

FILED

SEP 23 2016

Superior Court
Linda Myhre Enlow
Thurston County Clerk

**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

2/3rds-FOR-TAXES
CONSTITUTIONAL AMENDMENT,
a political committee; TIM EYMAN,
JACK FAGAN, MIKE FAGAN, in
their capacity as officers of 2/3rds-
FOR-TAXES CONSTITUTIONAL
AMENDMENT; and BARBARA
SMITH, in her capacity as treasurer of
2/3rds-FOR-TAXES
CONSTITUTIONAL AMENDMENT,

Defendants.

NO. 16-2-03893-34

COMPLAINT FOR CIVIL
PENALTIES AND FOR INJUNCTIVE
RELIEF FOR VIOLATIONS OF
RCW 42.17A

I. NATURE OF ACTION

The State of Washington (State) brings this action to enforce the state's campaign finance disclosure law, RCW 42.17A. The State alleges that 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT, a political committee; TIM EYMAN, JACK FAGAN, MIKE FAGAN, in their capacity as officers of 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT; and BARBARA SMITH, in her capacity as treasurer of 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT, violated provisions of RCW 42.17A by 1) failing to properly report campaign expenditures related to loan interests payments made from 2/3rds-

1 FOR-TAXES CONSTITUTIONAL AMENDMENT political committee funds on behalf of the
2 Tougher to Raise Taxes political committee; and 2) failing to properly and timely report
3 contributions to 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT. The State seeks
4 relief under RCW 42.17A.750 and .765, including penalties, costs and fees, and injunctive
5 relief.

6 II. PARTIES

7 1.1 Plaintiff is the State of Washington. Acting through the Washington State
8 Public Disclosure Commission, Attorney General, or a local prosecuting attorney, the State
9 enforces the state campaign finance disclosure laws contained in RCW 42.17A.

10 1.2 Defendant 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT is a
11 political committee registered with the state Public Disclosure Commission. Such registration
12 occurred on January 8, 2016, with Defendant 2/3rds-FOR-TAXES CONSTITUTIONAL
13 AMENDMENT registering as a “new” committee. With such registration, Defendant 2/3rds-
14 FOR-TAXES CONSTITUTIONAL AMENDMENT is expected to comply with RCW 42.17A.

15 1.3 Defendant TIM EYMAN is identified as the media contact and an officer of the
16 political committee 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT and is sued in
17 that capacity. As such, Defendant Eyman is expected to comply with RCW 42.17A.

18 1.4 Defendant JACK FAGAN is identified as the manager and an officer of the
19 political committee 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT and is sued in
20 that capacity. As such, Defendant Jack Fagan is expected to comply with RCW 42.17A.

21 1.5 Defendant MIKE FAGAN is identified as an officer of the political committee
22 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT and is sued in that capacity. As
23 such, Defendant Fagan is expected to comply with RCW 42.17A.

24 1.6 Defendant BARBARA SMITH is identified as the treasurer of the political
25 committee 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT and is sued in that
26 capacity. As such, Defendant Smith is expected to comply with RCW 42.17A.

1 **III. JURISDICTION AND VENUE**

2 2.1 This Court has subject matter jurisdiction over the Defendants, in accordance
3 with RCW 42.17A. The Attorney General has authority to bring this action pursuant to
4 RCW 42.17A.765.

5 2.2 Defendants' actions which form the basis for the violations alleged below
6 occurred, in whole or in part, in Thurston County, Washington.

7 2.3 Venue is proper in this Court pursuant to RCW 4.12.

8 **IV. FACTUAL ALLEGATIONS**

9 3.1 Pursuant to the provisions of RCW 42.17A, political committees are required to
10 timely and properly register and report contributions and expenditures with the Public
11 Disclosure Commission (Commission) during the life of the committee.

12 3.2 The contribution report is entitled "Cash Receipts Monthly Contributions" and
13 is designated by the Commission as form C3, pursuant to WAC 390-16-031. Per
14 RCW 42.17A.235(3), this report is due monthly until the first day of the fifth month before a
15 general election at which time the reports must be filed weekly.

