

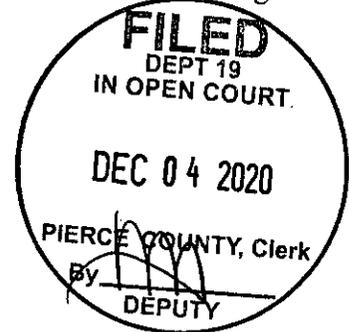
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12/8/2020



The Honorable Judge Philip Sorensen
Noted for Consideration: December 4, 2020, 9 a.m.
With Oral Argument



**STATE OF WASHINGTON
PIERCE COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

NO. 19-2-12198-5

Plaintiff,

STIPULATED JUDGMENT
AGAINST DEFENDANTS
VETERANS INDEPENDENT
ENTERPRISES OF WASHINGTON
ONLY

v.

[CLERK'S ACTION REQUIRED]

VETERANS INDEPENDENT
ENTERPRISES OF WASHINGTON, a
Washington public benefit corporation (aka
VETERANS WORKSHOP); ROSEMARY
HIBBLER (aka ROSEMARY PARGOUD,
ROSEMARY SMITH, AND ROSEMARY
BARNES); DONALD J. HUTT; and
GARY PETERSON,

Defendants.

JUDGMENT SUMMARY

Judgment Creditor:	State of Washington
Judgment Debtors:	Veterans Independent Enterprises of Washington (VIEW);
Principal Judgment Amount:	\$1,000,000
Post Judgment Interest Rate:	12 percent per annum
Attorneys for Judgment Creditor:	Joshua Studor Lynda Atkins

STIPULATED JUDGMENT AGAINST
DEFENDANTS VETERANS INDEPENDENT
ENTERPRISES OF WASHINGTON, DONALD
HUTT, AND GARY PETERSON **ONLY** - 1

ATTORNEY GENERAL OF WASHINGTON
Consumer Protection Division
800 Fifth Avenue, Suite 2000
Seattle, WA 98104-3188
(206) 464-7744

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Heidi Anderson
Assistant Attorneys General

Attorneys for Judgment Debtors:

Dominique Scalia (for VIEW
Receiver)

I. INTRODUCTION

1.1 Plaintiff, State of Washington (the State), commenced this action on November 18, 2019, pursuant to the Charitable Trust Act (RCW 11.110); the Nonprofit Corporation Act (RCW 24.03); the Consumer Protection Act (RCW 19.86); and the Charitable Solicitations Act (RCW 19.09).

1.2 Defendant Veterans Independent Enterprises of Washington (VIEW) is a nonprofit corporation incorporated under the laws of Washington State and is based in Pierce County.

1.3 Defendant Donald J. Hutt (Hutt) was a director of VIEW during the period relevant to this lawsuit and resides in Pierce County. Hutt is not a party to this Stipulated Judgment.

1.4 Defendant Gary Peterson (Peterson) was a director of VIEW during the period relevant to this lawsuit and resides in Pierce County. Peterson is not a party to this Stipulated Judgment.

1.5 Defendant Rosemary Hibbler (Hibbler) was an employee of VIEW during the period relevant to this lawsuit and resided in Pierce County as of the filing of this lawsuit. Defendant Hibbler is not a party to this Stipulated Judgment.

1.6 This Court appointed Daniel J. Bugbee (Receiver) as general receiver over VIEW, together with all of its assets, on November 18, 2019. *See Nunc Pro Tunc Order*

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1 Appointing General Receiver, dated January 3, 2020 (Order Appointing Receiver); *see also*
2 Order to Show Cause re: Appointment of General Receiver and Appointing Interim Receiver.

