

**STATE OF WASHINGTON
PIERCE COUNTY SUPERIOR COURT**

STATE OF WASHINGTON,

Plaintiff,

v.

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

Defendants.

NO. 19-2-12198-5

STIPULATED JUDGMENT
AGAINST DEFENDANTS
DONALD HUTT, AND GARY
PETERSON **ONLY**

[CLERK'S ACTION REQUIRED]

JUDGMENT SUMMARY

Judgment Creditor:	State of Washington
Judgment Debtors:	Donald J. Hutt and Gary Peterson
Principal Judgment Amount:	N/A
Post Judgment Interest Rate:	N/A

1 Attorneys for Judgment Creditor:

Joshua Studor
Lynda Atkins
Heidi Anderson
Assistant Attorneys General

2
3
4 Attorneys for Judgment Debtors:

John Safarli (for Hutt, & Peterson)
Casey Arbenz (for Hutt)
Lance Hester (for Peterson)

5
6 **I. INTRODUCTION**

7 1.1 Plaintiff, State of Washington (the State), commenced this action on
8 November 18, 2019, pursuant to the Charitable Trust Act (RCW 11.110); the Nonprofit
9 Corporation Act (RCW 24.03); the Consumer Protection Act (RCW 19.86); and the Charitable
10 Solicitations Act (RCW 19.09).

11 1.2 Defendant Veterans Independent Enterprises of Washington (VIEW) is a
12 nonprofit corporation incorporated under the laws of Washington State and is based in Pierce
13 County. Defendant VIEW is not a party to this Stipulated Judgment.

14 1.3 Defendant Donald J. Hutt (Hutt) was a director of VIEW during the period
15 relevant to this lawsuit and resides in Pierce County.

16 1.4 Defendant Gary Peterson (Peterson) was a director of VIEW during the period
17 relevant to this lawsuit and resides in Pierce County.

18 1.5 Defendant Rosemary Hibbler (Hibbler) was an employee of VIEW during the
19 period relevant to this lawsuit and resided in Pierce County as of the filing of this lawsuit.
20 Defendant Hibbler is not a party to this Stipulated Judgment.

21 1.6 Plaintiff appears by and through its attorneys, Robert Ferguson, Attorney
22 General, and Joshua Studor, Lynda Atkins, and Heidi Anderson, Assistant Attorneys General.

1 1.7 Defendant Hutt appears through counsel: Casey Arbenz, John Safarli, and
2 Francis Floyd.

3 1.8 Defendant Peterson appears through counsel: Lance Hester, John Safarli, and
4 Francis Floyd.

5 II. PARTIES' INTENT TO COMPROMISE

6
7 2.1 Hutt and Peterson (collectively hereinafter, "Settling Defendants") and Plaintiff
8 have agreed to resolve all claims alleged in the Complaint against Settling Defendants and not
9 previously ruled upon by the Court, and to the entry of this Stipulated Judgment without the need
10 for trial or adjudication of any remaining issues of law or fact.

11 2.2 Settling Defendants and Plaintiff recognize that this Stipulated Judgment is
12 entered into voluntarily and that no promises or threats have been made by the Attorney
13 General's Office or any member, officer, agent, or representative thereof to induce Settling
14 Defendants to enter into this Stipulated Judgment, except as provided herein.

15
16 2.3 Settling Defendants further acknowledge that they are represented by, and had
17 the opportunity to consult with, independent legal counsel regarding the negotiation and
18 execution of this Stipulated Judgment.

19 2.4 Settling Defendants waive any right they may have to appeal or otherwise contest
20 the validity or contents of this Stipulated Judgment.

21
22 2.5 Settling Defendants further agree that they will not oppose the entry of this
23 Stipulated Judgment on the grounds that it fails to comply with Rule 65(d) or the Rules of Civil
24 Procedure, and hereby waive any objections based thereon.

25 2.6 Settling Defendants and Plaintiff further agree that this Court shall retain
26

1 jurisdiction of this action for the purpose of implementing and enforcing the terms and conditions
2 of this Stipulated Judgment and for all other purposes.

3 2.7 Settling Defendants do not admit the truth of the Findings of Fact and
4 Conclusions of Law contained herein but agree that sufficient evidence exists that could lead a
5 fact finder to find and conclude as follows.
6

7 III. FINDINGS OF FACT

8 3.1 VIEW incorporated in 1988 as a Washington Nonprofit Corporation and became
9 a Public Benefit Corporation in 1990. VIEW's stated purpose is to assist homeless and otherwise
10 needy veterans of the U.S. Armed Forces by providing low-rent housing, temporary
11 employment, and job training. VIEW is located, and does business, in Pierce County.
12

13 3.2 VIEW's governing documents require its Board of Directors (Board) be
14 constituted of not less than six directors. Should a vacancy on the Board occur, VIEW's
15 governing documents require that its president appoint a replacement director.