16 3.3 The expenditure report is entitled "Summary, Full Report Receipts and
17 Expenditures" and is designated by the Commission as form C4, pursuant to WAC 390-16-
18 041. These reports are due monthly, until 21 days before a general election at which time the
19 reports must be filed 21 days and 7 days before the general election.

20 3.4 All monetary contributions are required to be deposited within five days of their
21 receipt by a candidate or candidate's committee.

22 3.5 Defendants filed a committee registration (Form C1pc) for Defendant
23 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT on January 8, 2016 identifying it
24 as a new committee registered for 2016. It declared that the committee was a ballot committee
25 and indicated it as "against" a measure but did not indicate the name of the measure. The form
26 also indicated that Defendants Eyman, J. Fagan, M. Fagan, and Smith were connected to the

1 committee as officers, treasurer, media contact and manager. Finally, the form indicated that
2 the committee maintained a bank account at Bank of America in Spokane, Washington.

3 3.6 On February 10, 2016, Defendants filed five campaign disclosure forms. They
4 filed one C-4 report and four C-3 reports.

5 3.7 The first and only C-4 report filed by Defendants disclosed a previous balance
6 of \$188,848.76. Defendants failed to identify how those funds were obtained or accounted for
7 by Defendant 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT. The report also
8 identified itself as a final report. Defendants did not file any other C-4 report for any other time
9 period.

10 3.8 The four C-3 reports filed by Defendants identified receipt of \$17,627.72 in
11 contributions to Defendant 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT. No
12 other C-3 reports were filed that accounted for \$188,848.76 identified on Defendants' February
13 10, 2016 C-4 report.

14 3.9 Defendants' February 10, 2016 C-4 report identified an expenditure of \$599.66
15 on January 29, 2016 to U.S. Bank with the stated purpose of "interest payment on Tim Eyman
16 loan."

17 3.10 Defendants' February 10, 2016 C-4 report did not disclose receipt of a loan by
18 Defendant 2/3rds-FOR-TAXES CONSTITUTIONAL AMENDMENT. No filings made by
19 Defendants disclosed a loan from Tim Eyman to Defendant 2/3rds-FOR-TAXES
20 CONSTITUTIONAL AMENDMENT.

21 3.11 On June 14, 2016, the Attorney General's Office received a citizen action
22 complaint filed under RCW 42.17A.765 alleging that Defendant 2/3rds-FOR-TAXES
23 CONSTITUTIONAL AMENDMENT had violated RCW 42.17A by failing to disclose a loan
24 to it on its filings with the Public Disclosure Commission.

25 3.12 On July 19, 2016, Defendants amended Defendant 2/3rds-FOR-TAXES
26 CONSTITUTIONAL AMENDMENT's February 10, 2016 C-4 report. They updated the

1 description of payment to U.S. Bank by saying “payment of interest on Tim Eyman’s Loan for
2 Tougher to Raise Taxes VWMC”, a separate political committee.

3 3.13 The separate political committee, Tougher to Raise Taxes – VWMC, reported
4 receiving a loan from Tim Eyman on December 28, 2015 in the amount of \$250,000. The
5 expenditure of \$599.66 reported by Defendant 2/3rds-FOR-TAXES CONSTITUTIONAL
6 AMENDMENT reported on February 10, 2016 was an interest payment for the loan to
7 Tougher to Raise Taxes – VWMC, and not on a loan to Defendant 2/3rds-FOR-TAXES
8 CONSTITUTIONAL AMENDMENT.

9 V. CLAIMS

10 Plaintiff re-alleges and incorporates by reference all the factual allegations contained in
11 the preceding paragraphs, and based on those allegations, makes the following claims:

12 4.1 First Claim: Plaintiff reasserts the factual allegations made above and further
13 asserts that Defendants, in violation of RCW 42.17A.235 and .240 failed to properly report
14 contributions received by Defendants for Defendant 2/3rds-FOR-TAXES
15 CONSTITUTIONAL AMENDMENT in the amount of \$188,848.76.