3 1.7 Pursuant to the Washington Receivership Act, codified at RCW 7.60 and the
4 Order Appointing Receiver, the Receiver is vested with “exclusive possession and control over
5 VIEW and its assets, with the power and authority to preserve, protect, and liquidate those assets
6 and to distribute the proceeds thereof to the party or parties legally entitled to them.” Order
7 Appointing Receiver ¶ 6; RCW 7.60.160. The Receiver is further authorized to “intervene in any
8 action in which a claim is asserted against VIEW relating to the estate for the purpose of
9 prosecuting or defending the claim...” and “to assert any rights, claims or interests relating to the
10 estate...and to intervene in actions in which VIEW is a party for the purpose of exercising the
11 powers herein.” Order Appointing Receiver ¶¶ 8(c)-(d); *see also* RCW 7.60.160.
12

13
14 1.8 Plaintiff appears by and through its attorneys, Robert Ferguson, Attorney
15 General, and Joshua Studor, Lynda Atkins, and Heidi Anderson, Assistant Attorneys General.

16 1.9 The Receiver, on behalf of Defendant VIEW, appears through the Receiver’s
17 Counsel, Dominique Scalia.

18 **II. PARTIES’ INTENT TO COMPROMISE**

19 2.1 VIEW and Plaintiff have agreed to resolve all claims alleged in the Complaint
20 against VIEW and not previously ruled upon by the Court, and to the entry of this Stipulated
21 Judgment without the need for trial or adjudication of any remaining issues of law or fact.
22

23 2.2 VIEW and Plaintiff recognize that this Stipulated Judgment is entered into
24 voluntarily and that no promises or threats have been made by the Attorney General’s Office or
25
26

1 any member, officer, agent, or representative thereof to induce VIEW to enter into this Stipulated
2 Judgment, except as provided herein.

3 2.3 VIEW waives any right it may have to appeal or otherwise contest the validity or
4 contents of this Stipulated Judgment.

5 2.4 VIEW further agrees that it will not oppose the entry of this Stipulated Judgment
6 on the grounds that it fails to comply with Rule 65(d) or the Rules of Civil Procedure, and hereby
7 waive any objections based thereon.

8 2.5 VIEW and Plaintiff further agree that this Court shall retain jurisdiction of this
9 action for the purpose of implementing and enforcing the terms and conditions of this Stipulated
10 Judgment and for all other purposes.

11 III. FINDINGS OF FACT

12 3.1 VIEW incorporated in 1988 as a Washington Nonprofit Corporation and became
13 a Public Benefit Corporation in 1990. VIEW's stated purpose is to assist homeless and otherwise
14 needy veterans of the U.S. Armed Forces by providing low-rent housing, temporary
15 employment, and job training. VIEW is located, and does business, in Pierce County.

16 3.2 VIEW's governing documents require its Board of Directors (Board) be
17 constituted of not less than six directors. Should a vacancy on the Board occur, VIEW's
18 governing documents require that its president appoint a replacement director.

19 3.3 VIEW holds (and held) assets subject to limitations permitting their use only for
20 charitable, eleemosynary, benevolent, educational, or other similar purpose. Among those assets
21 are four parcels of real property located in Pierce County, Washington which are used to provide
22 low-cost housing to local veterans.

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1 3.4 Defendant Hutt served on VIEW's Board for at least 20 years. Hutt recently
2 identified himself as VIEW's President.

3 3.5 Defendant Peterson served on VIEW's Board for at least 20 years. Hutt recently
4 identified himself as VIEW's CEO and Treasurer.

5 3.6 Until approximately 2009, VIEW had a properly constituted board composed of
6 at least six directors at any given time. However, between 2009 and 2015, VIEW's Board
7 suffered from attrition; by August 24, 2016, VIEW's Board included only two directors: Hutt
8 and Peterson. The existing directors failed to fill the Board vacancies as they arose. As a result,
9 VIEW did not have six directors at any point between August 26, 2016, and November 18, 2019.
10

11 3.7 VIEW's financial condition deteriorated after 2010 due to the Board's neglect,
12 mismanagement of the corporate assets, and failure to pay VIEW employees Washington's
13 minimum wage. In 2015, the Washington Department of Labor and Industries required VIEW
14 to pay back wages to under-paid employees. Around the same time, the Internal Revenue Service
15 placed liens on VIEW's real property in Pierce County, Washington to secure payment of unpaid
16 payroll taxes.
17

