast track" in one to three months. In fact, in many instances, Defendants either took far  
20 longer to complete the projects or failed to complete them at all.

21 e. When, after failing to receive timely updates on their projects,  
22 consumers contacted Defendants, Defendants represented to consumers that they would  
23 receive particular groupings of pages or chapters on specified dates. In fact, in a number of  
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1 instances, Defendants failed to deliver the pages and chapters that they had promised to  
2 consumers.

3 f. Defendants represented that after they published consumers' books they  
4 would promote their books in accordance with consumers' contracts, Defendants' Marketing  
5 Plan, and Defendants' verbal representations to consumers. In fact, in many instances,  
6 Defendants completed few, if any, of the promotions detailed in their contracts, Marketing  
7 Plan, and verbal representations.

8 g. As part of their Marketing Plan, Defendants represented that they would  
9 upload consumers' books as PDF files to Google. In fact, in a number of instances,  
10 Defendants did not upload consumers' books as PDF files to Google.

11 h. Defendants represented that by uploading consumers' books as PDF  
12 files to Google, consumers' books would receive higher rankings on Google search engines. In  
13 fact, uploading consumers' books as PDF files to Google simply allowed interested parties to  
14 search for the books on Google search engines. Books that were uploaded as PDF files to  
15 Google did not receive higher rankings on Google search engines than books that had not been  
16 uploaded as PDF files.

17 i. In their Marketing Plan, Defendants represented that they were able to  
18 upload consumers' books as PDF files to Google because they had a "prestigious and exclusive  
19 offer made from Google to The Empty Canoe Publishing House and other high profile  
20 publishing houses." In fact, Defendants did not receive an exclusive offer from Google; any  
21 author or publisher could upload any book to Google as a PDF file that was available for sale,  
22 as long as the book had an International Standard Book Number (ISBN).

23  
24 **2.15** In the course of contracting with Defendants for ghostwriting, publishing, and  
25 marketing services, a number of consumers provided Defendants with notes, research, and  
26

1 other materials related to their story ideas. For example, consumers provided diaries, news  
2 clippings, DVDs, mementos, and personal writings to Defendants in an effort to further the  
3 ghostwriting process. Defendants represented to consumers that their personal property would  
4 be returned when their books were completed; however, in many cases, Defendants never  
5 completed the consumers' books and never returned their personal property.

### 6 **III. CONCLUSIONS OF LAW**

7 **3.1** This Court has jurisdiction of the subject matter of this action and of the parties.  
8 The Plaintiff's Complaint in this matter states claims upon which relief may be granted under the  
9 provisions of RCW 19.86, the Consumer Protection Act.

10 **3.2** Defendants' conduct as described in Findings of Fact numbers 2.13 through 2.15  
11 constitutes violations of RCW 19.86.020.

12 **3.3** Plaintiff is entitled to a Decree ordering Defendants to pay civil penalties pursuant  
13 to RCW 19.86.140.

14 **3.4** Plaintiff is entitled to a Decree binding upon Defendants and their successors,  
15 assigns, transferees, officers, directors, agents, employees, and all other persons in active concern  
16 and participation with Defendants, permanently enjoining Defendants from engaging in the  
17 practices described in Section 4.3 below.

18 **3.5** Plaintiff is entitled to Decree ordering Defendants to pay costs and fees  
19 incurred in the prosecution of this action pursuant to RCW 19.86.080.

20 **3.6** The fees and costs incurred by Plaintiff in the prosecution of this action are  
21 reasonable.

22 The Court having made the foregoing Findings of Fact and Conclusions of Law, and  
23 in accordance therewith, the Court makes the following:

### 24 **IV. JUDGMENT AND DECREE**

25 NOW, THEREFORE, it is hereby adjudged, ordered, and decreed as follows:  
26

1           **4.1** Pursuant to RCW 19.86.080, plaintiff shall recover and Defendants shall pay the  
2 costs and reasonable attorney's fees incurred by plaintiff in pursuing this matter in the amount of  
3 \$10,000.00.

4           **4.2** Pursuant to RCW 19.86.140, Plaintiff shall recover and Defendants shall pay civil  
5 penalties of \$94,000, provided that such civil penalties are suspended on condition of compliance  
6 with the terms of this Decree.

7           **4.3 Injunctions.** Defendants and all successors, assigns, transferees, officers, agents,  
8 servants, employees, representatives, affiliates, attorneys and all other persons or entities in active  
9 concert or participation with Defendants are hereby permanently enjoined and restrained from  
10 directly or indirectly engaging in the following acts or practices in the State of Washington from a  
11 location in Washington or from another location with action directed at Washington residents:

12                   (1) Making any misrepresentations in the context of the sale or marketing of  
13 any product or service.