16 4.2 Second Claim: Plaintiff reasserts the factual allegations made above and further
17 asserts that Defendants, in violation of RCW 42.17A.235 and .240, and WAC 390-16-037 and
18 390-16-207, failed to properly report expenditures made by Defendant 2/3rds-FOR-TAXES
19 CONSTITUTIONAL AMENDMENT on behalf of another political committee in the form of a
20 loan interest payment.

21 VI. REQUEST FOR RELIEF

22 WHEREFORE, Plaintiff requests the following relief as provided by statute:

23 5.1 For such remedies as the court may deem appropriate under RCW 42.17A.750,
24 including but not limited to imposition of a civil penalty, all to be determined at trial;

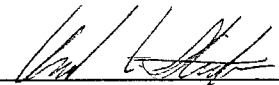
25 5.2 For all costs of investigation and trial, including reasonable attorneys’ fees, as
26 authorized by RCW 42.17A.765(5);

1 5.3 For temporary and permanent injunctive relief, as authorized by
2 RCW 42.17A.750(1)(h); and

3 5.4 For such other legal and equitable relief as this Court deems appropriate.

4 DATED this 23rd day of September, 2016.

5 ROBERT W. FERGUSON
6 Attorney General

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8 _____
9 LINDA A. DALTON, WSBA No. 15467
10 Senior Assistant Attorney General
11 CHAD STANDIFER, WSBA No. 29724
12 Assistant Attorney General
13 Attorneys for Plaintiff State of Washington
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Linda Myhre Enlow
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**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

BRING BACK OUR \$30 CAR TABS,
a political committee; TIM EYMAN,
JACK FAGAN, MIKE FAGAN, in
their capacity as officers of BRING
BACK OUR \$30 CAR TABS; and
BARBARA SMITH, in her capacity as
treasurer of BRING BACK OUR \$30
CAR TABS,

Defendants.

NO.

16-2-03892-34

COMPLAINT FOR CIVIL
PENALTIES AND FOR INJUNCTIVE
RELIEF FOR VIOLATIONS OF
RCW 42.17A

I. NATURE OF ACTION

The State of Washington (State) brings this action to enforce the state's campaign finance disclosure law, RCW 42.17A. The State alleges that BRING BACK OUR \$30 CAR TABS, a political committee; TIM EYMAN, JACK FAGAN, MIKE FAGAN, in their capacity as officers of BRING BACK OUR \$30 CAR TABS; and BARBARA SMITH, in her capacity as treasurer of BRING BACK OUR \$30 CAR TABS, violated provisions of RCW 42.17A by 1) failing to properly report campaign expenditures related to loan interest payments on behalf of Tougher to Raise Taxes – VWMC, a separate political committee; 2) failing to properly and timely report contributions, and 3) failing to properly report candidate opposition expenditures.

1 The State seeks relief under RCW 42.17A.750 and .765, including penalties, costs and fees,
2 and injunctive relief.

3 **II. PARTIES**

4 1.1 Plaintiff is the State of Washington. Acting through the Washington State
5 Public Disclosure Commission, Attorney General, or a local prosecuting attorney, the State
6 enforces the state campaign finance disclosure laws contained in RCW 42.17A.

7 1.2 Defendant BRING BACK OUR \$30 CAR TABS is a political committee
8 registered with the state Public Disclosure Commission. Such registration occurred on
9 February 10, 2016, with Defendant BRING BACK OUR \$30 CAR TABS registering as a
10 “new” committee. Defendant BRING BACK OUR \$30 CAR TABS filed a second registration
11 on February 10, 2016, it labeled as amended. Defendant BRING BACK OUR \$30 CAR TABS
12 then filed another amended committee registration form on July 1, 2016, at which time it
13 indicated that it would was also opposing candidates. With the filing of such committee
14 registrations, Defendant BRING BACK OUR \$30 CAR TABS is expected to comply with
15 RCW 42.17A.