18 3.8 In 2014, Hibbler began volunteering for VIEW as a grant writer. After a few
19 months, VIEW contracted with Hibbler to provide paid bookkeeping services. In November
20 2015, Hutt and Peterson hired Hibbler to manage VIEW's day-to-day operations. Hibbler's job
21 duties included bookkeeping, human resources, marketing, compliance management, and other
22 miscellaneous tasks.
23

24 3.9 Had Hutt or Peterson inquired into Hibbler's background, they would have
25 learned she had (1) ten felony convictions for theft and forgery; (2) approximately seven civil
26

1 judgments against her; (3) that at least three previous employers terminated her based on
2 allegations that she misappropriated her employer's funds; and (4) previously filed for
3 bankruptcy protection. They would have also learned that Hibbler's most recent former
4 employer, Sober Solutions Transitional Housing, (another nonprofit providing transitional
5 housing) had credibly accused her of embezzling funds.
6

7 3.10 Prior to commencement of this lawsuit, an investigator with the Criminal Justice
8 Division of the Office of the Attorney General interviewed Hutt and Peterson. During the
9 interviews, the investigator presented both Hutt and Peterson with evidence that Hibbler
10 misappropriated funds from VIEW. This evidence included copies of allegedly forged checks
11 benefiting Hibbler, and of unexplained payments to Hibbler in excess of her standard
12 compensation.
13

14 3.11 In 2018, a group of current and former employees sued VIEW for unpaid wages.
15 In June 2019, Hutt and Peterson were deposed as a part of discovery in that lawsuit. The attorney
16 conducting the depositions confronted Hutt and Peterson with evidence that Hibbler withdrew
17 thousands of dollars in cash out of VIEW checking accounts, made purchases at area casinos
18 using VIEW's debit card, transferred funds from VIEW's checking account into her personal
19 account, and used VIEW funds to pay her personal bills (e.g., rent, utilities, fuel, etc.).
20

21 3.12 In the summer of 2019, local TV news reporter Susannah Frame aired multiple
22 reports delineating evidence that Hibbler had mismanaged and misappropriated VIEW funds.
23 Hutt and Peterson were aware of Frame's investigation.

24 3.13 At all times relevant to the lawsuit, Hutt and Peterson made no effort to protect
25 VIEW or its charitable assets from Hibbler. Hutt and Peterson disregarded the risk Hibbler posed
26

1 to VIEW and expanded her authority by (a) appointing Hibbler to negotiate the sale of, and
2 obtain loans secured by, VIEW's real property assets; (b) allowing Hibbler to manage VIEW's
3 checking and other deposit accounts; and (c) giving Hibbler full control of VIEW's internal
4 operations. In February 2018, Hutt and Peterson purportedly elected Hibbler to serve on VIEW's
5 Board.
6

7 3.14 From July 2015 to November 2019, VIEW did not create or otherwise maintain
8 an operating budget, conduct an audit of its books, or keep financial records such that VIEW
9 could produce reliable accounting. Neither Hutt nor Peterson adequately reviewed or supervised
10 VIEW's finances, or Hibbler's administration of VIEW or its finances, during this period.
11

12 3.15 From July 2015 to November 2019, Hutt and Peterson failed to convene regular
13 meetings of the Board and, when they convened meetings, they failed to achieve a quorum of
14 directors.
15

16 3.16 Hutt and Peterson obtained loans purportedly secured by VIEW's real property
17 assets, despite VIEW's improperly constituted Board, which failed to meet quorum under
18 VIEW's Bylaws.
19

20 3.17 On July 29, 2019, Peterson executed a \$200,000 promissory note payable to
21 Hibbler, which was purportedly secured by a deed of trust against VIEW's real property. Hibbler
22 provided no value to VIEW justifying the promissory note or deed of trust.
23

24 3.18 As a result of the events outlined above, between roughly July 2015 and
25 November 2019, VIEW incurred losses exceeding \$1.5 million.
26

3.19 During Hutt and Peterson's time as directors, VIEW's real property suffered from
neglect and deferred maintenance. By the time of the Receiver's appointment, VIEW-operated

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1 transitional housing had unrepaired roof damage, severe water damage, damage to interior walls,
2 and mold growing throughout the residences. The Receiver has incurred expenses in the amount
3 of \$3,854 to remedy these issues.