16 3.3 Defendant Hutt served on VIEW's Board for approximately 25 years. Hutt was
17 VIEW's President since 2002.

18 3.4 Defendant Peterson served on VIEW's Board for approximately 25 years.
19 Peterson was VIEW's Secretary-Treasurer.

20 3.5 Until late 2016, VIEW had a board composed of at least six directors at any given
21 time. However, the Board suffered from attrition and, by the beginning of 2017, it included only
22 two directors: Hutt and Peterson. The remaining directors did not fill the Board vacancies as they
23 arose. As a result, VIEW did not have six directors at any point between the beginning of 2017
24 and November 18, 2019.
25
26

1 3.6 VIEW’s financial condition has been problematic for several years. Financial
2 challenges caused VIEW to accumulate debt and unpaid tax obligations. Additionally, VIEW
3 mistakenly paid its employees less than the Washington State minimum wage for a period
4 between 2012 and 2014, which lead to intervention from the Washington Department of Labor
5 and Industries.
6

7 3.7 In June 2013, Hibbler began volunteering for VIEW as a grant writer. After a few
8 months, VIEW began paying Hibbler to provide bookkeeping services. In August 2015, VIEW
9 hired Hibbler to manage its day-to-day operations. Hibbler’s job duties included bookkeeping,
10 marketing, compliance management, and other miscellaneous tasks.
11

12 3.8 A thorough review of Hibbler’s background would have revealed: (1) ten felony
13 convictions for theft and forgery; (2) approximately seven civil judgments against her; (3) that
14 at least three previous employers terminated her based on allegations that she misappropriated
15 her employer’s funds; and (4) previously filed for bankruptcy protection. Additionally, Hibbler’s
16 most recent former employer, Sober Solutions Transitional Housing, (another nonprofit
17 providing transitional housing) had credibly accused her of embezzling funds.
18

19 3.9 VIEW’s financial condition further deteriorated under Hibbler’s management. It
20 was regularly behind on its bills and other obligations. Its bank account was frequently
21 overdrawn. In 2018, VIEW was evicted from its workshop for nonpayment of rent. Additionally,
22 employees were occasionally paid late and, in February 2018, VIEW laid off its entire staff for
23 a month but still required its laid-off employees to “volunteer” their labor.
24

25 3.10 Between 2017 and 2019, Hibbler caused significant damage to VIEW.
26

 3.11 Hutt and Peterson did not adequately protect VIEW and its charitable assets from

1 Hibbler. Hutt and Peterson disregarded, or were unaware of, the extent of the risk Hibbler posed
2 to VIEW and erred in expanding Hibbler's authority by allowing her to manage VIEW's
3 checking and other deposit accounts and giving Hibbler full control of VIEW's internal
4 operations. In February 2018, Hutt and Peterson purportedly elected Hibbler to serve on
5 VIEW's Board.
6

7 3.12 Though Hibbler was responsible for VIEW's bookkeeping and operations, VIEW
8 did not create or otherwise maintain an operating budget, conduct an audit of its books, or keep
9 financial records such that VIEW could produce reliable accounting between July 2015 and
10 November 2019. The Board did not adequately review or supervise VIEW's finances, or
11 Hibbler's administration of VIEW or its finances, during this period.
12

13 3.13 From the beginning of 2017 to November 2019, the Board's meetings failed to
14 obtain a quorum of directors.
15

16 3.14 In 2018 and 2019, Hutt and Peterson obtained loans for VIEW and purportedly
17 secured said loans with deeds of trust against VIEW's real property assets, despite VIEW's
18 improperly constituted Board, which failed to meet quorum under VIEW's Bylaws.
19

20 3.15 On July 29, 2019, Peterson executed a \$200,000 promissory note on behalf of
21 VIEW payable to Hibbler, which was purportedly secured by a deed of trust against VIEW's
22 real property. Hibbler did not provide sufficient value or consideration to justify the promissory
23 note or deed of trust.
24

25 3.16 Prior to the Receiver's appointment, VIEW's real property suffered from neglect
26 and deferred maintenance. By the time of the Receiver's appointment, VIEW-operated
transitional housing had unrepaired roof damage, severe water damage, damage to interior walls,

1 and mold growing throughout the residences. The Receiver has incurred expenses in the amount
2 of \$3,854 to remedy these issues.

