

FILED

JUN - 9 2016

Superior Court
Linda Myhre Enlow
Thurston County Clerk

**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Petitioner,

v.

CITIZEN SOLUTIONS, LLC,
ROY RUFFINO, and WILLIAM
AGAZARM,

Respondents.

NO.

16-2-02277-34

PETITION PURSUANT TO
RCW 34.05.588(2) FOR ORDER
COMPELLING COMPLIANCE WITH
AGENCY CIVIL ORDER

Petitioner, State of Washington (State), represented by its attorneys ROBERT W. FERGUSON, Attorney General, LINDA A. DALTON, Senior Assistant Attorney General, and CHAD C. STANDIFER, Assistant Attorney General, hereby requests that this Court enforce a Civil Order duly issued by the Attorney General, after Respondents failed to comply with the properly issued Order. This petition is based upon the following allegations by the State, the accompanying Declaration of Chad Crummer with exhibits, and the legal authority supporting the request.

I. JURISDICTION AND VENUE

1.1 This petition is filed pursuant to RCW 34.05.588 and RCW 42.17A.765(3), which authorize the Attorney General to seek enforcement of civil orders, issued pursuant to RCW 42.17A.765, by filing a petition for enforcement in superior court.

1.2 Venue is proper in Thurston County Superior Court pursuant to

PETITION PURSUANT TO
RCW 34.05.588(2) FOR ORDER
COMPELLING COMPLIANCE WITH
AGENCY CIVIL ORDER

1 RCW 34.05.588 and RCW 4.12.025. The Attorney General is informed and believes, and on
2 that basis alleges, that two of the three Respondents reside in, do business in, and the records
3 are located in Thurston County, Washington.

4 II. PARTIES

5 2.1 Petitioner is the State of Washington (State). The Attorney General is
6 authorized by RCW 42.17A.765 to, among other things, investigate alleged violations of the
7 state campaign finance disclosure laws contained in RCW 42.17A. He is also authorized to
8 bring civil actions in the name of the State for violations discovered. The Attorney General
9 has an office located in Olympia, Thurston County, Washington.

10 2.2 The State is informed and believes, and on that basis alleges, that Citizen
11 Solutions, LLC is a limited liability company located in Thurston County, Washington.
12 Respondents Roy Ruffino and William Agazarm are the governing persons for Citizen
13 Solutions according to records filed with the Washington State Secretary of State's Office.
14 Further, the predecessor company to Citizen Solutions, LLC is Citizen Solutions, Inc., from
15 which the State requested records, and for which Respondent Roy Ruffino and
16 Edward Agazarm were the governing persons according to the Washington State Secretary of
17 State's Office.

18 2.3 The State is informed and believes, and on that basis alleges, that Roy Ruffino
19 resides in Thurston County, Washington. The State is informed and believes, and on that
20 basis alleges, that William Agazarm resides in Southington, Connecticut. During the
21 pendency of the underlying investigation, all Respondents are and have been represented by
22 counsel who has been accepting service on their behalf.

23 III. RELATED ENTITIES

24 3.1 Citizens in Charge (Citizens in Charge) is a Virginia 501(c)(4) corporation that
25 was listed as a contributor of signature gathering services in reports filed with the PDC by
26 Protect Your Right to Vote on Initiatives in 2012. Crummer Decl., ¶ 7.

IV. FACTS

4.1 On or about September 25, 2015, the Attorney General received a referral letter from the Commission recommending that he investigate Tim Eyman, Protect Your Right to Vote on Initiatives, and Voters Want More Choices for possible violations of the state campaign finance disclosure laws, located at RCW 42.17A (the Act). Crummer Decl., Ex. A. That referral was based on an Executive Summary and Report of Investigation issued by PDC staff on September 18, 2015. Crummer Decl., Ex. B. The PDC staff Report of Investigation alleged that campaign contributions made to and received by Voters Want More Choices in support of Initiative Measure No. 1185 were being improperly used to support a separate state Initiative Measure No. 517. *Id.* PDC staff also found evidence that Tim Eyman made personal use of campaign contributions made to and received by Voters Want More Choices.

4.2 The PDC Report focused on conduct occurring during 2012. *Id.* During the course of that investigation, witnesses stated that money exchange between Voters Want More Choices, Mr. Eyman, and Citizen Solutions was part of their normal conduct and included times beyond the year 2012. *Id.* With its referral of the 2012 conduct to the Attorney General, the Commission also recommended the Attorney General consider investigating any similar actions taken by Mr. Eyman or his political committees and Citizen Solutions before and after the 2012 time period covered by its own investigation. Crummer Decl., Ex. A at 5. Based upon the information alleged in the PDC's referral and Report of Investigation, the Attorney General commenced an investigation, AGO Investigation Nos. 15-003 and 15-004. Crummer Decl., ¶ 4.

4.3 On November 13, 2015, the Attorney General, acting through Senior Assistant Attorney General Linda A. Dalton, issued a Civil Order to Appear and Produce Documents Pursuant to RCW 42.17A.765 (2) (Civil Order) to Citizen Solutions, which was properly served on and accepted by its legal counsel. Crummer Decl., Ex. C. The return date on the Civil Order was November 30, 2015. *Id.*

1 4.4 The Civil Order requested the following documents and records for the time
2 period of 2009 through the present:

- 3 1. Any and all documents, financial institutional/bank records, funds, loan
4 documents or business records that you sent, submitted, or issued to Tim
5 Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith;
- 6 2. Any and all documents, financial institutional/bank records, funds, loan
7 documents or business records disclosing any and all funds you received
8 from Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith;
- 9 3. Any and all documents that discuss, refer to, or relate to services that you
10 proposed to, provided to, or will provide to Tim Eyman, Jack Fagan,
11 Mike Fagan, Stan Long, or Barbara Smith, or any business or political
12 committee with which they are associated;
- 13 4. Any and all documents that discuss, refer to, or relate to funds that you
14 requested, sought or received from Tim Eyman, Jack Fagan, Mike Fagan,
15 Stan Long, or Barbara Smith;
- 16 5. Any and all documents that discuss, refer to, or relate to services that
17 Tim Eyman proposed, provided, or will provide to Citizens Solutions; and
- 18 6. Copies of Citizens Solutions' tax returns and tax information filed for the
19 years 2009-2014.

20 Crummer Decl., Ex. C.

21 4.5 Respondents have not produced any documents that appear responsive to item 1 of
22 the Civil Order. Crummer Decl., ¶ 12.

23 4.6 On December 15, 2015, Citizen Solutions produced a single bank statement for the
24 month of July 2012 in response to item 2 of the Civil Order. Crummer Decl., ¶ 13. The
25 statement, however, contained extensive redactions. *Id.* Respondents' counsel asserted these
26 redactions were based on privilege and/or privacy objections. *Id.* Respondents failed to produce
a log explaining the basis for withholding information based on these or any other objections. *Id.*

4.7 Respondents produced a single document in response to item 3 of the Civil Order
on January 7, 2016. Crummer Decl., ¶ 14. The document totaled four pages, including a letter
from Respondent Agazarm to the PDC, an attached email regarding I-1185 signatures and a
chargeback, and a table listing 16 deposits made by Citizen Solutions LLC between April 2012
and July 2012. *Id.* Respondents did not produce any other records and did not say that this was a
complete production. *Id.*

1 4.8 In response to item 4 of the Civil Order, Respondents did not provide any
2 documents that discuss, refer to, or relate to funds that they requested, sought or received from
3 Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith. Crummer Decl., ¶ 15.

4 4.9 In response to item 5 of the Civil Order, Respondents did not provide any records
5 of communications with Tim Eyman that discussed any funds it paid him or the reasons why,
6 with the limited exception of documents they had already produced during the PDC's
7 investigation of activities during 2012. Crummer Decl., ¶ 16. Respondents also did not state
8 that all the records had been provided. *Id.*

9 4.10 Respondents have not produced any of its tax returns in response to item 6 of the
10 Civil Order. Crummer Decl., ¶ 17.

11 4.8 Respondents produced other documents purportedly in response to the Civil Order
12 on January 8, 2016. Crummer Decl., ¶ 11. However, they did not specify which items were
13 responsive to which request. From the face of the documents, the State has not been able to
14 discern to what these documents may be responsive.

15 4.9 To date, Respondents have not confirmed that all responsive documents have been
16 provided to the State for any of the six requests made in the Civil Order.

17 4.10 The State attempted to work with Respondents' counsel to obtain information
18 contained in the redacted documents. Crummer Decl., ¶ 13. Counsel represented that he would
19 be filing a motion for a protective order in this Court on or about May 6, 2016, which would
20 allow him to release the redacted information. *Id.* No protective order has been sought by
21 Respondents to date. *Id.*

22 4.11 To date, the investigation of the Attorney General's Office has been significantly
23 hindered and essentially stalled by Respondents' refusal to comply with the Civil Order.
24 Crummer Decl., ¶ 19.

1 **V. LEGAL AUTHORITY TO COMPEL**
2 **PRODUCTION OF RECORDS AND CONDUCT INVESTIGATIONS**

3 5.1 RCW 42.17A.765(3) provides that when the Attorney General requires the
4 attendance of any person to obtain such information or produce the accounts, bills, receipts,
5 books, papers, and documents that may be relevant or material to any investigation authorized
6 under this chapter, he or she shall issue an order setting forth the time when and the place
7 where attendance is required and shall cause the same to be delivered to or sent by registered
8 mail to the person at least fourteen days before the date fixed for attendance.
9 RCW 42.17A.765(3) further provides that the order shall have the same force and effect as a
10 subpoena, shall be effective statewide, and, upon application of the attorney general, obedience
11 to the order may be enforced by any superior court judge in the county where the person
12 receiving it resides or is found, in the same manner as though the order were a subpoena.

13 5.2 RCW 34.05.588(2) provides that an agency with statutory authority to issue
14 investigative subpoenas may petition for enforcement of such subpoena in accordance with
15 RCW 34.05.588(1) which provides that the Court shall enter an order directing the person to
16 appear before the Court at a time and place fixed in the order to show cause why the person has
17 not obeyed the subpoena or refused to produce the documents.

18 5.3 RCW 34.05.588(2) provides further that if it appears to the Court that the
19 subpoena was properly issued, that the investigation is being done for a lawfully authorized
20 purpose, and that the testimony or documents required to be produced are adequately specified
21 and relevant to the investigation, the Court shall enter an order that the person appear before the
22 agency and testify or produce the required documents, and failing to obey this order, the person
23 shall be dealt with as for contempt of Court.

24 5.4 As shown above, each element is met. The Attorney General has the statutory
25 authority to issue orders, which shall have the same force and effect as a subpoena. The Attorney
26 General has statutory authority to require production of information related to his investigation of

1 possible violations of RCW 42.17A. The Civil Order was in fact properly issued. Moreover, the
2 records sought pursuant to the Civil Order are specifically identified and narrow in scope.

3 5.5 In addition to the criteria set out in RCW 34.05.588(2), the Washington State
4 Supreme Court in *Steele v. State*, 85 Wn.2d 585, 594, 537 P.2d 782 (1975) held that an agency
5 seeking judicial enforcement of an administrative subpoena must show that the inquiry is within
6 the agency's authority, the demand is not too indefinite, and the information sought is reasonably
7 relevant.

8 5.6 All three prongs of the *Steele* test are met in this case. First, the inquiry is within
9 the Attorney General's authority. RCW 42.17A.765(3) gives the Attorney General the power to
10 obtain information relevant or material for the purpose of any investigation authorized under
11 RCW 42.17A, in this case to determine if Respondents engaged in conduct that violates
12 RCW 42.17A.