4 3.20 Between at least January 2015 and November 2019, VIEW solicited the public
5 for charitable contributions under the guise that donations would be used to fund projects that
6 benefitted veterans. For example, VIEW claimed it was a "100% Veteran focused Work
7 Opportunity Center" and that it provided supportive community and clinical services to veteran
8 clients.
9

10 3.21 Despite its claims, to the extent VIEW provided services to the community during
11 this period, such services did not exclusively benefit veterans.
12

13 **IV. CONCLUSIONS OF LAW**

14 4.1 This Court has jurisdiction of the subject matter of this action and of the parties.
15 Plaintiff's Complaint in this matter states claims upon which relief may be granted under the
16 Provisions of the Charitable Trust Act (RCW 11.110); the Nonprofit Corporation Act (RCW
17 24.03); the Consumer Protection Act (RCW 19.86); and the Charitable Solicitations Act (RCW
18 19.09).
19

20 4.2 The Attorney General has authority bring this action under RCW 11.110.120,
21 RCW 24.03.040, RCW 19.86.080, and RCW19.09.340.

22 4.3 Venue is proper in Pierce County pursuant to RCW 4.12.020 and RCW 4.12.025.

23 4.4 Any and all violations of the Charitable Solicitations Act (RCW 19.09) constitute
24 per se violations of the Consumer Protection Act (RCW 19.86). RCW 19.09.340.
25
26

1 4.5 VIEW is a trustee of a charitable trust. RCW 11.110.020. The trust corpus
2 consists of all assets belonging to the corporate entity, hereinafter the "VIEW Charitable Trust."

3 4.6 Court intervention, including, without limitation, the appointment of the
4 Receiver, was necessary to secure the proper administration of the VIEW Charitable Trust and
5 to ensure the assets are used to effect VIEW's charitable purpose: "to offer Veterans life-
6 changing opportunities through transitional housing and work, life skills and diverse support
7 services."
8

9 4.7 As trustee of the VIEW Charitable Trust, VIEW owed duties of good faith, care,
10 loyalty, and integrity to said Trust. VIEW also owed a duty to keep and render clear and accurate
11 accounts with respect to the administration of the VIEW Charitable Trust, as well as a duty to
12 furnish complete and accurate information as to the nature and amount of the trust property (Duty
13 to Account).
14

15 4.8 VIEW breached its duties to the VIEW Charitable Trust (a) of good faith, care,
16 loyalty, and integrity; (b) to keep and render clear and accurate accounts with respect to the
17 administration of the VIEW Charitable Trust; and (c) to furnish complete and accurate
18 information as to the nature and amount of the trust property.

19 4.9 The VIEW Charitable Trust suffered financial losses as a result of such breaches
20 by VIEW.
21

22 4.10 VIEW made, or caused to be made, false, misleading, and deceptive statements
23 in charitable solicitations made on behalf of VIEW. VIEW's solicitations to the general public
24 for charitable contributions had the capacity to deceive a substantial portion of the public.
25
26

1 4.11 VIEW's false, misleading, and deceptive statements violated the Charitable
2 Solicitation Act RCW 19.09.100(15). Each violation of the Charitable Solicitations Act is a
3 violation of the Consumer Protection Act, RCW 19.86.

4 4.12 Hutt and Peterson engaged in fraudulent or dishonest conduct with respect to
5 VIEW and, on that basis, removal of both directors is in the best interest of the corporation.
6 RCW 24.03.1031.
7

8 The Court having made the foregoing Findings of Fact and Conclusions of Law, and in
9 accordance therewith, finding no just reason for delay;

10 **NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as**
11 **follows:**

12 **V. DEFINITIONS**

13
14 5.1 Definitions of the following terms are adopted from RCW 19.09.020: "charitable
15 organization," "charitable purpose," "commercial coventurer," "commercial fund-raiser,"
16 "fund-raising counsel," "fund-raising consultant," and "solicitation." As used in this Stipulated
17 Judgment, "charitable organization" only refers to those organizations required to register with
18 the Washington Secretary of State pursuant to RCW 19.09.065.
19

20 **VI. INJUNCTIONS**

21 6.1. Unless otherwise specified, the injunctive provisions of this Stipulated Judgment
22 shall apply to VIEW and its respective successors, assigns, officers, agents, servants, employees,
23 and representatives.
24
25
26

1 6.2. Within seven (7) days of its entry by the Court, VIEW shall inform each of its
2 successors, assigns, transferees, officers, agents, servants, employees, and representatives of the
3 terms and conditions of this Stipulated Judgment.