16 1.3 Defendant TIM EYMAN is identified as the media contact and an officer of the
17 political committee BRING BACK OUR \$30 CAR TABS and is sued in that capacity. As
18 such, Defendant Eyman is expected to comply with RCW 42.17A.

19 1.4 Defendant JACK FAGAN is identified as the manager and an officer of the
20 political committee BRING BACK OUR \$30 CAR TABS and is sued in that capacity. As
21 such, Defendant Jack Fagan is expected to comply with RCW 42.17A.

22 1.5 Defendant MIKE FAGAN is identified as an officer of the political committee
23 BRING BACK OUR \$30 CAR TABS and is sued in that capacity. As such, Defendant Fagan
24 is expected to comply with RCW 42.17A.

1 1.6 Defendant BARBARA SMITH is identified as the treasurer of the political
2 committee BRING BACK OUR \$30 CAR TABS and is sued in that capacity. As such,
3 Defendant Smith is expected to comply with RCW 42.17A.

4 III. JURISDICTION AND VENUE

5 2.1 This Court has subject matter jurisdiction over the Defendants, in accordance
6 with RCW 42.17A. The Attorney General has authority to bring this action pursuant to
7 RCW 42.17A.765.

8 2.2 Defendants' actions which form the basis for the violations alleged below
9 occurred, in whole or in part, in Thurston County, Washington.

10 2.3 Venue is proper in this Court pursuant to RCW 4.12.

11 IV. FACTUAL ALLEGATIONS

12 3.1 Pursuant to the provisions of RCW 42.17A, political committees are required to
13 timely and properly register and report contributions and expenditures with the Public
14 Disclosure Commission (Commission). Such registration is accomplished by the filing of a
15 committee registration form (Form C1pc).

16 3.2 The contribution report is entitled "Cash Receipts Monthly Contributions" and
17 is designated by the Commission as form C3, pursuant to WAC 390-16-031. Per RCW
18 42.17A.235(3), this report is due monthly until the first day of the fifth month before a general
19 election at which time the reports must be filed weekly.

20 3.3 The committee expenditure report is entitled "Summary, Full Report Receipts
21 and Expenditures" and is designated by the Commission as form C4, pursuant to WAC 390-
22 16-041. These reports are due monthly, until 21 days before a general election at which time
23 the reports must be filed 21 days and 7 days before the general election.

24 Committee Registration

25 3.4 Defendants filed a committee registration (Form C1pc) for Defendant BRING
26 BACK OUR \$30 CAR TABS on February 10, 2016 identifying it as a new committee

1 registered for 2016. It declared that the committee was a ballot committee and “for” the ballot
2 measure 1421. The form also indicated that Defendants Eyman, J. Fagan, M. Fagan, and Smith
3 were connected to the committee as officers, treasurer, media contact and manager. Finally, the
4 form indicated that the committee maintained a bank account at Bank of America in Spokane,
5 Washington.

6 3.5 Defendants filed two amended Form C1pcs, one on February 10, 2016 and one
7 on July 1, 2016. The filing on July 1, 2016 added that Defendant BRING BACK OUR \$30
8 CAR TABS would be opposing candidates and listed those candidates.

9 **Loan Interest Payments**

10 3.6 None of Defendant BRING BACK OUR \$30 CAR TABS’s C-4 reports
11 disclosed receipt of a loan. No filings made by Defendants disclosed a loan from Tim Eyman
12 to Defendant BRING BACK OUR \$30 CAR TABS.

13 3.7 Defendants’ March 11, 2016 C-4 report identified an expenditure of \$790.37 on
14 February 26, 2016 to U.S. Bank with the stated purpose of “interest on Tim Eyman loan.”

15 3.8 Defendants’ April 11, 2016 C-4 report identified an expenditure of \$844.88 on
16 March 28, 2016 to U.S. Bank with the stated purpose of “interest payment on Tim Eyman
17 loan.”