14                   (2) Operating, participating, owning or managing a publishing, ghostwriting,  
15 or book marketing business prior to taking the following actions:

16                           (a) Providing restitution to the consumers identified in Exhibit A, all  
17 of whom have been subjected to all or some of the practices described in Findings of Fact 2.13  
18 through 2.15.

19                           (b) Establishing a reserve account of not less than \$50,000 which shall  
20 not be used for operating or other business expenses, or for personal use, and shall only be  
21 liquidated at the conclusion of Defendants' business activities.

22                           (c) Certifying in writing to the Attorney General's Office that the  
23 conditions described in (a) and (b) above have been met

24                   (3) Failing to perform services Defendants have promised to consumers.

25                   (4) Representing, directly or by implication, that Defendants can deliver  
26 products or services to consumers that they cannot or will not actually deliver.

1 (5) Representing, directly or by implication, that Defendants can complete  
2 work for consumers in less time than it will actually take.

3 (6) Representing, directly or by implication, that Defendants will promote  
4 consumers' books more completely or through different avenues than they actually will.

5 (7) Representing, directly or by implication, that Defendants have received  
6 exclusive offers from third party companies unless they have actually received such offers.

7 (8) Violating any provisions of the Unfair-Business Practices – Consumer  
8 Protection Act, RCW 19.86 et seq.

9 **V. CIVIL PENALTIES**

10 **5.1** Pursuant to RCW 19.86.140, Defendants are liable for civil penalties in the  
11 amount of \$94,000.00, provided that the entire \$94,000.00 is suspended on condition of  
12 compliance with all of the terms of this Decree.

13 **5.2** The suspended portion of the civil penalty shall be imposed by the Court upon  
14 a showing by the State that Defendants violated one or more of the terms of this Decree.

15 **VI. ENFORCEMENT**

16 **6.1** Pursuant to RCW 19.86.140, any violation of the terms of this Judgment may  
17 form the basis for further enforcement proceedings.

18 **6.2** The violation of any of the terms of this Judgment shall constitute a violation  
19 of the Consumer Protection Act, RCW 19.86 et seq.

20 **6.3** Jurisdiction is retained for the purpose of enabling any party to this Judgment,  
21 with or without the prior consent or approval of the other party, to apply to the Court at any  
22 time for the enforcement of compliance therewith, the punishment of violations thereof, or  
23 the modification or clarification thereof.

24 **6.4** Nothing in this Judgment shall be construed as to limit or to bar any other  
25 governmental entity or any other consumer in the pursuit of additional remedies against  
26 Defendants.

1           **6.5** Defendants hereby waive their right to assert a statute of limitations defense in  
2 any claim for restitution brought against them by any consumer, whether or not listed in  
3 Exhibit A for unfair and deceptive business practices related to this Decree.

4           **6.6** Representatives of the Office of Attorney General shall be permitted, upon 10  
5 days' notice to Defendants, to access, inspect, and/or copy all business records or documents  
6 under the control of Defendants, in order to monitor compliance with the injunctive provisions  
7 of this Stipulated Judgment.

8           **6.7** Under no circumstances shall this Judgment or the names of the State of  
9 Washington or the Office of the Attorney General, Consumer Protection Division, the  
10 Secretary of State's Office, or any of their employees or representatives be used by  
11 Defendants' agents or employees in connection with the promotion of any product or service or  
12 an endorsement or approval of Defendants' practices.

13           **6.8** Defendants shall bear Plaintiff's reasonable costs, including reasonable  
14 attorneys' fees, for enforcing this Judgment in any successful action to enforce any of its  
15 provisions.

16           **6.9** The Court finding no just reason for delay, hereby expressly directs entry of this  
17 Judgment.

18           SO ORDERED this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

19  
20 \_\_\_\_\_  
JUDGE/COURT COMMISSIONER

21 Presented by

22 ROBERT M. MCKENNA

23 Attorney General

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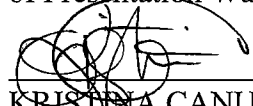
25 PAULA SELIS, WSBA #12823

26 Senior Counsel

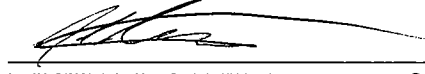
Attorneys for Plaintiff

State of Washington

1 Agreed to, Approved for Entry, and Notice  
of Presentation Waived:

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KRISTINA CANU, as the Owner of The  
4 Empty Canoe, LLC, Individually and on  
behalf of her marital community

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6 \_\_\_\_\_  
MICHAEL CANU, Manager of The  
7 Empty Canoe, LLC, Individually and on  
behalf of his marital community

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