4 6.3. VIEW, together with all successors, assigns, transferees, officers, and agents
5 thereof, are hereby permanently enjoined and restrained from directly or indirectly engaging in
6 any act that violates any provision of the Charitable Solicitations Act, RCW 19.09; the Consumer
7 Protection Act, RCW 19.86; the Nonprofit Corporations act, RCW 24.03; and the Charitable
8 Trust Act, RCW 11.110.

9
10 **VII. FINANCIAL OBLIGATIONS**

11 7.1 Pursuant to RCW 19.86.080, VIEW shall remit to Plaintiff a settlement payment
12 in the amount of one million dollars (\$1,000,000) (AGO Settlement Amount). The AGO
13 Settlement Amount shall be used by the Washington Attorney General to recover its attorneys'
14 fees and other costs of this investigation and litigation, future monitoring and enforcement of
15 this Stipulated Judgment, future enforcement of RCW 19.86, or for any lawful purpose in the
16 discharge of the Washington Attorney General's duties at the sole discretion of the Washington
17 Attorney General. Payment of the AGO Settlement Amount shall be made in the form of a valid
18 check paid to the order of the "Attorney General—State of Washington" and shall be due and
19 owing within fourteen (14) days of entry of this Partial Stipulated Judgment. Payments shall be
20 sent to the Office of the Attorney General, Attention: Margaret Farmer, Administrative Office
21 Manager, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-3188.

22 7.2 Should VIEW fail to timely remit payment of the Settlement Amount within
23 fourteen (14) days of entry, the Settlement Amount shall incur interest at the statutory rate of
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1 twelve percent per annum (RCW 4.56.110) on the declining balance from the date of judgment
2 though and including the date the Settlement Amount, including any accrued interest, is paid in
3 full. Such interest shall be waived in the event of timely payment of the Settlement Amount or
4 other written agreement by the parties.

5 6 **VIII. OTHER**

7 8.1 In accordance with RCW 24.03.1031, Hutt and Peterson are hereby immediately
8 removed as directors of VIEW. The existing VIEW Board is hereby formally dissolved.

9 8.2 The Receiver shall appoint no fewer than six new directors to VIEW's Board and
10 report the names of the directors to the Office of the Attorney General's Consumer Protection
11 Division, the Secretary of State Corporations and Charities Division, and this Court.
12 Alternatively, upon approval by the Court, the Receiver may transfer VIEW's operations and
13 assets to another Washington nonprofit, charitable organization with a similar charitable
14 purpose.
15

16 8.3 Should the Receiver appoint a new Board, the new Board of Directors shall
17 restate VIEW's Articles of Incorporation, consistent with VIEW's purpose as outlined in its
18 existing articles, and file them with the Secretary of State within 30 days of such appointment.
19 Within 60 days of the appointment of six or more Directors, the Board of Directors shall adopt
20 bylaws and provide a copy to the Office of the Attorney General's Consumer Protection
21 Division.
22

23 **IX. ENFORCEMENT**

24 9.1 VIEW must comply with all requirements and obligations of this Partial
25 Stipulated Judgment by the date of its entry by this Court, except as expressly provided herein.
26

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1 9.2 For the duration of the Receiver's appointment, Receiver shall provide notice to
2 the State of any change in the name, corporate structure or status, officers, directors, or principal
3 place of business of VIEW in accordance with the Washington Receivership Act and the
4 Receivership Order. The Receiver shall provide the State with notice of the filing of any
5 insolvency proceeding, bankruptcy petition, or court or regulatory proceeding brought by or
6 against VIEW in accordance with the Washington Receivership Act and the Receivership Order.
7 Settling Defendant VIEW's duty to comply with this Partial Stipulated Judgment shall survive
8 the termination of the Receiver's appointment except as otherwise ordered by the Court.