13 Second, the demand is not impermissibly indefinite. The demand seeks information
14 directly related to financial transactions and money transfers between Respondents and
15 Tim Eyman, any political committees with which he was associated, and Eyman's for-profit
16 company, including banking records, tax records, and other business records in the custody or
17 control of Respondents as identified in the Civil Order. The records sought are, therefore,
18 explained with the requisite particularity and for specific time periods.

19 Third, the requested records are necessary to investigate and assess whether Respondents
20 committed violations of RCW 42.17A. The Commission already referred to the Attorney General
21 findings made by its staff that political committee Voters Want More Choices failed to properly
22 report certain payments by Respondent Citizens Solutions to Tim Eyman, as well as certain other
23 payments to Citizens in Charge. PDC staffs investigation further identified that political
24 committee Protect Your Right to Vote on Initiatives failed to properly report Tim Eyman or
25 Voters Want More Choices as the true source of certain contributions attributed to Citizens in
26

1 Charge. Finally, the PDC staff investigation finally found that Tim Eyman authorized the use of
2 political committee funds for his own personal living expenses.

3 At this time, the Attorney General is investigating whether this financial activity was
4 repeated in the past five years between Eyman, Citizen Solutions, other political committees, and
5 Eyman's for-profit company, excluding the year 2012. State law mandates how a political
6 committee must report its financial activities, including the purpose of expenses made from
7 political committee funds and the true sources of funding for campaign activities. Further,
8 RCW 42.17A.445 makes it illegal for an individual to make personal use of contributions absent
9 certain circumstances set forth therein. A thorough and comprehensive assessment of potential
10 violations of RCW 42.17A cannot be made without reviewing the requested records, records that
11 Respondents have failed and/or refused to produce.

12 5.7 Under either the criterion set forth in RCW 34.05.588 or set forth by the
13 Washington Supreme Court in *Steele*, the Civil Orders issued by the Attorney General should be
14 judicially enforced and costs and fees assessed against Respondents for their failure to comply
15 with the Civil Orders.

16 VI. RELIEF REQUESTED

17 The State hereby requests that the Court grant relief as follows:

18 6.1 Pursuant to RCW 34.05.588, issue an order requiring that Respondents produce
19 the records, documents, and written information required by the Attorney General's Civil Order,
20 at a time and date certain, or to appear in this Court and show cause why Respondents should not
21 be held in contempt for failure to do so.

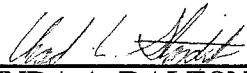
22 6.2 If Respondents fail to appear and comply with the subpoenas as directed by the
23 Court, or fails to show adequate cause why they have not done so, that this Court find
24 Respondents in contempt and impose such criminal and/or civil penalties as authorized by law.

25 6.3 For other such relief as the Court deems appropriate including an award of costs
26 and fees associated with initiating this lawsuit.

1 6.4 Retain jurisdiction in this action to implement, carry out, and enforce the terms of
2 the Court's order and to entertain any suitable motions or applications related to this matter.

3 DATED this 9th day of June, 2016.

4 ROBERT W. FERGUSON
5 Attorney General

6 
7 LINDA A. DALTON, WSBA No. 15467
8 Senior Assistant Attorney General
9 CHAD C. STANDIFER, WSBA No. 29724
10 Assistant Attorney General
11 Attorneys for State of Washington
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Superior Court
Linda Myhre Enlow
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**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Petitioner,

v.

CITIZEN SOLUTIONS, LLC,
ROY RUFFINO, and WILLIAM
AGAZARM,

Respondents.

NO. 16-2-02277-34

MOTION FOR AN ORDER TO
SHOW CAUSE

Petitioner, STATE OF WASHINGTON, through its attorneys,
ROBERT W. FERGUSON, Attorney General, LINDA A. DALTON, Senior Assistant
Attorney General, and CHAD C. STANDIFER, Assistant Attorney General, moves this Court
for an Order to Show Cause requiring Respondents CITIZEN SOLUTIONS, LLC, ROY
RUFFINO, and WILLIAM AGAZARM to appear and show cause why they have not
complied with the State's Civil Order to Appear and Produce Documents (Civil Order), and
why an Order should not be issued compelling compliance with Petitioner's Civil Order,
according to its terms.

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MOTION FOR ORDER TO
SHOW CAUSE

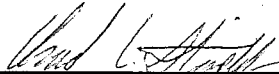
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ATTORNEY GENERAL OF WASHINGTON
1125 Washington Street SE
PO Box 40100
Olympia, WA 98504-0100
(360) 664-9006

1 This motion is brought pursuant to RCW 34.05.588 and RCW 42.17A.765 and is based
2 on the State's Petition for Order Compelling Compliance with Agency Civil Order and the
3 Declaration of Chad Crummer.

4 DATED this 9th day of June, 2016.

5 ROBERT W. FERGUSON
6 Attorney General

7 
8 LINDA A. DALTON, WSBA No. 15467
9 Senior Assistant Attorney General
10 CHAD C. STANDIFER, WSBA No. 29724
11 Assistant Attorney General
12 Attorneys for State of Washington
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Superior Court
Linda Myhre Enlow
Thurston County Clerk

STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Petitioner,

v.

CITIZEN SOLUTIONS, LLC,
ROY RUFFINO, and EDWARD
AGAZARM,

Respondents.

NO. 16-2-02277-34

DECLARATION OF
CHAD CRUMMER IN SUPPORT OF
MOTION FOR AN ORDER TO SHOW
CAUSE

I, Chad Crummer, declare the following:

1. I am over the age of 18 and am competent to make the statements set forth in this declaration.

2. I am an Investigations Manager working for the Office of the Attorney General. I make the following statements in that capacity. I have knowledge of, and access to, the documents pertaining to the investigation of this matter.

3. On or about September 25, 2015, the Attorney General received a referral letter from the Public Disclosure Commission (PDC or Commission) recommending that he investigate Tim Eyman and any political committees with which he is associated, including Protect Your Right to Vote on Initiatives and Voters Want More Choices, for possible violations of the state

DECLARATION OF CHAD CRUMMER
IN SUPPORT OF MOTION FOR AN
ORDER TO SHOW CAUSE

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ATTORNEY GENERAL OF WASHINGTON
1125 Washington Street SE
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(360) 664-9006

COPY

1 campaign finance disclosure laws. These laws are located at RCW 42.17A (the Act). A true and
2 accurate copy of the Commission referral letter is attached as **Exhibit A**.

3 4. Based upon the information alleged in the Commission's referral and the PDC
4 staff Report of Investigation, the Attorney General commenced an investigation, AGO
5 Investigation No. 15-004 against Respondents. I am one of the individuals assigned to that
6 investigation.

7 5. As part of my investigation, I reviewed the PDC Report of Investigation
8 submitted on September 18, 2015. A true and accurate copy of that Report of Investigation
9 (without exhibits) is attached as **Exhibit B**.

10 6. Respondent Citizen Solutions, LLC (Citizen Solutions) is a Washington limited
11 liability company that provides signature gathering services to initiative committees and
12 proponents. Respondent Roy Ruffino is a governing person of Citizen Solutions as identified
13 on the Washington State Secretary of State's website. Prior to 2012, Citizen Solutions was
14 organized as Citizen Solutions, Inc. Mr. Ruffino was also a governing person of Citizen
15 Solutions Inc. along with Edward Agazarm. William Agazarm is identified now as a
16 governing person for Citizen Solutions, LLC.

17 7. Citizens in Charge ("Citizens in Charge") is a Virginia 501(c)(4) corporation. I
18 discovered that the political committee, Protect Your Right To Vote on Initiatives listed
19 Citizens in Charge, as a contributor of signature gathering services in reports the committee
20 filed with the PDC in 2012.

21 8. Through my investigation, I learned that Citizen Solutions is identified by multiple
22 variations in committee reports filed with the PDC including Citizens Solution; Citizen
23 Solutions; Citizen Solutions, Inc.; Citizens Solutions; Citizens Solution LLC; Citizen Solutions
24 LLC; Citizen's Solutions; Citizens Solutions Inc.; and Citizen's Solution Inc.

25 9. On November 13, 2015, the Attorney General, acting through Senior Assistant
26 Attorney General Linda A. Dalton, issued a Civil Order to Appear and Produce Documents

Pursuant to RCW 42.17A.765(2) (Civil Order) to Respondents, which was properly served on and accepted by their legal counsel. A true and accurate copy of that Civil Order is attached hereto as **Exhibit C**. The response was due to the Civil Order by November 30, 2015.

10. The Civil Order requested the following documents and records for the time period of 2009 through the present:

- a. Any and all documents, financial institutional/bank records, funds, loan documents or business records that you sent, submitted, or issued to Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith;
- b. Any and all documents, financial institutional/bank records, funds, loan documents or business records disclosing any and all funds you received from Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith;
- c. Any and all documents that discuss, refer to, or relate to services that you proposed to, provided to, or will provide to Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith, or any business or political committee with which they are associated;
- d. Any and all documents that discuss, refer to, or relate to funds that you requested, sought or received from Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith;
- e. Any and all documents that discuss, refer to, or relate to services that Tim Eyman proposed, provided, or will provide to Citizens Solutions; and
- f. Copies of Citizens Solutions' tax returns and tax information filed for the years 2009-2014.

11. In response, Respondents' counsel sent a series of emails which purportedly had responsive records. I received a total of two emails identified as responsive to the Respondents' Civil Order. Additionally, counsel sent five emails which he identified as being responsive to multiple Civil Orders, including Respondents. Counsel did not sufficiently indicate in his emails which records were responsive to which Civil Order or item number. As an investigator I could not state with any certainty that Respondents had provided a complete response to the Civil Order.

12. Civil Order item 1: Respondents have not produced any documents that appear responsive to this request. For example, I would expect to see normal business financial documents including invoices from Respondents to their clients, payment records, records

1 demonstrating an agreement for services from Respondents to their clients. None have been
2 produced.

3 13. Civil Order item 2: On December 15, 2015, Respondents produced a single bank
4 statement for the month of July 2012 which appears to respond to item 2 of the Civil Order. The
5 statement, however, contained extensive redactions. Respondents' counsel asserted in
6 communications with me that the redactions were based on privilege and/or privacy objections.
7 Respondents failed to produce a log explaining the basis for withholding information based on
8 these or any other objections. Further, Respondents did not produce any other records including
9 banking records to demonstrate payments from political committees associated with Tim Eyman.
10 I contacted Respondents' legal counsel Mark Lamb and requested unredacted copies of the
11 bank statement. Counsel told me that he would not provide unredacted records without a
12 protective order. I could not provide him such a protective order; only a court can issue a
13 protective order. I understand that Mr. Lamb was going to seek a protective order. However, I
14 have not been provided such an order to date.

15 14. Civil Order item 3: Respondents produced a single document in response to item
16 3 of the Civil Order on January 7, 2016. The document totaled four pages, including a letter from
17 Respondent Agazarm to the PDC, an attached email regarding I-1185 signatures and a
18 chargeback, and a table listing 16 deposits made by Citizen Solutions LLC between April 2012
19 and July 2012. Respondents did not produce any other records and did not say that this was a
20 complete production. Respondents did not produce what I would normally expect to see
21 including billing records or invoices. I would have also expected documents, which may include
22 correspondence between Respondents and their clients to include political committees for which
23 Tim Eyman was listed as an officer.

24 15. Civil Order item 4: Respondents did not provide any documents that discuss,
25 refer to, or relate to funds that they requested, sought or received from Tim Eyman,
26 Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith. Respondents only produced one

1 agreement from 2012 between Citizen Solutions and the Voters Want More Choices political
2 committee. They produced no records of billings, invoices, or payments received. They
3 produced one record showing a \$300,000 plus payment to Tim Eyman in 2012.