18 3.9 Defendants’ June 10, 2016 C-4 report identified two expenditures of \$817.62
19 and \$844.88 on May 13 and May 31, 2016 respectively to U.S. Bank with the stated purpose of
20 “interest payment on Tim Eyman loan.”

21 3.10 On June 14, 2016, the Attorney General’s Office received a citizen action
22 complaint filed under RCW 42.17A.765 alleging that Defendants had violated RCW 42.17A
23 by failing to disclose a loan to Defendant BRING BACK OUR \$30 CAR TABS on filings with
24 the Public Disclosure Commission. The complaint was based on Defendant BRING BACK
25 OUR \$30 CAR TABS’ expenditures to U.S. Bank for loan interest.

1 3.11 On July 13, 2016, Defendants amended Defendant BRING BACK OUR \$30
2 CAR TABS's March 11, 2016 C-4 report. They updated the description of payment to U.S.
3 Bank by saying "payment of interest on Tim Eyman's Loan for Tougher to Raise Taxes
4 VWMC", a separate political committee.

5 3.12 On July 13, 2016, Defendants amended Defendant BRING BACK OUR \$30
6 CAR TABS's April 11, 2016 C-4 report. They updated the description of payment to U.S.
7 Bank by saying "payment of interest on Tim Eyman's Loan for Tougher to Raise Taxes
8 VWMC", a separate political committee.

9 3.13 On July 13, 2016, Defendants amended Defendant BRING BACK OUR \$30
10 CAR TABS's June 10, 2016 C-4 report. They updated the descriptions of the two payments to
11 U.S. Bank by saying "payment of interest on Tim Eyman's Loan for Tougher to Raise Taxes
12 VWMC", a separate political committee.

13 3.14 The separate political committee, Tougher to Raise Taxes – VWMC, reported
14 receiving a loan from Tim Eyman on December 28, 2015 in the amount of \$250,000. The
15 expenditures totaling \$3,297.75 reported by Defendant BRING BACK OUR \$30 CAR TABS
16 were interest payments for the loan Tougher to Raise Taxes – VWMC received from
17 Defendant Eyman, and not on a loan to Defendant BRING BACK OUR \$30 CAR TABS.

18 **Candidate Opposition Expenditure Reporting**

19 3.15 On April 11, 2016, Defendants filed a C-4 report on which they disclosed more
20 than \$45,000 in expenditures paid in March 2016. The expenditures were identified as for:
21 Campaign Grid - \$42,000 – Advertising Promotion for Initiative 1366; Anne Norwood - \$780
22 – Banner Advertising; and Mark Dodd - \$2,438 – Campaign Computer Advertising.

23 3.16 On May 25, 2016, Defendants filed an amended C-4 report. They amended the
24 description for the three payments as follows: Campaign Grid - \$42,000 – Educational Video
25 regarding legislators votes, see attached; Anne Norwood - \$780 - Educational Video regarding
26

1 legislators votes, see attached; and Mark Dodd - \$2,438 - Educational Video regarding
2 legislators votes, see attached.

3 3.17 On May 25, 2016, a citizen action complaint was filed alleging that Defendants
4 violated RCW 42.17A for failing to properly disclose expenses incurred to sponsor 21 Web
5 videos opposing candidates for state legislative offices and for failing to comply with state
6 sponsor identification laws.

7 3.18 On June 30, 2016, Defendants amended the committee registration form for
8 Defendant BRING BACK OUR \$30 CAR TABS to include candidate opposition. The form
9 appended a list of state legislative office candidates opposed. Based on the date of their March
10 2016 expenditures, Defendants should have updated the committee registration form no later
11 than April 7, 2016.

12 **Contribution disclosures**

13 3.19 The first C-4 report, filed by Defendants on March 11, 2016, disclosed a
14 previous balance of \$109,556.79. As a new committee, Defendants failed to identify how those
15 funds were obtained or accounted for by Defendant BRING BACK OUR \$30 CAR TABS.