9
10 9.3 If VIEW violates any material condition of this Stipulated Judgment, the State
11 may seek the imposition of additional conditions, civil penalties of up to \$25,000 per violation
12 pursuant to RCW 19.86.140, restitution, injunctive relief, attorney's fees, costs, and such other
13 remedies as the Court may deem appropriate.

14
15 9.4 Nothing in this Partial Stipulated Judgment shall be construed as to limit or bar
16 any other governmental entity or consumer from pursuing other available remedies against
17 VIEW.

18 9.5 Nothing in this Partial Stipulated Judgment grants any third-party beneficiary or
19 other rights to any person who is not a party to it.

20
21 9.6 Under no circumstances shall this Stipulated Judgment or the name of the State
22 of Washington, the Office of the Attorney General, Consumer Protection Division, or any of
23 their employees or representatives be used by any of the VIEW in connection with any selling,
24 advertising, or promotion of products or services, or as an endorsement or approval of the VIEW'
25 acts, practices or conduct of business.
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X. DISMISSAL AND WAIVER OF CLAIMS

10.1 The State and VIEW stipulate and agree by their respective signatures below that the State's Fifth Cause of Action (Ultra Vires) be dismissed without prejudice. Accordingly, the Court hereby dismisses the State's Fifth Cause of Action (Ultra Vires) without prejudice.

10.2 The State and VIEW stipulate and agree by their respective signatures below that the State's Sixth Cause of Action (Petition to Dissolve Defendant VIEW) be dismissed with prejudice. Accordingly, the Court hereby dismisses the State's Sixth Cause of Action (Petition to Dissolve Defendant VIEW) with prejudice.

10.3 This Stipulated Judgment resolves and adjudicates all claims against the VIEW.

10.4 The State further stipulates and agrees that, despite Hutt, Peterson, and Hibbler not being a party to this Stipulated Judgment, timely payment of the financial obligations in paragraphs 7.1 also resolves and adjudicates all monetary claims against Hutt, Peterson, and Hibbler, including, but not limited to, civil penalties, fines, and other damages of any kind for which they may be liable. The State agrees that it will not further pursue monetary damages, fees, costs, fines, or civil penalties associated, or resulting from the State's remaining claims against Hutt, Peterson, and/or Hibbler. The State specifically does not waive and reserves all rights to seek an award of fees and cost, as may be permitted under the Civil Rules or Washington Law, should it prevail on Hibbler's remaining counterclaim. This Stipulated Judgment does not resolve or otherwise adjudicate the State's claims for non-monetary relief against Hutt, Peterson, and/or Hibbler.

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1 10.5 To the extent the Court issues an award of monetary sanctions (e.g. discovery or
2 contempt sanctions) against Hutt, Peterson, or Hibbler after entry of this Partial Stipulated
3 Judgment, the State shall be authorized to collect said award.
4

5 10.6 Except as expressly reserved herein, Plaintiff's claims against VIEW, and the
6 monetary claims against defendant Hutt, Peterson, and Hibbler, are hereby dismissed with
7 prejudice upon entry of this Partial Stipulated Judgment.

8 10.7 VIEW also specifically and expressly waive any right to appeal from, or
9 otherwise challenge the validity of, this Partial Stipulated Judgment.
10

11 ENTERED this 4th day of December, 2020.

12 
13 THE HONORABLE PHILLIP K. SORENSEN

14 Presented by:
15 ROBERT W. FERGUSON
16 Attorney General

Stipulated and Approved for Entry by:
DBS Law

17 /s/ Joshua Studor
18 JOSHUA STUDOR, WSBA #47183
19 LYNDA ATKINS, WSBA #52396
20 HEIDI ANDERSON, WSBA #37603
21 Assistant Attorneys General
22 Attorneys for Plaintiff State of Washington

/s/ Dominique Scalia
DOMINIQUE R. SCALIA #47313
Attorney for Defendants Veterans
Independent Enterprises of Washington