3 IV. CONCLUSIONS OF LAW

4 4.1 This Court has jurisdiction of the subject matter of this action and of the parties.
5 Plaintiff's Complaint in this matter states claims upon which relief may be granted under the
6 Provisions of the Charitable Trust Act (RCW 11.110); the Nonprofit Corporation Act (RCW
7 24.03); the Consumer Protection Act (RCW 19.86); and the Charitable Solicitations Act
8 (RCW 19.09).
9

10 4.2 The Attorney General has authority bring this action under RCW 11.110.120,
11 RCW 24.03.040, RCW 19.86.080, and RCW 19.09.340.
12

13 4.3 Venue is proper in Pierce County pursuant to RCW 4.12.020 and RCW 4.12.025.

14 4.4 In their capacity as directors of VIEW, Hutt and Peterson owed fiduciary duties
15 to VIEW, including without limitation the duty to act as an ordinary prudent person in a like
16 position would use under similar circumstances.

17 4.5 Hutt and Peterson each breached their respective fiduciary duties to VIEW in the
18 manner described in the Findings of Fact.

19 4.6 Hutt and Peterson acknowledge that sufficient facts exist to conclude that Hutt's
20 and Peterson's breaches of their respective duties to VIEW were grossly negligent, and
21 contributed to the damages suffered by VIEW.
22

23 The Court, having made the foregoing Findings of Fact and Conclusions of Law, and in
24 accordance therewith, finding no just reason for delay;
25
26

- 1 d. Operating, owning, founding, or otherwise controlling a commercial
2 fund-raiser that does business in Washington State;
3
4 e. Acting as a fund-raising consultant to any charitable organization in
5 Washington State, which shall include advising any charitable
6 organization or commercial fund-raiser on the content of solicitations,
7 scripts, or marketing materials used by the charitable organization or
8 commercial fund-raiser; or
9
10 f. Acting as trustee of a charitable trust, as defined by RCW 11.110.020.

11 **VII. JUDICIAL REMOVAL OF CORPORATE OFFICER(S)**

12 7.1 Settling Defendants must comply with all requirements and obligations of this
13 Partial Stipulated Judgment by the date of its entry by this Court, except as expressly
14 provided herein.

15 **VIII. ENFORCEMENT**

16 8.1. Settling Defendants must comply with all requirements and obligations of this
17 Partial Stipulated Judgment by the date of its entry by this Court, except as expressly
18 provided herein.

19 8.2. If one or more Settling Defendant violates any material condition of this
20 Stipulated Judgment, the State may seek the imposition of additional conditions, civil penalties
21 of up to \$25,000 per violation pursuant to RCW 19.86.140, restitution, injunctive relief,
22 attorney's fees, costs, and such other remedies as the Court may deem appropriate.

23 8.3. Nothing in this Partial Stipulated Judgment shall be construed as to limit or bar
24 any other governmental entity or consumer from pursuing other available remedies against
25
26

1 Settling Defendants.

2 8.4. Nothing in this Partial Stipulated Judgment grants any third-party beneficiary or
3 other rights to any person who is not a party to it.

4 8.5. Under no circumstances shall this Stipulated Judgment or the name of the State
5 of Washington, the Office of the Attorney General, Consumer Protection Division, or any of
6 their employees or representatives be used by either of the Settling Defendants in connection
7 with any selling, advertising, or promotion of products or services, or as an endorsement or
8 approval of the Settling Defendants' acts, practices or conduct of business.
9

10 //
11 //
12 //
13 //
14 //
15 //
16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //
25 //

1 **IX. DISMISSAL AND WAIVER OF CLAIMS**

2 9.1 Except as expressly reserved herein, Plaintiff’s claims against the Settling
3 Defendant are hereby dismissed with prejudice upon entry of this Stipulated Judgment.

4 9.2 Settling Defendants also specifically and expressly waives any right to appeal
5 from, or otherwise challenge the validity of, this Stipulated Judgment.
6

7 ENTERED this _____ day of December, 2020.

8
9 THE HONORABLE PHILLIP K. SORENSEN

10 Presented by:

11 ROBERT W. FERGUSON
12 Attorney General

13 /s/ Joshua Studor
14 JOSHUA STUDOR, WSBA #47183
15 LYNDA ATKINS, WSBA #52396
16 HEIDI ANDERSON, WSBA #37603
Assistant Attorneys General
Attorneys for Plaintiff State of Washington

Stipulated and Approved for Entry by:

Hester Law Group Inc., PS

17 /s/ Lance Hester
18 LANCE HESTER, WSBA 27813
19 Attorney for Gary Peterson
20 Puget Law Group

21 /s/ Casey Arbenz
22 CASEY M. ARBENZ, WSBA #40581
23 Attorney for Donald Hutt