16 **V. CLAIMS**

17 Plaintiff re-alleges and incorporates by reference all the factual allegations contained in
18 the preceding paragraphs, and based on those allegations, makes the following claims:

19 4.1 First Claim: Plaintiff reasserts the factual allegations made above and further
20 asserts that Defendants, in violation of RCW 42.17A.235 and .240 failed to properly report
21 contributions received by Defendants for Defendant BRING BACK OUR \$30 CAR TABS in
22 the amount of \$109,556.79.

23 4.2 Second Claim: Plaintiff reasserts the factual allegations made above and further
24 asserts that Defendants, in violation of RCW 42.17A.235 and .240, and WAC 390-16-207,
25 failed to properly report expenditures made by Defendant BRING BACK OUR \$30 CAR
26 TABS on behalf of another political committee in the form of a loan interest payment.

FILED

SEP 23 2016

Superior Court
Linda Myhre Enlow
Thurston County Clerk

**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

TOUGHER TO RAISE TAXES -
VWMC, a political committee; TIM
EYMAN, JACK FAGAN, MIKE
FAGAN, in their capacity as officers of
TOUGHER TO RAISE TAXES -
VWMC; and BARBARA SMITH, in
her capacity as treasurer of TOUGHER
TO RAISE TAXES - VWMC,

Defendants.

NO. 16-2-03891-34

16-2-03891-34

COMPLAINT FOR CIVIL
PENALTIES AND FOR INJUNCTIVE
RELIEF FOR VIOLATIONS OF
RCW 42.17A

I. NATURE OF ACTION

The State of Washington (State) brings this action to enforce the state's campaign finance disclosure law, RCW 42.17A. The State alleges that TOUGHER TO RAISE TAXES - VWMC, a political committee; TIM EYMAN, JACK FAGAN, MIKE FAGAN, in their capacity as officers of TOUGHER TO RAISE TAXES - VWMC; and BARBARA SMITH, in her capacity as treasurer of TOUGHER TO RAISE TAXES - VWMC, violated provisions of RCW 42.17A by 1) failing to properly report contributions related to loan interests payments made from three political committees on behalf of the TOUGHER TO RAISE TAXES - VWMC political committee; and 2) failing to properly and timely report contributions to

1 TOUGHER TO RAISE TAXES - VWMC. The State seeks relief under RCW 42.17A.750 and
2 .765, including penalties, costs and fees, and injunctive relief.

3 **II. PARTIES**

4 1.1 Plaintiff is the State of Washington. Acting through the Washington State
5 Public Disclosure Commission, Attorney General, or a local prosecuting attorney, the State
6 enforces the state campaign finance disclosure laws contained in RCW 42.17A.

7 1.2 Defendant TOUGHER TO RAISE TAXES – VWMC is a political committee
8 registered with the state Public Disclosure Commission. Such registration occurred on
9 November 15, 2015, with Defendant TOUGHER TO RAISE TAXES - VWMC registering as
10 a “new” committee. With such registration, Defendant TOUGHER TO RAISE TAXES -
11 VWMC is expected to comply with RCW 42.17A. Defendant TOUGHER TO RAISE TAXES
12 – VWMC also appears to be an active nonprofit corporation according to records filed with the
13 Washington State Secretary of State’s Office.

14 1.3 Defendant TIM EYMAN is identified as the media contact and an officer of the
15 political committee TOUGHER TO RAISE TAXES - VWMC and is sued in that capacity. As
16 such, Defendant Eyman is expected to comply with RCW 42.17A.

17 1.4 Defendant JACK FAGAN is identified as the manager and an officer of the
18 political committee TOUGHER TO RAISE TAXES - VWMC and is sued in that capacity. As
19 such, Defendant Jack Fagan is expected to comply with RCW 42.17A.

20 1.5 Defendant MIKE FAGAN is identified as an officer of the political committee
21 TOUGHER TO RAISE TAXES - VWMC and is sued in that capacity. As such, Defendant
22 Fagan is expected to comply with RCW 42.17A.