4 16. Civil Order item 5: Respondents did not provide any records of
5 communications with Tim Eyman that discussed any funds it paid him or the reasons why,
6 with the limited exception of documents they had already produced during the PDC's
7 investigation of activities during 2012. Respondents did not state that all the records had been
8 provided.

9 17. Civil Order item 6: Respondents did not produce any tax records or information.

10 18. I understood that counsel would be seeking a protective order for records that
11 Respondents did have but would not produce. To date, it is my understanding he has not
12 obtained such an order.

13 19. As of now, the investigation has been significantly hindered and essentially stalled
14 by Respondents' refusal to provide the records outlined in the Civil Order. Unredacted and
15 complete financial records are crucial to evaluating the flow of money between the political
16 committees who were Respondents' clients and Respondents. Respondents are blocking access
17 to the very records necessary to determine if the law has been followed. As a result, it is
18 impossible to continue with the investigation absent review of these records prior to taking
19 witness statements, which is the next step. Further, Respondents have engaged in a long delay in
20 responding fully to the request.

21 I declare under penalty of perjury of the laws of the State of Washington that the
22 foregoing is true and correct.

23 Dated this 8th day of June, 2016, at Seattle, Washington.

24
25 
26 CHAD CRUMMER

EXHIBIT A



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112

Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdca.wa.gov

September 25, 2015

The Honorable Robert Ferguson
Attorney General
1125 Washington St SE
PO Box 40100
Olympia, WA 98504-0100

RE: Washington State Public Disclosure Commission Referral Following Staff Report of
Investigation re: Protect Your Right to Vote on Initiatives and Tim Eyman, PDC Case
13-027, and Voters Want More Choices and Tim Eyman, PDC Case 15-078

Dear General Ferguson:

On March 12, 2013, the Public Disclosure Commission (PDC) opened an investigation into Protect Your Right to Vote on Initiatives and Tim Eyman, PDC Case 13-027, based on a complaint filed by Sherry Bockwinkel on August 20, 2012, and supplemented by Ms. Bockwinkel on August 29, 2012 and September 10, 2012. In order to report separately on findings concerning Voters Want More Choices and Tim Eyman, on September 10, 2015 staff opened a new case number for those respondents, PDC Case 15-078.

Ms. Bockwinkel's complaint alleged that beginning on or around April 15, 2012, the political committee Protect Your Right to Vote on Initiatives conducted a paid signature drive to qualify Initiative 517 for presentation to the 2013 Washington Legislature, and that the committee failed to register with the PDC until June 11, 2012. The complaint further alleged that the committee's contribution and expenditure reports were untimely, and that the committee had failed to disclose contributions and expenditures associated with its signature gathering efforts. Specifically, Ms. Bockwinkel alleged that funds raised by the political committee Voters Want More Choices to obtain signatures for another statewide initiative, Initiative 1185, were used to compensate petitioners for gathering signatures for both I-1185 and I-517.

This letter provides the Commission's referral to you of the complaint.

The Commission considered the results of the investigation into this matter at the September 24, 2015 Commission meeting, where PDC staff presented the Executive Summary and Staff Analysis, the Report of Investigation, and PDC staff's recommendation on the allegations. Copies of the PDC staff Report of Investigation and Executive Summary and Staff Analysis are enclosed with this letter.

Staff's investigation of the complaint filed by Sherry Bockwinkel showed evidence indicating multiple apparent violations of RCW 42.17A by Mr. Eyman and his committees, as follows:

1. Expenditures totaling \$623,325 by Voters Want More Choices to signature gathering vendor Citizen Solutions, LLC were incurred in a manner to effect concealment, because the expenditures were described in the committee's reports as paying for I-1185 signatures, but were intended in part to result in compensation for Mr. Eyman, and did result in a \$308,185 wire transfer to Mr. Eyman's LLC, Tim Eyman, Watchdog for Taxpayers, on July 11, 2012. Incurring expenditures in a matter to effect concealment violates RCW 42.17A.435.
2. In authorizing these payments to Citizen Solutions, LLC, Mr. Eyman also authorized the expenditure of campaign funds for prohibited personal use, and did use approximately \$170,000 in Voters Want More Choices funds for personal living expenses. Expending contributions reported under RCW 42.17A.235 and .240 for prohibited personal use violates RCW 42.17A.445.
3. Beginning on July 11, 2012, using the funds received that day from Citizen Solutions, LLC, Mr. Eyman's LLC made payments totaling \$200,000 to Citizens In Charge, a Virginia 501(c)(4) organization, for the purpose of sponsoring I-517 signature gathering. Reports filed by Mr. Eyman's committee Protect Your Right to Vote on Initiatives attributed \$182,000 in total in-kind contributions for signature gathering services to Citizens In Charge, when in fact the contributions were made by Mr. Eyman through multiple agents, in order to conceal the source of the funds. Making contributions through an agent to conceal the identity of the source of the contributions violates RCW 42.17A.435.
4. Finally, each instance of concealment also resulted in the failure by Mr. Eyman's committees Voters Want More Choices and Protect Your Right to Vote on Initiatives to file complete and accurate reports of contribution and expenditure activity. Such failure violates RCW 42.17A.235 and .240.

On receiving staff's Report of Investigation, Executive Summary and Staff Analysis, and staff's recommendation on the allegations, Commissioner Anne Levinson offered the following motion:

In regard to Case 13-027, Protect Your Right To Vote On Initiatives and Tim Eyman; and Case 15-078, Voters Want More Choices and Tim Eyman, the Commission is hearing this matter today pursuant to RCW 42.17A.755(3) to consider referral to the Washington State Attorney General or other law enforcement authorities in lieu of us holding a hearing or issuing an order. Therefore, we are not going to make specific findings. However, the record before us due to the staff's thoroughness of investigation is clear:

1. *The PDC staff's investigation indicates that I-1185 funds were used to support I-517.*
2. *The PDC staff's investigation indicates that the initial April 2, 2012 agreement Tim Eyman signed with Citizen Solutions on behalf of Voters Want More Choices included a cost of \$3.50 per signature for I-1185, and a total cost of \$1,050,000 but Citizen Solutions paid petition coordinators between \$1.00 and \$1.40 per I-1185 signature, indicating that the firm made at least \$2.10 per signature, which was a 60% gross margin.*
3. *The PDC staff's investigation, including Mr. Eyman's own testimony, indicates that total payments to Citizen Solutions to qualify I-1185 for the 2012 ballot were in excess of a million dollars, that Voters Want More Choices paid Citizen Solutions more than \$600,000 to qualify I-1185 for the ballot, and that a limited liability corporation that Mr. Eyman operates (Tim Eyman, Watchdog for Taxpayers LLC) received a payment of nearly half that amount back from the signature gathering firm.*
4. *The PDC staff's investigation, including banking records that Mr. Eyman produced in response to a PDC subpoena, indicates that the payment was made by wire transfer in July of 2012, and totaled \$308,185.*
5. *The PDC staff's investigation, including Mr. Eyman's own testimony and banking records produced as a result of a PDC subpoena, indicates that after receiving this more than \$300,000 payment from Citizen Solutions, Mr. Eyman's LLC made payments totaling approximately \$200,000 to Citizens in Charge and that Mr. Eyman understood that the funds his LLC provided would be used to sponsor signature gathering for I-517, not the stated purpose for which the donations were collected.*
6. *The PDC staff's investigation indicates that these payments were reported by Mr. Eyman's committee Protect Your Right to Vote on Initiatives as in-kind contributions from Citizens in Charge, when in fact Mr. Eyman was aware that they came from funds that Voters Want More Choices paid for I-1185 signatures.*
7. *The PDC staff's investigation indicates that in addition to using contributions raised by Voters Want More Choices for I-1185 to support I-517, Mr. Eyman further made personal use of approximately \$170,000 of those funds.*
8. *The PDC staff's investigation, including sworn testimony from a former principal of Citizen Solutions, indicates that the undisclosed more than \$300,000 payment Mr. Eyman received from Citizen Solutions July of 2012 may have been one in a series of such payments and that on multiple occasions between 2004 and 2011, after paying hundreds of thousands of dollars in committee funds to Citizen Solutions to qualify his initiatives for the ballot, Mr. Eyman sought and then received payments back from the firm ranging from \$5,000 to \$100,000 per campaign. This compensation to Mr. Eyman, which as the staff has pointed out*

was also not disclosed to the public, followed a 2002 PDC and Attorney General enforcement action concerning similar efforts by Mr. Eyman to conceal payments to himself from campaign funds. That matter, PDC Case 02-281, Permanent Offense, Tim Eyman et al, resulted in approximately \$55,000 in judgments and fees assessed to Mr. Eyman and his committee. Mr. Eyman was also permanently enjoined from acting as treasurer of any political committee, or as signer on any financial accounts of such a committee as a result of that PDC investigation.

- 9. Finally, the PDC staff's investigation indicates that each instance of concealment also resulted in the failure by Mr. Eyman's committees Voters Want More Choices and Protect Your Right to Vote on Initiatives to file complete and accurate reports of contribution and expenditure activity.*

Based on this record, as well as on Mr. Eyman's refusal while being interviewed under oath by PDC staff to answer questions about his compensation, and his refusal to produce records subpoenaed by the PDC until further enforcement action was taken (and as just noted by the staff, a dozen subpoenas needed to be issued in this matter), the Commission is extremely troubled that it appears that Mr. Eyman intended to hide from the public the sources of funds and the actual purposes for which expenditures were made, and to further conceal that funds were used by Mr. Eyman solely for his personal use. Given his creation of multiple LLCs and committees, his explanations to PDC staff that he did not intend to hide the sources or uses of funds strain credibility. Nor can the Respondent legitimately claim this was somehow inadvertent, due to a lack of experience in filing the required campaign disclosure reports or in understanding the allowable uses of campaign donations. His actions and operations appear to have been an intentional flaunting of campaign finance and disclosure laws, laws which were enacted by the voters to put a stop to conduct such as this. It does not go unnoticed that the purported purpose of the Respondent's proposed initiatives are to protect the very public he appears to have harmed by his actions here. These laws are intended to assure the public that our governmental and political systems and individuals who operate within them are open and honest, and are premised on the principle that the public deserves to know who is funding political campaigns to influence their vote. If this apparent circumvention of campaign finance and disclosure laws were allowed to continue, it would significantly diminish the integrity of our electoral system.

If the facts set forth in this record prove true, then Mr. Eyman's actions would constitute multiple serious violations of RCW 42.17A, including RCW 42.17A.435, RCW 42.17A.445, RCW 42.17A.235 and .240. Considering these violations, as well as Mr. Eyman's prior history with the PDC, frequent and repeated use of the initiative process, the refusal to produce documentation even after the issuance of multiple subpoenas, and the likelihood of an intentional ongoing pattern over multiple years, the Commission's penalty authority under RCW 42.17A.755 would be insufficient to enforce compliance with the law in a manner that adequately protects the public, holds Mr. Eyman accountable for his actions and deters future misconduct.

The Honorable Robert Ferguson
PDC Case Nos. 13-027, 15-078
September 25, 2015
Page 2

Accordingly, pursuant to RCW 42.17A.755(3), I move the Commission refer matters No. 13-027 and 15-078, to the Washington State Attorney General for further investigation and request that the Attorney General move swiftly to take any and all appropriate legal action pursuant to his authority under RCW 42.17A.765, including both possible civil and criminal sanctions. Given Mr. Eyman's continued failure to comply with multiple subpoenas, the Commission also requests that the Attorney General's investigation and prosecution expand the timeframe addressed by this investigation, and include in his possible prosecution any actions taken prior or subsequent to the time period covered by the PDC complaint and include any necessary additional charges, such as sanctioning for failure to comply with subpoenas pursuant under RCW 42.17A.110(6).

The above motion was seconded and approved by a unanimous vote of the Commission. Consistent with the above motion and the Commission's action, the Commission is referring this matter to you for further investigation and legal action in accordance with RCW 42.17A.105(5) and RCW 42.17A.755(3), requesting your office explore all remedies allowed by law in superior court, including as provided in RCW 42.17A.750.

If you have any questions, please contact me at (360) 664-2735. Thank you.

Sincerely,


Frederick C. Kiga
Executive Director

cc: Commissioners
Linda Dalton, Sr. Assistant Attorney General
Mark Lamb, counsel for Respondents
Sherry Bockwinkel

EXHIBIT B



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112
Toll Free 1-877-601-2828 • E-mail: pdcc@pdc.wa.gov • Website: www.pdc.wa.gov

BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

| | | |
|---|---|-------------------------|
| IN RE COMPLIANCE |) | |
| WITH RCW 42.17A |) | |
| |) | |
| Protect Your Right to Vote on Initiatives |) | PDC CASE NO: 13-027 |
| and Tim Eyman |) | |
| |) | |
| Voters Want More Choices |) | PDC CASE NO: 15-078 |
| and Tim Eyman |) | |
| |) | |
| |) | REPORT OF INVESTIGATION |
| Respondents. |) | |
| |) | |

I.

BACKGROUND

- 1.1 Voters Want More Choices – Save the 2/3's (Mike Fagan) ("Voters Want More Choices" or VWMC) is a political committee registered with the Public Disclosure Commission (PDC). Respondent Tim Eyman is an officer of Voters Want More Choices. **(Exhibit 1)** Voters Want More Choices supported Initiative Measure No. 1185 (I-1185), which concerned tax and fee increases imposed by state government. On July 7, 2012, Mr. Eyman submitted approximately 320,000 signatures for I-1185 to the Washington Secretary of State's Elections Division. I-1185 qualified for the November 2012 ballot and was approved by Washington voters.
- 1.2 Citizen Solutions, LLC ("Citizen Solutions") is a Washington limited liability company that provides signature gathering services to initiative campaigns. The members of Citizen Solutions, LLC are Roy Ruffino and William

Agazarm. On April 2, 2012, Tim Eyman signed an agreement with Citizen Solutions on behalf of Voters Want More Choices, securing signature gathering services to qualify I-1185 for the 2012 ballot. The initial agreement included a cost of \$3.50 per signature, and a total cost of \$1,050,000.

(Exhibit 2) Records of email communications with petition coordinators concerning the I-1185 signature drive show that Citizen Solutions paid the coordinators between \$1.00 and \$1.40 per I-1185 signature, indicating that the firm made at least \$2.10 per signature turned in to Mr. Eyman's committee, a 60% gross margin. **(Exhibit 3)** Eventual expenditures by VWMC to Citizen Solutions for the I-1185 signature drive totaled \$623,325.¹ **(Exhibit 4)**

- 1.3 Prior to 2012, Citizen Solutions, LLC was organized as Citizen Solutions, Inc., and was used as a signature gathering vendor by Tim Eyman for multiple statewide initiative campaigns. Between 2004 and 2011, Citizen Solutions, Inc. received nearly three million dollars from Mr. Eyman's political committees to secure signatures for various initiatives. During that time, the principals of Citizen Solutions, Inc. were Roy Ruffino and Edward Agazarm, the father-in-law of William Agazarm.² Edward Agazarm provided testimony to staff stating that he retired from Citizen Solutions and the corporation dissolved when his son-in-law founded Citizen Solutions LLC in 2012.
- 1.4 Protect Your Right to Vote on Initiatives ("Protect Your Right to Vote" or PYRVI) is a political committee registered with the PDC. Respondent Tim Eyman is an officer of Protect Your Right to Vote. **(Exhibit 5)** Protect Your Right to Vote supported Initiative Measure No. 517 (I-517), which concerned initiative and referendum measures. On January 3, 2013, Mr. Eyman submitted approximately 345,000 signatures for I-517 to the Washington Secretary of State's Elections Division. I-517 qualified for presentation to the 2013 Washington Legislature; after the state legislative session ended on April 28, 2013 with no resolution on from the legislature on I-517, the initiative went before voters in the 2013 general election. It was rejected by voters.
- 1.5 Citizens in Charge is a Virginia 501(c)(4) corporation that was listed as a contributor of \$182,806 in signature gathering services for I-517 in PDC reports filed by Protect Your Right to Vote on Initiatives in 2012. **(Exhibit 6)** Paul Jacob is President of the Citizens in Charge board of Directors.

¹ In addition to \$623,325 in payments to Citizen Solutions from VWMC funds, the C-4 reports attached as **Exhibit 4** also disclose a total of \$450,000 in payments to Citizen Solutions by the Association of Washington Business as an in-kind contribution of signature gathering for I-1185, and \$100,000 paid to Citizen Solutions by the Washington Beer and Wine Wholesalers for I-1185 signature gathering. Total payments to Citizen Solutions to qualify I-1185 for the 2012 ballot were \$1,173,325.

² Edward Agazarm testified that he is related to William Agazarm only through marriage, and that his son-in-law elected to take the elder Mr. Agazarm's last name.

- 1.6 On August 20, 2012, Sherry Bockwinkel filed a complaint against Protect Your Right to Vote on Initiatives and its officers, including Tim Eyman. **(Exhibit 7)** On August 29, 2012 and September 10, 2012, Ms. Bockwinkel supplemented her complaint with additional evidence, including affidavits from signature gatherers who worked or were solicited to work on the I-1185 and I-517 signature drives. **(Exhibits 8, 9, 10)**

II.

ALLEGATIONS IN COMPLAINT

- 2.1 In her August 20, 2012 complaint and the August 29, 2012 and September 10, 2012 supplements to her complaint, Ms. Bockwinkel alleged that beginning on or around April 15, 2012, Protect Your Right to Vote on Initiatives conducted a paid signature drive to qualify I-517 for presentation to the Washington Legislature, but failed to register with the PDC until June 11, 2012. She further alleged that the committee's contribution and expenditure reports were untimely, and that the committee had failed to disclose contributions and expenditures associated with its signature gathering efforts. Specifically, she alleged that payments by Voters Want More Choices for I-1185 signatures were paid to petitioners to compensate signature gathering for both I-1185 and I-517.

III.

SUMMARY OF FINDINGS

- 3.1 Staff found that the C-1pc Political Committee Registration that Protect Your Right to Vote on Initiatives filed on May 3, 2012 under a different name, Protect the Initiative Act (Jack Fagan), was a substantially timely registration.
- 3.2 Staff found insufficient evidence to support the complainant's allegation that funds raised by Voters Want More Choices and others to qualify I-1185 for the 2012 ballot were used by the committees' signature gathering vendor to directly compensate petitioners for producing I-517 signatures.
- 3.3 However, staff did find evidence that I-1185 funds were used in a *different* way to support I-517. Tim Eyman testified that after his committee Voters Want More Choices paid Citizen Solutions \$623,325 to qualify I-1185 for the 2012 ballot, Mr. Eyman's LLC received a payment of nearly half that amount, \$308,000, back from the signature gathering firm. Mr. Eyman testified that after receiving this \$308,000 payment, his LLC loaned approximately \$190,000 to Citizens in Charge, a Virginia 501(c)(4) organization. (Staff's investigation showed that the payments by Mr. Eyman's LLC to Citizens in

Charge totaled \$200,000.) With Mr. Eyman's knowledge, Citizens in Charge then made payments totaling \$182,000 to petitioning firms working to qualify I-517 for presentation to 2013 legislature. These payments were reported by Mr. Eyman's committee Protect Your Right to Vote on Initiatives as in-kind contributions from Citizens in Charge, when in fact Mr. Eyman was aware that they came from funds that Voters Want More Choices paid for I-1185 signatures. This fact has not been disclosed to the public.

- 3.4 Beyond using at least \$182,000 in contributions raised for I-1185 to support another initiative, staff found evidence that Mr. Eyman made personal use of approximately \$170,000 of those funds, using them for personal living expenses to support his family.
- 3.5 Finally, staff found evidence that the undisclosed \$308,000 payment that Mr. Eyman received from his signature gathering vendor in 2012 may have been one in a series of such payments. Staff obtained testimony from Edward Agazarm, a former principal of Citizen Solutions, Incorporated, indicating that on multiple occasions between 2004 and 2011, Mr. Eyman used hundreds of thousands of dollars in committee funds to pay the signature gathering firm to qualify his initiatives for the ballot, and then sought and received payments back from the firm ranging from \$5,000 to \$100,000. This compensation, which was not disclosed to the public, followed a 2002 PDC and AGO enforcement action against Mr. Eyman for concealing payments to himself from campaign funds. (PDC Case 02-281: Permanent Offense, Tim Eyman, and Suzanne Karr.) During an interview under oath with PDC staff, Mr. Eyman refused to answer questions about the compensation described by Edward Agazarm.
- 3.6 Focusing only on the events of 2012, the evidence indicates the possibility that expenditures by Voters Want More Choices to Citizen Solutions, LLC were incurred in a manner to effect concealment, because they were described in the committee's expenditure reports as paying for I-1185 signatures, but were intended to result in compensation for Mr. Eyman. The evidence indicates that in authorizing these payments to Citizen Solutions, LLC, Mr. Eyman may have authorized the expenditure of campaign funds for prohibited personal use. The evidence indicates that contributions attributed to Citizens in Charge in reports filed by Protect Your Right to Vote on Initiatives were made by Mr. Eyman through multiple agents, in order to conceal the source of the funds. Finally, each instance of concealment also resulted in the failure by Mr. Eyman's committees to file complete and accurate reports of contribution and expenditure activity.
- 3.7 Attached to this report is a chart visually representing the individuals and entities involved in the concealed contribution and expenditure activities described above. **(Exhibit 11)**

DETAILED FINDINGS

3.8 Registration and Reporting by Protect Your Right to Vote on Initiatives:

The initial allegation in Ms. Bockwinkel's complaint involved a failure by Protect Your Right to Vote on Initiatives to timely register its campaign to support I-517. Email evidence provided by Tim Eyman indicates that as of March 29, 2012, Mr. Eyman was aware that Edward Agazarm pledged to secure or personally pay for 50,000 signatures at no cost to Mr. Eyman for an initiative to the people concerning protections for signature gatherers. **(Exhibit 12, page 2)** Within that same day, the proposal had been reformulated as an initiative to the legislature.

3.9 As a campaign to support an initiative to the legislature, Protect Your Right to Vote on Initiatives was bound by the Grass Roots Lobbying disclosure requirements in RCW 42.17A.640, which required the committee to file an L-6 form within 30 days of exceeding \$500 in a single month in lobbying expenditures. Although Ms. Bockwinkel alleged that Protect Your Right to Vote on Initiatives registered on form C-1pc on June 11, 2012 **(Exhibit 5, p 1)**, the committee previously registered on May 3, 2012 under a different name, Protect the Initiative Act (Jack Fagan). **(Exhibit 5, p 2)** Treating Edward Agazarm's pledged in-kind contribution of 50,000 signatures as an "expenditure" for the purpose of the L-6 filing deadline, Protect Your Right to Vote on Initiatives was required to register its campaign by approximately April 28, 2012. The C-1pc received five days later from Protect the Initiative Act (Jack Fagan) may be viewed as a substantially timely registration under RCW 42.17A.640.