23 1.6 Defendant BARBARA SMITH is identified as the treasurer of the political
24 committee TOUGHER TO RAISE TAXES - VWMC and is sued in that capacity. As such,
25 Defendant Smith is expected to comply with RCW 42.17A.
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III. JURISDICTION AND VENUE

2.1 This Court has subject matter jurisdiction over the Defendants, in accordance with RCW 42.17A. The Attorney General has authority to bring this action pursuant to RCW 42.17A.765.

2.2 Defendants' actions which form the basis for the violations alleged below occurred, in whole or in part, in Thurston County, Washington.

2.3 Venue is proper in this Court pursuant to RCW 4.12.

IV. FACTUAL ALLEGATIONS

3.1 Pursuant to the provisions of RCW 42.17A, political committees are required to timely and properly register and report contributions and expenditures with the Public Disclosure Commission (Commission) during the life of the committee.

3.2 The contribution report is entitled "Cash Receipts Monthly Contributions" and is designated by the Commission as form C3, pursuant to WAC 390-16-031. Per RCW 42.17A.235(3), this report is due monthly until the first day of the fifth month before a general election at which time the reports must be filed weekly.

3.3 The expenditure report is entitled "Summary, Full Report Receipts and Expenditures" and is designated by the Commission as form C4, pursuant to WAC 390-16-041. These reports are due monthly, until 21 days before a general election at which time the reports must be filed 21 days and 7 days before the general election.

3.4 Defendants filed a committee registration (Form C1pc) for Defendant TOUGHER TO RAISE TAXES - VWMC on November 16, 2015, identifying it as a new committee registered for election year 2016. It declared that the committee was a ballot committee and indicated it as "for" a measure called "Tougher to Raise Taxes." The form also indicated that Defendants Eyman, J. Fagan, M. Fagan, and Smith were connected to the committee as officers, treasurer, media contact and manager. Finally, the form indicated that the committee maintained a bank account at Bank of America in Spokane, Washington.

1 3.5 From November 2015 through June 2016, Defendants filed a total of 23
2 campaign disclosure forms, with Defendants filing a final report for Defendant TOUGHER TO
3 RAISE TAXES – VWMC on July 12, 2016.

4 3.6 In a report filed December 9, 2015, Defendants disclosed receipt of a loan for
5 \$600,000 from Kenneth Fisher on November 24, 2015. The loan was directed to Defendant
6 TOUGHER TO RAISE TAXES – VWMC. Defendants failed to execute a written loan
7 agreement at the time of the loan. Defendants then repaid the loan from Fisher on June 27,
8 2016.

9 3.7 In a report filed December 9, 2015, Defendants disclosed receipt of a loan for
10 \$50,000 from Mark Needham on November 27, 2015 to Defendant TOUGHER TO RAISE
11 TAXES – VWMC. Defendants failed to execute a written loan agreement at the time of the
12 loan. Defendants then repaid the loan from Needham on May 2, 2016.

13 3.8 In a report filed January 4, 2016, Defendants disclosed receipt of a loan for
14 \$250,000 on December 28, 2015 from Defendant Eyman to Defendant TOUGHER TO RAISE
15 TAXES – VWMC. Defendants failed to execute a written loan agreement at the time of the
16 loan. Defendants then repaid the loan from Defendant Eyman on June 16, 2016.

17 3.9 In a report filed January 4, 2016, Defendants disclosed receipt of a loan for
18 \$300,000 on December 31, 2015 from Clyde Holland to Defendant TOUGHER TO RAISE
19 TAXES – VWMC. Defendants failed to execute a written loan agreement at the time of the
20 loan. Defendants then repaid the loan from Holland on June 8, 2016.

21 3.10 On January 29, 2016, political committee 2/3rds-For-Taxes Constitutional
22 Amendment made an expenditure on behalf of Defendant TOUGHER TO RAISE TAXES –
23 VWMC in the amount of \$599.66 to pay interest on Defendant Eyman’s loan to Defendant
24 TOUGHER TO RAISE TAXES – VWMC.