3.10 Having registered as a political committee on form C-1pc, Protect Your Right to Vote on Initiatives indicated that it had the expectation of receiving contributions and making expenditures in support of a ballot proposition, activity required to be disclosed on PDC forms C-3 and C-4. Protect Your Right to Vote on Initiatives disclosed its first contribution on July 10, 2012: a \$4,444 in-kind contribution from Edward Agazarm for petition printing. The committee filed an additional C-4 report on August 21, 2012, disclosing for the first time contributions and expenditures connected with signature gathering: a \$6,758 payment by Citizens in Charge of Lakeridge, Virginia for "I-517 petitioning." (As will be discussed below, by July 31, 2012 at the latest, Mr. Eyman was aware of \$75,000 in contributions and expenditures pledged for I-517 signatures; this activity was required to be disclosed beginning with the C-4 report for July due on August 10, 2012.)

3.11 Following the committee's August 21, 2012 C-4 report, Protect Your Right to Vote on Initiatives submitted C-4 reports in September, October, November, and December of 2012, disclosing a total of \$305,454 in-kind contributions and expenditures related to signature gathering for I-517. **(Exhibit 6)**

Reportedly, the campaign was financed entirely through in-kind contributions; Protect Your Right to Vote on Initiatives disclosed no monetary receipts or expenditures. The in-kind contributions in the committee's reports were attributed to 41 separate contributors, including 36 individuals located in Washington, Oregon, California, Minnesota, and Massachusetts. Nearly two-thirds of the reported in-kind contributions, \$182,806, were attributed to the organization Citizens in Charge. (As will be discussed below, it appears that these latter contributions were not correctly attributed to Citizens in Charge.)

- 3.12 **Alleged payments to I-517 petitioners during April 2012:** In alleging untimely reporting of contributions and expenditures by Protect Your Right to Vote on Initiatives, Ms. Bockwinkel premised her allegations on the idea that contributions raised by Voters Want More Choices and others to support I-1185 were being paid by Citizen Solutions, LLC to directly compensate signature gatherers who produced signatures for I-517. She provided a copy of two April 9, 2012 emails from Edward Agazarm to petitioner Steve Burdick, however these emails did not include discussion of monetary payments to petitioners for I-517 signatures. Rather, Mr. Agazarm insisted that petitioners should "bring in equal numbers" of signatures, with some portion, presumably for I-517, being "free." **(Exhibit 13)** In the emails, Mr. Agazarm threatens various consequences to petitioners who would not work for free, including firing and death by stoning.
- 3.13 **Affidavits signed by Petitioners, Petition Coordinators:** Ms. Bockwinkel provided affidavits signed by Miles Stanley, Richard Walther, and Steve Burdick, all petitioners or petition coordinators either who worked or were solicited to work on the I-1185 and I-517 signature drives. **(Exhibits 8, 9, 10)** Each of the affiants described an initial cost agreement of \$1.00 per I-1185 signature produced by the petitioner. Each affiant then described being asked to produce free signatures for I-517, or to accept 75 cents per I-1185 signature so that there would be 25 cents remaining from the original dollar to "pay" for each matching I-517 signature.
- 3.14 The affidavit signed by Miles Stanley **(Exhibit 8)** indicated that he refused to produce any I-517 signatures.
- 3.15 The affidavit signed by Rick Walther stated that he and his petitioners initially produced free I-517 signatures in order to ensure continued work on the paid I-1185 signature drive. **(Exhibit 9)** Mr. Walther stated in his affidavit that in early May, he refused to continue producing free signatures for I-517. (In a separate email to PDC staff received on September 13, 2013, Mr. Walther forwarded copies of emails he exchanged with Edward Agazarm on April 29 and 30, 2012. In an email to Mr. Agazarm **[Exhibit 14]**, Mr. Walther stated, *"I am paying the dollar on the blue, and keeping the red 'volunteer' as that is exactly what it is. Volunteer means working it with no compensation. So as far as equal numbers go, I will continue to hand it out, and you will get exactly*

what the crew gives you. But I am not willing to force my crew to circulate a volunteer petition. You should be thankful for any amount of signatures that you get on a volunteer petition, no matter how bad you want it on the ballot.”)

- 3.16 Of the three affiants, Steve Burdick went furthest in his affidavit, stating that he was initially asked to produce I-517 signatures for free, and then in late April of 2012, was offered \$1.50 for each pair of I-1185 and I-517 signatures he turned in. **(Exhibit 10)** If correct, this would be the first indication of an additional expenditure over and above the \$1.00 “street price” for I-1185 signatures, paid in order to secure signatures for I-517.
- 3.17 **Testimony Regarding I-517 Signature Gathering:** PDC staff attempted to contact the affiants to obtain testimony regarding the possibility that funds raised to qualify I-1185 for the ballot were instead being used to support I-517. Staff attempted to contact Miles Stanley to conduct an interview under oath, however Mr. Stanley did not return staff’s contacts. After initially agreeing to schedule an interview, Richard Walther abruptly declined to speak with PDC staff, stating in a September 17, 2013 email, *“I have supplied all of the information that I have that supports the complaint that was filed, and I have gone as far as I’m willing to go on this matter.”* Staff was successful in securing an in-person interview under oath with Steve Burdick. Mr. Burdick’s statements are discussed below.
- 3.18 In a September 19, 2013 interview under oath, Steve Burdick stated that several statements in his affidavit submitted by Sherry Bockwinkel were inaccurate, and he recanted those statements. Speaking of the affidavit, he stated, *“I signed it, I thought I had totally read it...I went back and read it, and it does not make absolutely a grain of sense to me.”*
- 3.19 Mr. Burdick stated that contrary to the statements in his affidavit, he was never paid more than the original \$1.00 per signature rate originally offered for I-1185, based on the fact that he also turned in an I-517 signature. Although his affidavit stated that he received \$1,200 from petition coordinator Rob Harwig for turning in signatures for I-1185 and I-517, he stated that the amount he received was closer to \$600.
- 3.20 Addressing the alleged price “split” arrangement through which petitioners were asked to accept 75 cents per I-1185 signature and 25 cents per I-517 signature, Mr. Burdick stated that in his many years working on signature drives, there had never been a drive that offered as little as 25 cents per signature. He stated that he knew no petitioners who would accept a 25 cent price, no matter their level of experience. Based on the difficulty he experienced in collecting I-517 signatures, Mr. Burdick stated that the fair market value of each I-517 signature was not 25 cents, but at least \$1.00. He offered his opinion that if a petitioner received \$1.00 for both an I-1185 and I-517 signature, that petitioner was making an in-kind contribution of the I-517

signature for less than fair market value. Regardless, he stated that most petitioners who were asked to collect I-517 signatures for free simply did not deliver the signatures.

- 3.21 On September 5, 2012, Edward Agazarm contacted PDC staff by email and confirmed that he had strongly encouraged petitioners to carry I-517 petitions for free, because he believed in the initiative and the benefits he thought it would offer to signature gathering professionals. **(Exhibit 15)** He stated, *"I used my own money to print up petitions for I-517 because I firmly believe it's going to make the initiative process better for everyone. I saw no reason why anyone in the industry wouldn't want to carry I-517 petitions and ask every voter who signed R-74, I-1185, and I-1240 petitions to sign I-517 too. I strongly urged as many of them as possible to do so after explaining the merits of I-517 and providing them with the paper I'd paid for. Some did, some didn't. There was never any negative repercussions to any of them if they didn't because I didn't have the authority to do anything if they didn't."* Mr. Agazarm stated that the "spontaneous and often bombastic, over-the-top pleas" in his emails to Mr. Burdick were meant only to convey his passion for I-517.

3.22 **Investigation of Reported In-kind Contributions of I-517 Signature**

Gathering: Staff found the evidence inconclusive that funds raised to support I1185 were being paid directly to signature gatherers to compensate them for I517 signatures. PDC staff turned next to the in-kind contributions that Protect Your Right to Vote on Initiatives disclosed beginning in August of 2012 **(Exhibit 6)**, to determine whether the reported payments and professional signature-gathering services were accurately attributed to the contributors. Staff mailed affidavits or letters to more than three dozen of the listed contributors, located inside and outside of Washington State, asking them to state whether they provided I517 signatures for less than fair market value, the approximate value of the signatures they provided, and to state whether they were compensated by any person for the signatures.

- 3.23 Of the letters and affidavits mailed, eight were returned as undeliverable as addressed. An oral or written response was received from six petitioners or petition coordinators, generally confirming the reported contributions. **(Exhibit 16)** No response was received to the remaining 22 mailed affidavits.
- 3.24 The two most significant in-kind contributors listed in reports filed by Protect Your Right to Vote on Initiatives were Peoples Petitions, an Edmonds, Washington petition coordinating firm run by Rob Harwig, and Citizens in Charge of Lakeridge, Virginia. Respectively, the two entities were listed as contributing \$42,711 and \$182,806 in signature gathering services to qualify I-517 for presentation to the legislature. PDC staff made repeated attempts to obtain testimony from Rob Harwig; as described above, Mr. Harwig left a voice message for staff, orally confirming that he had paid for the in-kind

contributions attributed to his firm. However, he failed to honor appointments for an interview under oath. For his part, Paul Jacob of Citizens in Charge did not respond to staff's repeated telephone and written requests for an interview.

**Evidence and Testimony regarding
Contributions by Citizens in Charge to I-517 Campaign**

- 3.25 In response to a March 12, 2013 *subpoena duces tecum* from PDC staff, on March 26, 2013, April 1, 2013, and April 26, 2013, Tim Eyman produced numerous written and electronic communications and other records. Included in his submission of April 26, 2013 was an email showing an exchange between Mr. Eyman, Edward Agazarm, and William Agazarm on July 8, 2012. **(Exhibit 17)** The email exchange occurred at the close of the I-1185 signature drive; one day earlier, on July 7, 2012, Mr. Eyman submitted 320,003 signatures for I-1185 to the Washington Secretary of State's Elections Division.
- 3.26 The originating email from Mr. Eyman in this July 8, 2012 exchange had an invoice to Citizen Solutions attached. In his reply, William Agazarm promises to secure a payment to Mr. Eyman from Roy Ruffino:

"My first and foremost goal is to ensure that you get paid what is properly owed this year and to make it happen promptly... The immediate goal is to get you paid and that will happen whether Roy cuts a check or I have to go up there to do it myself. Give him a call tomorrow and let him know you need it before the day is out if possible. While you are trying to avoid telling Roy exactly what the funds are for, you could always tell him you are working on 'something' with Paul Jacobs [sic] and hoping to grow some national recognition from it."

(Exhibit 17, p 2)

A reply from Mr. Eyman the same evening again mentions the name "Paul," and implies that the requested payment bears some relation to a pending signature drive:

"promised Paul a payment early this week so eager to follow through on that and get the ball rolling (you said some petitioners want to do it on speculation but better to get them locked in early). talked to Brian today and he'll have petitions printed tomorrow (Monday). strike while the iron's hot."

(Exhibit 17, p 1)

3.27 Interview with Edward Agazarm regarding Payments to Tim Eyman:

Prior to obtaining Mr. Eyman's testimony concerning the meaning of his statements, on November 8, 2013 PDC staff conducted an interview under oath with Edward Agazarm, who also took part in the July 8, 2012 email

exchange regarding the payment that Mr. Eyman sought from Citizen Solutions. Mr. Agazarm testified that from the beginning of Citizen Solutions Incorporated's business relationship with Tim Eyman in 2004, Mr. Eyman had sought and received payments from the signature gathering firm. **(Exhibit 18)** Mr. Agazarm testified that these intermittent payments ranged from \$5,000 to \$100,000, and compensated Mr. Eyman for services he performed for Citizen Solutions. Mr. Agazarm testified that Mr. Eyman's services to Citizen Solutions included generating business for the signature gathering firm, including on work gathering signatures for Mr. Eyman's own initiatives:

PDC Staff: *What does Tim invoice Citizen Solutions for, and what does Citizen Solutions pay Tim for?*

Mr. Agazarm: *In the past, I can't tell you for sure on this one because it was 2012, but in the past, 2011 and sooner (sic) we have gotten an invoice or two from Tim for consulting. For his consulting business.*

PDC Staff: *And what services does Tim provide Citizen Solutions?*

Mr. Agazarm: *Consulting.*

PDC Staff: *And what does that entail, in this case?*

Mr. Agazarm: *Everything you can imagine from the petition business. The drafting of petitions, helping get the clients hooked up, when things can start, when things can't start. That kind of thing.*

PDC Staff: *During your time when you were an officer and a co-owner of Citizen Solutions, how long did you have that sort of arrangement with Tim?*

Mr. Agazarm: *It wasn't really an arrangement. It depends on if he did a lot of work, and felt he was due some money for all the work he did for us. All the way from the beginning, we could have gotten an invoice from him. But it wasn't every year, it wasn't every thing, it wasn't every drive.*

PDC Staff: *How much is he typically paid, when he is paid?*

Mr. Agazarm: *Anywhere from \$5,000 to \$100,000.*

...

PDC Staff: *Does Tim Eyman receive a commission for the business he sends to Citizen Solutions?*

Mr. Agazarm: *In my time with Citizen Solutions, he never received a commission.*

PDC Staff: *Does he receive any kind of fee or payment?*

Mr. Agazarm: *He gets a consultant fee.*

PDC Staff: *And is part of his services that he renders generating business for Citizen Solutions?*

Mr. Agazarm: *Part of it, yeah.*

PDC Staff: *And does get that consulting fee when it's his own initiative that Citizen Solutions is working on?*

Mr. Agazarm: *I don't know.*

PDC Staff: *You don't know. Has that ever happened?*

Mr. Agazarm: *Because I don't know if it's, when you say "his own initiative."*

PDC Staff: *Like 1185, for example. He was submitting invoices at the close of the 1185 campaign.*

Mr. Agazarm: *He would have been paid on 1185, but I don't know that it was "his own initiative."*

PDC Staff: *Ah. Other initiatives? The two-thirds tax majority initiatives that he sponsors?*

Mr. Agazarm: *See, it was such an intermittent thing, I can't be certain. But I can say that it's not unreasonable to expect.*

PDC Staff: *That?*

Mr. Agazarm: *That he would have been compensated on any particular initiative.*

PDC Staff: *Including initiatives he sponsored.*

Mr. Agazarm: *Including initiatives he sponsored, yeah.*

- 3.28 **PDC Staff Review of Reported Compensation to Tim Eyman:** PDC reports and expenditure data indicate that since 1998, Tim Eyman has received \$1,943,562 in expense reimbursements and other payments from the political committees that Mr. Eyman serves as an officer. These committees include Help Us Help Taxpayers, a political committee established for the specific purpose of raising funds to compensate Mr. Eyman and his fellow committee officers Jack and Mike Fagan for their work on initiative campaigns. **(Exhibit 19)**
- 3.29 The nearly two million dollars in reimbursements, compensation, and other payments paid directly to Mr. Eyman by his committees since 1998 does not include payments that Mr. Eyman received through Permanent Offense, Incorporated. **(Exhibit 20)** An investigation by PDC staff in 2001 and 2002 showed that Mr. Eyman used Permanent Offense, Inc. to conceal up to \$150,000 in payments to himself from the campaign funds of Permanent Offense PAC, a political committee that Mr. Eyman established to support I-776 in the 2002 general election. During staff's investigation, Mr. Eyman stated that he established Permanent Offense, Inc. *"to have a way to cover the fact that I was making money sponsoring initiatives, and none of my co-sponsors knew that was the case."* **(Exhibit 20, p 3)** Staff's investigation also showed that Mr. Eyman made personal use of Permanent Offense PAC funds by making reimbursements to himself directly from the campaign account for more than \$10,000 in expenses not related to the I-776 campaign, and that Mr. Eyman's political committee failed to report all contributions and expenditures as required. Staff's investigation, PDC Case 02-281, was

referred to the Washington Attorney General for court action, resulting in approximately \$55,000 in judgments and fees assessed to Tim Eyman and his committee. Mr. Eyman was also permanently enjoined from acting as treasurer of any political committee, or as signer on any financial accounts of such a committee.

- 3.30 Following staff's investigation in PDC Case 02-281, over one million dollars in expenditures to Tim Eyman by Help Us Help Taxpayers and Mr. Eyman's other committees since 2003 have been described in the committees' reports as "officer compensation" or "professional services compensation." **(Exhibit 21)**
- 3.31 Assuming that the intermittent payments to Mr. Eyman described by Edward Agazarm in his November 8, 2013 interview were made directly from the funds of Citizen Solutions, PDC staff's review indicates that these payments are separate and distinct from the compensation to Mr. Eyman paid by his political committees, and disclosed to the public in PDC expenditure reports. Staff's review indicates that these payments to Mr. Eyman have not been disclosed in any manner.
- 3.32 **Interview under Oath with Tim Eyman:** On July 11, 2014, Mr. Eyman participated in an interview under oath in response to a June 30, 2014 *subpoena* issued by PDC staff. Mr. Eyman was represented by legal counsel Mark Lamb of the North Creek Law Firm. The interview was transcribed by a certified court reporter. **(Exhibit 22)**
- 3.33 **Tim Eyman Testimony Regarding Payments Received from Citizen Solutions:** During his interview, PDC staff sought Mr. Eyman's testimony concerning the payments to Mr. Eyman by Citizen Solutions that were described by Edward Agazarm in his interview under oath with PDC staff. Mr. Lamb advised Mr. Eyman not to answer questions concerning any payments Mr. Eyman may have received prior to 2009, since any violations connected with such payments would be outside the PDC's five-year statute of limitations. Staff explained that the question was intended to elicit testimony documenting patterns and practices in Mr. Eyman's business affairs, in order to better understand transactions that took place within the statute of limitations. On the advice of counsel, Mr. Eyman refused to answer staff's questions.
- 3.34 In his interview, Mr. Eyman did address the payment discussed in his July 8, 2012 email exchange with Edward and William Agazarm. **(Exhibit 18)** Mr. Eyman testified that the payment he sought from Citizen Solutions, LLC was for the purpose of retaining Mr. Eyman's services in generating future clients for Citizen Solutions, rather than to compensate him for services rendered in the past. Mr. Eyman testified that he negotiated the terms of this payment with William Agazarm. He stated that pursuant to an oral agreement, he

received a single payment of \$308,000 shortly after the July 8, 2012 email exchange. He stated that the payment was executed through a wire transfer to Mr. Eyman's LLC: Tim Eyman, Watchdog for Taxpayers. Mr. Eyman stated that no written agreement existed concerning the terms of this payment or the services to be rendered, but that his informal, oral agreement was to secure clients for Citizen Solutions for three years. He stated that as of the date of his interview with PDC staff, he had already begun to fulfill this obligation to Citizen Solutions. However, he declined to identify any clients he had personally secured for the firm.

- 3.35 Mr. Eyman testified that he did not inform Voters Want More Choices officers Mike Fagan, Jack Fagan, or Stan Long of the \$308,000 payment he sought and received from Citizen Solutions in approximately July of 2012.
- 3.36 PDC staff's review of contribution and expenditure data submitted in connection with the I-1185 campaign indicates that the \$308,000 Mr. Eyman sought and received from Citizen Solutions in approximately July of 2012 represented approximately 50% of payments that Voters Want More Choices made to the firm to qualify I-1185 for the 2012 ballot, and more than 25% of total payments to Citizen Solutions by VWMC, the Association of Washington Business, and the Washington Beer and Wine Wholesalers for I-1185 signature gathering.
- 3.37 **Tim Eyman Testimony Regarding Payments to Citizens in Charge / Contributions by Citizens in Charge to I-517 Campaign:** In his interview, Mr. Eyman testified that soon after receiving the \$308,000 payment from Citizen Solutions, Mr. Eyman's LLC, Tim Eyman, Watchdog for Taxpayers, made a \$75,000 loan to Citizens in Charge via a mailed cashier's check. Mr. Eyman testified that his LLC made an additional \$25,000 loan to Citizens in Charge shortly after the initial \$75,000 loan, and one or more additional loans adding up to an estimated \$190,000. Mr. Eyman testified that all loans from his LLC to Citizens in Charge were made before the end of 2012. Mr. Eyman testified that there was no written agreement with Paul Jacob or Citizens in Charge concerning the \$190,000 payment, or any contemporaneous record that described the payment as a loan, or tracked repayment of the loan. Mr. Eyman stated that he had simply an oral agreement with Mr. Jacob to repay the \$190,000, with no interest charged. He testified that as of the date of his July 11, 2014 interview with staff, Citizens in Charge had repaid an estimated \$70,000 of loans back to Mr. Eyman's LLC, and that repayments were regular and ongoing.
- 3.38 Mr. Eyman stated generally that he loaned \$190,000 of his LLC's funds to Citizens in Charge in order to "deepen his business relationship" with Paul Jacob and his organization. PDC staff noted that following receipt of the funds from Mr. Eyman's LLC, Citizens in Charge made a series of payments totaling \$182,806 to sponsor signature gathering services for the I-517

campaign. Staff asked Mr. Eyman if his LLC's payment to Citizens in Charge was intended to sponsor signatures for I-517, or if Mr. Eyman engaged in any discussion with Paul Jacob about using the funds for that purpose. Mr. Eyman testified that in their discussions, Mr. Jacob *"made it clear that if additional funds came in, that they would be in a position to be able to help Initiative 517."*:

...absolutely both of us discussed how we both supported Initiative 517 and [Jacob] said he had many projects going on nationally and that if additional funds came in, they would be in a position to be able to help Initiative 517. But once I made the loans, I didn't have any knowledge or understanding of whether or not my loans went to his other projects or whether or not he used those funds specifically for 517.

Staff asked Mr. Eyman whether Paul Jacob described any other use that Citizens in Charge would make of funds received from Mr. Eyman's LLC. Mr. Eyman stated that he did not.

- 3.39 Staff asked Mr. Eyman to explain the statements in his July 8, 2012 email exchange with Edward Agazarm and William Agazarm concerning the payment that "Paul" was expecting, and the connection this payment had to a pending signature drive. Mr. Eyman testified as follows:

PDC Staff: *Tim, I am going to draw your attention back to Exhibit A, which is an email exchange from July 8, 2012. I'm going to focus in on the email that you sent to Edward Agazarm and William Agazarm in which you stated,*

"Promised Paul a payment early this week so eager to follow through on that and get the ball rolling (you said some petitioners want to do it on speculation but better to get them locked in early). Talked to Brian today and he'll have petitions printed tomorrow (Monday). Strike while the iron's hot."

Explain all of that to me.