25 3.11 On February 26, 2016, political committee Bring Back Our \$30 Car Tabs made
26 an expenditure on behalf of Defendant TOUGHER TO RAISE TAXES – VWMC in the

1 amount of \$790.37 to pay interest on Defendant Eyman's loan to Defendant TOUGHER TO
2 RAISE TAXES – VWMC.

3 3.12 On March 31, 2016, political committee Bring Back Our \$30 Car Tabs made an
4 expenditure on behalf of Defendant TOUGHER TO RAISE TAXES – VWMC in the amount
5 of \$844.88 to pay interest on Defendant Eyman's loan to Defendant TOUGHER TO RAISE
6 TAXES – VWMC.

7 3.13 On May 13, 2016, political committee Bring Back Our \$30 Car Tabs made an
8 expenditure on behalf of Defendant TOUGHER TO RAISE TAXES – VWMC in the amount
9 of \$817.62 to pay interest on Defendant Eyman's loan to Defendant TOUGHER TO RAISE
10 TAXES – VWMC.

11 3.14 On May 31, 2016, political committee Bring Back Our \$30 Car Tabs made an
12 expenditure on behalf of Defendant TOUGHER TO RAISE TAXES – VWMC in the amount
13 of \$844.88 to pay interest on Defendant Eyman's loan to Defendant TOUGHER TO RAISE
14 TAXES – VWMC.

15 3.15 On June 16, 2016, political committee We Love Our Cars – VWMC - 2017
16 made an expenditure on behalf of Defendant TOUGHER TO RAISE TAXES – VWMC in the
17 amount of \$681.35 to pay interest on Defendant Eyman's loan to Defendant TOUGHER TO
18 RAISE TAXES – VWMC.

19 3.16 Defendants failed to report any interest payments made on behalf of Defendant
20 TOUGHER TO RAISE TAXES – VWMC in conjunction with Defendant Eyman's loan to
21 Defendant TOUGHER TO RAISE TAXES – VWMC. Such payments constitute in-kind
22 contributions and were reportable on Defendant TOUGHER TO RAISE TAXES – VWMC
23 disclosure reports.

24 V. CLAIMS

25 Plaintiff re-alleges and incorporates by reference all the factual allegations contained in
26 the preceding paragraphs, and based on those allegations, makes the following claims:

1 4.1 First Claim: Plaintiff reasserts the factual allegations made above and further
2 asserts that Defendants, in violation of RCW 42.17A.235 and .240, and WAC 390-16-207,
3 failed to timely and properly report in-kind contributions received by Defendants for
4 Defendant TOUGHER TO RAISE TAXES – VWMC in the amount of \$4,578.76.

5 4.2 Second Claim: Plaintiff reasserts the factual allegations made above and further
6 asserts that Defendants, in violation of WAC 390-16-226, repaid loans to Defendant Eyman,
7 Mark Needham, Clyde Holland, and Kenneth Fisher as identified above, without first having
8 executed written loan agreements at the time the loans were made.

9 **VI. REQUEST FOR RELIEF**

10 WHEREFORE, Plaintiff requests the following relief as provided by statute:

11 5.1 For such remedies as the court may deem appropriate under RCW 42.17A.750,
12 including but not limited to imposition of a civil penalty, all to be determined at trial;

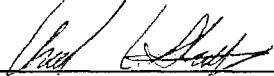
13 5.2 For all costs of investigation and trial, including reasonable attorneys' fees, as
14 authorized by RCW 42.17A.765(5);

15 5.3 For temporary and permanent injunctive relief, as authorized by
16 RCW 42.17A.750(1)(h); and

17 5.4 For such other legal and equitable relief as this Court deems appropriate.

18 DATED this 23rd day of September, 2016.

19 ROBERT W. FERGUSON
20 Attorney General

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22 
23 LINDA A. DALTON, WSBA No. 15467
24 Senior Assistant Attorney General
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26 Assistant Attorney General
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