Mr. Eyman: *Well, as I said in the email, I had already discussed with Paul the possibility of doing a loan and I was clearly eager to get paid from Citizen Solutions and Paul was very excited about doing and supporting Initiative 517. It was an idea that he felt that they would be able to do in other states and that if we were successful with 517 in Washington, that he would be able to do it in other states, which would mean potentially using me as a consultant or using Citizen Solutions for their signature gathering. So it was clearly an effort to spur them to pay me.*

PDC Staff: *Okay. So when you say, "Promised Paul a payment early this week, so eager to follow through on that and get the ball rolling (you said some petitioners want to do it on speculation but better to get them locked in early)" can you be clear which petitioners and which signature drive you're referring to?*

***Mr. Eyman:** Seems pretty clear in there that that, and as the email below or the next paragraph makes clear, we are talking about 517.*

- 3.40 **Other Use of Payments from Citizen Solutions:** In his interview, Mr. Eyman stated that after loaning \$190,000 of the \$308,000 payment his LLC received from Citizen Solutions to Citizens in Charge, he used the remaining funds to pay for personal living expenses to support his family. He stated that as Citizens in Charge made repayments, the funds were not used to support an initiative campaign. Rather, Mr. Eyman stated that he similarly used the funds to support his family.
- 3.41 **Testimony of Roy Ruffino:** On July 11, 2014, Roy Ruffino participated in an interview under oath in response to a June 30, 2014 *subpoena* issued by PDC staff. Like Mr. Eyman, Mr. Ruffino was represented by attorney Mark Lamb. In his interview, Mr. Ruffino confirmed that Citizens Solutions, LLC made a single \$308,000 payment to Tim Eyman, Watchdog for Taxpayers, LLC following the close of the signature drive for I-1185. Mr. Ruffino stated that the payment was proposed by William Agazarm for the purpose of compensating Mr. Eyman for his assistance in securing future business for Citizen Solutions. PDC staff pointed out that the payment from Citizen Solutions back to Mr. Eyman's LLC represented a significant portion of the payments that Mr. Ruffino's firm received to qualify I-1185 for the 2012 ballot. Staff asked whether Citizen Solutions had any particular protocol in place for authorizing payments of that size, and Mr. Ruffino stated that there was no such protocol.
- 3.42 PDC staff asked Mr. Ruffino if he was aware whether Tim Eyman made payments to Paul Jacob for I-517 signature gathering. Mark Lamb instructed Mr. Ruffino not to answer staff's questions, stating that the answer would intrude on privileged attorney-client communications. Mr. Lamb also instructed Mr. Ruffino not to answer questions concerning any payments Mr. Eyman may have received from Citizen Solutions, Incorporated prior to 2009, since any violations connected with such payments would be outside the PDC's five-year statute of limitations.
- 3.43 **Subpoenas Issued in Connection with PDC Investigation:** Over a period of nine months during the PDC's investigation, PDC staff issued twelve *subpoenas* or *subpoenas duces tecum* to Tim Eyman, Citizens Solutions LLC, Roy Ruffino and William Agazarm, both in their personal capacity, and as agents of either Citizens Solutions, Incorporated or Citizen Solutions LLC. With the exception of staff's initial March 12, 2013 *subpoena duces tecum* to Mr. Eyman, issued before he retained Mark Lamb as counsel, and the June 30, 2014 *subpoenas* that resulted in testimony by Mr. Eyman and Mr. Ruffino, as of August 2015, Mr. Lamb's clients had not complied with staff's *subpoenas*. The *subpoenas* outstanding as of August 2015 included

demands for banking records the existence of which Mr. Eyman established during his testimony, documenting the following transactions:

- A single \$308,000 payment from Citizen Solutions LLC to Tim Eyman, Watchdog for Taxpayers, LLC in July of 2012.
- Loans that Tim Eyman, Watchdog for Taxpayers, LLC made to Citizens in Charge shortly after receiving the \$308,000 payment from Citizen Solutions LLC, adding up to an estimated \$190,000.
- Repayments by Citizens in Charge of an estimated \$70,000 of loans from Tim Eyman, Watchdog for Taxpayers, LLC.

Mr. Lamb offered various justifications to explain his clients' failure to comply with staff's *subpoenas*, including his belief that records requested through the *subpoenas* were not relevant to staff's investigation. Mr. Lamb also stated that his clients would not produce banking records or provide testimony concerning the activities of Citizen Solutions, Incorporated, since the corporation dissolved approximately two years earlier, in 2012. Mr. Lamb did not explain how this dissolution placed the requested records or testimony outside the scope of staff's investigation. Staff's investigation was significantly hindered by the refusal of Mr. Lamb's clients to provide relevant information and records sought through *subpoenas* duly issued by staff.

- 3.44 On September 3, 2015, the Washington Attorney General's office initiated superior court actions to enforce PDC staff's *subpoena duces tecum* issued to Tim Eyman on December 16, 2013, and staff's *subpoenas duces tecum* issued to Citizen Solutions LLC and Roy Ruffino on March 28, 2014. Upon filing of the *subpoena* enforcement action, Mr. Lamb's clients expressed a desire to cooperate, and began producing, on a rolling basis, a limited range of records specified by staff.
- 3.45 On Monday, September 14, 2015, Mr. Lamb provided certain banking records of Tim Eyman, Watchdog for Taxpayers LLC in response to the AGO *subpoena* enforcement. The banking records document the payment from Citizen Solutions LLC to Mr. Eyman's LLC, and indicate that the payment was made by wire transfer on July 11, 2012, and totaled \$308,185. **(Exhibit 23, p 5)** On September 16, 2015, Mr. Lamb provided a bank statement from Citizen Solutions LLC, showing the outgoing transfer of \$308,185 to Tim Eyman. **(Exhibit 24, p 2)**
- 3.46 The records produced on Monday, September 14, 2015 further documented the payments to Citizens in Charge that Mr. Eyman described in his testimony; they indicate that the payments to Citizens in Charge totaled as

much as \$200,000, and were made between July 11 and October 30, 2012.
(Exhibit 23, pp 2 – 8)

- 3.47 On September 15, 2015, Mr. Lamb produced banking records documenting repayment of funds by Citizens in Charge of loans back to Mr. Eyman's LLC. **(Exhibit 25, pp 2 – 22)** The banking records indicate that beginning on or around August 28, 2013, Citizens in Charge made ten payments totaling \$62,000 to Mr. Eyman's LLC. The last recorded payment was listed on February 2, 2015. The banking records included scanned copies of checks used to make two of the ten payments. **(Exhibit 25, pp 5, 18)** These checks, dated November 15, 2013 and August 15, 2014, included a notation stating "loan repayment." Although Mr. Eyman testified in his July 11, 2014 interview under oath that Citizens in Charge had by that time repaid approximately \$70,000 in loans to Mr. Eyman's LLC, the banking records that Mr. Eyman's counsel produced on September 15, 2015 indicate that Mr. Eyman had received only \$47,000 in repayments as of that date.

IV.

SCOPE

4.1 PDC staff reviewed the following documents:

1. A complaint against Tim Eyman and Protect Your Right to Vote on Initiatives, filed on August 20, 2012 by Sherry Bockwinkel;
2. C-1pc Political Committee Registration, campaign finance reports and data filed with the PDC by Voters Want More Choices – Save the 2/3's (Mike Fagan);
3. C-1pc Political Committee Registrations, campaign finance reports and data filed with the PDC by Protect Your Right to Vote on Initiatives;
4. Campaign finance reports and data filed by other committees that Tim Eyman served as officer, 1998 – present;
5. An April 2, 2012 agreement for signature gathering services, signed by Tim Eyman on behalf of Voters Want More Choices, and William Agazarm on behalf of Citizen Solutions;
6. A March 18, 2012 email from Edward Agazarm to Miles Stanley regarding the payment rate to petition coordinators for I-1185 signatures;
7. The affidavit of Miles Stanley, signed September 10, 2012;
8. The affidavit of Richard Walther, signed September 9, 2012;
9. The affidavit of Steve Burdick, signed August 23, 2012;

10. A March 29, 2012 email exchange between Tim Eyman and Edward Agazarm;
11. April 9, 2012 emails from Edward Agazarm to Steve Burdick;
12. Emails exchanged between Edward Agazarm and Richard Walther on April 29 and 30, 2012;
13. A September 05, 2012 email from Edward Agazarm to PDC staff;
14. Written affidavits and responses to PDC staff inquiry from I-517 petition coordinators and signature gatherers;
15. A July 8, 2012 email exchange between Tim Eyman, Edward Agazarm, and William Agazarm;
16. Numerous written and electronic communications and other records produced by Tim Eyman on March 26, 2013, April 1, 2013, and April 26, 2013;
17. Amended PDC Executive Summary and Staff Recommendations in PDC Case 02-281: Permanent Offense, Tim Eyman, et al., dated April 4, 2002;
18. Additional correspondence received from Tim Eyman, Edward Agazarm, Richard Walther, and Steve Burdick;
19. Banking records of Tim Eyman, Watchdog for Taxpayers LLC, received from counsel to Tim Eyman on September 14 and 15, 2015; and
20. Banking records of Citizen Solutions LLC, received from counsel to Roy Ruffino on September 16, 2015.

4.2 PDC staff conducted the following interviews under oath:

1. Steve Burdick was interviewed on September 19, 2013;
2. Tim Eyman was interviewed on July 11, 2014; and
3. Roy Ruffino was interviewed on July 11, 2014.

V.

LAW

RCW 42.17A.640 requires the sponsor of a Grass Roots Lobbying campaign concerning state legislation, including an initiative to the legislature, to file an L-6 registering the campaign within 30 days of exceeding \$500 in a single month in lobbying expenditures. In 2014, the one-month expenditure trigger was adjusted to \$700. Sponsors of Grass Roots Lobbying campaigns who have the

expectation of receiving contributions or making expenditures in support of or in opposition to a ballot proposition register as political committees under RCW 42.17A.205. Any contributions received or expenditures incurred by such political committees are disclosed on political committee C-3 and C-4 reports, and are not required to be disclosed on form L-6.

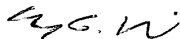
RCW 42.17A.205 requires political committees to file a Committee Registration report (C-1pc report) within two weeks of organizing, or within two weeks of having the expectation of receiving contributions or making expenditures in support of or in opposition to any candidate or ballot proposition, whichever is earlier.

RCW 42.17A.235 and **RCW 42.17A.240** require political committees to file timely, complete, and accurate reports of contributions and expenditures.

RCW 42.17A.435 states that no contribution shall be made and no expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one person through an agent, relative, or other person in such a manner as to conceal the identity of the source of the contribution or in any other manner so as to effect concealment.

RCW 42.17A.445 prohibits the expenditure of contributions reported under RCW 42.17A.235 and RCW 42.17A.240 for any individual's personal use, except for 1) reimbursement for or payments to cover lost earnings incurred as a result of campaigning or services performed for the political committee; 2) reimbursement for direct out-of-pocket election campaign and postelection campaign related expenses made by the individual; or 3) repayment of loans made by the individual to a political committee.

Respectfully submitted this 18th day of September, 2015.



Tony Perkins
Director of Compliance

EXHIBIT LIST

- Exhibit 1** C-1pc Political Committee Registration filed on April 2, 2012 by Voters Want More Choices – Save the 2/3's (Mike Fagan).
- Exhibit 2** April 2, 2012 agreement for signature gathering services, signed by Tim Eyman on behalf of Voters Want More Choices, and William Agazarm on behalf of Citizen Solutions.
- Exhibit 3** March 18, 2012 email from Edward Agazarm to Miles Stanley regarding the payment rate to petition coordinators for I-1185 signatures.
- Exhibit 4** PDC C-4 Summary Reports for the periods of April 1 – July 16, 2012, filed by Voters Want More Choices between May 10, 2012 and July 17, 2012.
- Exhibit 5** C-1pc Political Committee Registrations filed on May 3, 2012 and June 11, 2012 by Protect Your Right to Vote on Initiatives.
- Exhibit 6** PDC C-4 Summary Reports for the periods of July 1 – November 30, 2012, filed by Voters Want More Choices between August 21, 2012 and December 11, 2012.
- Exhibit 7** Complaint against Tim Eyman and Protect Your Right to Vote on Initiatives, filed on August 20, 2012 by Sherry Bockwinkel.
- Exhibit 8** Affidavit of Miles Stanley, signed September 10, 2012.
- Exhibit 9** Affidavit of Richard Walther, signed September 9, 2012.
- Exhibit 10** Affidavit of Steve Burdick, signed August 23, 2012.
- Exhibit 11** Chart visually representing the individuals and entities involved in the apparent concealed contribution and expenditure activities, and personal use of campaign funds.
- Exhibit 12** March 29, 2012 email exchange between Tim Eyman and Edward Agazarm.
- Exhibit 13** April 9, 2012 emails from Edward Agazarm to Steve Burdick.

- Exhibit 14** Emails exchanged between Edward Agazarm and Richard Walther on April 29 and 30, 2012.
- Exhibit 15** September 05, 2012 email from Edward Agazarm to PDC staff.
- Exhibit 16** Written affidavits and responses to PDC staff inquiry from I-517 petition coordinators and signature gatherers.
- Exhibit 17** July 8, 2012 email exchange between Tim Eyman, Edward Agazarm, and William Agazarm.
- Exhibit 18** Excerpted notes from Edward Agazarm interview with PDC staff on November 8, 2013.
- Exhibit 19** Table listing payments to Tim Eyman in PDC expenditure database, 1998 - present.
- Exhibit 20** Amended PDC Executive Summary and Staff Recommendations dated April 4, 2002 in PDC Case 02-281: Permanent Offense, Tim Eyman, et al.
- Exhibit 21** Table listing payments to Tim Eyman described as "compensation" in PDC expenditure database, 2003 – present.
- Exhibit 22** Complete transcript of PDC staff's July 11, 2014 interview under oath with Tim Eyman, taken by Kim Otis, Certified Court Reporter.
- Exhibit 23** Banking records of Tim Eyman, Watchdog for Taxpayers LLC, received from counsel to Tim Eyman on September 14, 2015.
- Exhibit 24** Banking records of Citizen Solutions LLC, received from counsel to Roy Ruffino on September 16, 2015.
- Exhibit 25** Banking records of Tim Eyman, Watchdog for Taxpayers LLC, received from counsel to Tim Eyman on September 15, 2015.

EXHIBIT C

1
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3
4
5
6
7 **OFFICE OF THE ATTORNEY GENERAL**
8 **STATE OF WASHINGTON**

9 In re the Investigation of:

10 ROY RUFFINO, WILLIAM
11 AGAZARM, EDWARD
12 AGAZARM, AND ANY
13 BUSINESS WITH WHICH THEY
14 ARE OR HAVE BEEN
15 ASSOCIATED THAT PROVIDES
16 SERVICES TO WASHINGTON
17 STATE POLITICAL
18 COMMITTEES, INCLUDING
19 CITIZENS SOLUTIONS

AGO Investigation No. 15-004

CIVIL ORDER TO APPEAR AND
PRODUCE DOCUMENTS
PURSUANT TO RCW 42.17A.765(2),
(3)

20 THE STATE OF WASHINGTON TO:

21 Citizens Solutions (as defined below)
22 Roy Ruffino
23 William Agazarm
24 c/o Mark Lamb, Attorney for Citizens Solutions, Ruffino, W. Agazarm
12900 NE 180th St #235
Bothell, WA 98011

YOU AND EACH OF YOU ARE HEREBY COMMANDED, pursuant to
RCW 42.17A.765 to appear and produce for inspection and copying the following
documents, in hard copy or electronic form, to the Office of the Attorney General, Bank
of America Building, Suite 2000, Seattle, Washington 98105 as follows:

CIVIL ORDER TO APPEAR AND PRODUCE
DOCUMENTS PURSUANT TO
RCW 42.17A.765(2), (3)

1

ATTORNEY GENERAL OF WASHINGTON
1125 Washington Street SE
PO Box 40100
Olympia, WA 98504-0100
(360) 664-9006

1 Citizens Solutions at 2:00 p.m. on November 30, 2015
2 Roy Ruffino at 3:00 p.m. on November 30, 2015
3 William Agazarm at 4:00 p.m. on November 30, 2015

4 THIS ORDER is issued by the authority granted to the Attorney General by
5 RCW 42.17A.765(2), (3). The failure to comply with the Order may result in application
6 to the superior court of the appropriate county to compel obedience by a contempt of court
7 proceedings issued by said court as identified in RCW 42.17A.765(3).

8 I. DEFINITIONS

- 9 1. "All" and "each" mean each and every.
- 10 2. "And" and "or" shall be construed either disjunctively or conjunctively as necessary
11 to bring within the scope of the discovery request the broadest range of responses.
- 12 3. "Business Records" include but are not limited to financial projections and
13 forecasts, business minutes, plans and agreements, actual and projected budgets,
14 term sheets, audit reports (whether unqualified, qualified, adverse, disclaimer of
15 opinion and going concern), Balance Sheets, Income Statements and Cash Flow
16 Statements.
- 17 4. "Citizens Solutions" as used in this subpoena includes any corporate form that
18 organization took from 2003 to present including but not limited to the following
19 titles as referenced in PDC database of vendors: Citizens Solution; Citizen
20 Solutions; Citizen Solutions, Inc.; Citizens Solutions; Citizens Solution LLC;
21 Citizen Solutions LLC; Citizen's Solutions; Citizens Solutions Inc.; Citizen's
22 Solution Inc.; and any other similar name.
- 23 5. "Disclosing" means displaying, revealing, divulging, showing, exhibiting, exposing,
24 demonstrating, expressing, explaining, and describing.
6. "Document(s)" means all materials within the full scope of Washington Superior
Court Civil Rule 34 including but not limited to all writings and recordings,
including the originals and all non-identical copies, whether different from the
original by reason of any notation made on such copies or otherwise including but
without limitation to:
 - a. e-mail and attachments,
 - b. data used for electronic data interchange,
 - c. audit trails,
 - d. digitized pictures and audio (for example, data stored in MPEG, JPEG, and
GIF),
 - e. correspondence,

- 1 f. memoranda,
2 g. notes, letters,
3 h. notations of any sort of conversations and other writings of or relating to
4 telephone conversations and conferences,
5 i. transcriptions or recordings of telephone calls,
6 j. journals,
7 k. calendars,
8 l. diaries,
9 m. minutes and notes or transcriptions of all meetings and other communications
10 of any type,
11 n. statistical records,
12 o. telegrams, teletypes, telex messages, telefaxes,
13 p. minutes, reports, studies, tags, labels,
14 q. contracts,
15 r. checks, statements, invoices, receipts, offers, requests for payment or
16 reimbursement, electronic funds transfer,
17 s. brochures, periodicals, returns, summaries, pamphlets, books,
18 t. inter-office and intra-office communications, notations, working papers,
19 applications, permits, file wrappers, indices, telephone calls, meetings or
20 printouts, worksheets, and
21 u. all drafts, alterations, modifications, changes and amendments of any of the
22 foregoing,
23 v. graphic or aural representations of any kind (including without limitation,
24 photographs, charts, microfiche, microfilm, videotape, audiotape, digitalized
audio recordings, voicemail, motion and still pictures, plans, drawings,
surveys), and electronic, mechanical, magnetic, optical or electric records or
representations of any kind (including without limitation, computer files and
programs, tapes, cassettes, discs, recordings), including metadata, as well as
all written, printed, recorded, graphic, or photographic matter or sound
reproductions,
however produced or reproduced, pertaining to the subject matter indicated.
7. "Financial Institutional/Bank Records" include but are not limited to statements for
all: cash, checking and savings accounts, both foreign and domestic; retirement,
investment, brokerage and stock accounts, annuities, cash value insurance plans, and
copies of checks (both front and back).
8. "Funds" refers to cash, money, bank checks, cashiers checks, wire transfers, or any
other form of currency.
9. "Loan Documents" include but are not limited to: lines of credit and credit cards
with applications and supporting documents; whether the credit was approved or
whether a contractual obligation was entered into and all promissory notes or IOUs
issued or held.

1 10. "Tax Returns and Tax Information" include but are not limited to: Forms 1120,
2 1120S, 1065, 1040, K-1s, W-2s and 1099s and all attached documents and
schedules.

3 11. "Tim Eyman" refers to Tim Eyman individually and personally, and any political
4 committee or business with whom Tim Eyman has been associated with including
but not limited to

5 Voters Want More Choices – Save the 2/3rds Vote For Tax Increases
6 Voters Want More Choices – Save the 2/3rds
7 Protect the Initiative Act
8 Protect Your Right To Vote on Initiatives
9 2/3-For-Taxes Constitutional Amendment Initiative-VWMC
10 Voters Want More Choices Lower Property Taxes
11 Voters Want More Choices PAC
12 Help Us Help Taxpayers
13 Tim Eyman, Watchdog for Taxpayers LLC

14 12. "You" or "your" means includes Citizens Solutions as defined above, a business
15 that has provided services to Washington State registered political committee for the
16 time periods 2009 to present, and any agents, employees, officers, directors,
17 representatives, attorneys, and any other person acting under the direction or control
18 or on behalf of Roy Ruffino and Tim Eyman and any political committee or
19 business with which you are or have been associated with since 2009.

20 13. Terms undefined in these instructions shall carry their ordinary meaning.

21 WITH RESPECT TO ANY DOCUMENT AS TO WHICH YOU ASSERT A CLAIM
22 OF PRIVILEGE OR IMMUNITY, PLEASE:

- 23 1. Specifically identify the document, including its title; its author; its date; its
addressee/recipient; and a summary of the substance of the communication contained
therein, and
24 2. Specifically identify the nature of the privilege or immunity upon which you base your
objection, and identify the facts giving rise to the claim of privilege or immunity.


II. DOCUMENTS DIRECTED TO BE PRODUCED

1. Any and all documents, financial institutional/bank records, funds, loan documents
or business records that you sent, submitted, or issued to Tim Eyman, Jack Fagan,
Mike Fagan, Stan Long, or Barbara Smith;

- 1 2. Any and all documents, financial institutional/bank records, funds, loan documents
2 or business records disclosing any and all funds you received from Tim Eyman,
3 Jack Fagan, Mike Fagan, Stan Long, or Barbara Smith;
4 3. Any and all documents that discuss, refer to, or relate to services that you proposed
5 to, provided to, or will provide to Tim Eyman, Jack Fagan, Mike Fagan, Stan Long,
6 or Barbara Smith, or any business or political committee with which they are
7 associated;
8 4. Any and all documents that discuss, refer to, or relate to funds that you requested,
9 sought or received from Tim Eyman, Jack Fagan, Mike Fagan, Stan Long, or
10 Barbara Smith;
11 5. Any and all documents that discuss, refer to, or relate to services that Tim Eyman
12 proposed, provided, or will provide to Citizens Solutions; and
13 6. Copies of Citizens Solutions' tax returns and tax information filed for the years
14 2009-2014.
15

16 DATED this 13th day of November, 2015.

17 ROBERT W. FERGUSON
18 Attorney General

19 
20 By: LINDA A. DALTON, WSBA No. 15467
21 Senior Assistant Attorney General
22 CHAD C. STANDIFER, WSBA No. 29724
23 Assistant Attorney General
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PROOF OF SERVICE

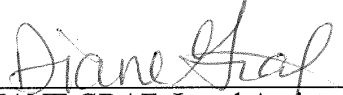
I certify that I served a true and correct copy of this document on all parties or their counsel of record on the date below as follows:

MARK LAMB
THE NORTH CREEK LAW FIRM
12900 NE 180TH ST STE 235
BOTHELL WA 98011-5773
mark@northcreeklaw.com

- ☐ U.S. Mail via state Consolidated Mail Service (with proper postage affixed)
- ☐ Courtesy copy via facsimile:
- ☒ via electronic mail:
- ☐ ABC/Legal Messenger

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

DATED this 13th day of November, 2015, at Olympia, Washington.



DIANE GRAF, Legal Assistant