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**STATE OF WASHINGTON
THURSTON COUNTY SUPERIOR COURT**

STATE OF WASHINGTON *ex rel.*,
WASHINGTON STATE PUBLIC
DISCLOSURE COMMISSION,

Plaintiff,

v.

WASHINGTON EDUCATION
ASSOCIATION,

Defendant.

NO. 00-2-01837-9

STIPULATION AND AMENDED
JUDGMENT

JUDGMENT SUMMARY (RCW 4.64.030)

- A. JUDGMENT CREDITOR: State of Washington
- B. JUDGMENT DEBTOR: Washington Education Association
- C. PRINCIPAL JUDGMENT AMOUNT \$975,000
- D. INTEREST Principal judgment amount(s) due and owing shall bear interest at the rate of 12% per year, and only in the event that Judgment Debtor fails to make payments according to the terms listed below.
- F. ATTORNEYS FOR JUDGMENT CREDITOR
ROBERT M. McKENNA
Attorney General
D. THOMAS WENDEL, WSBA #15445
Assistant Attorney General
LINDA A. DALTON, WSBA #15467

Sr. Assistant Attorney General

G. ATTORNEYS FOR
JUDGMENT DEBTOR

JUDITH A. LONNQUIST, WSBA #6421
HARRIET K. STRASBERG, WSBA
#15890

STIPULATION

The parties to this stipulation, the Plaintiff, STATE OF WASHINGTON, *ex rel.* WASHINGTON STATE PUBLIC DISCLOSURE COMMISSION (“Commission”) and the Defendant, WASHINGTON EDUCATION ASSOCIATION (“WEA”), being desirous of resolving claims arising out of this complaint, hereby enter into the following stipulation:

1. Release: This is a final, conclusive and complete release between the parties hereto, in and for consideration of the terms, covenants and obligations herein specified, of all claims, causes of action, damages, costs, fees, known and unknown, anticipated and unanticipated, that were or could have been raised by the Plaintiff under RCW 42.17.760 and related enforcement statutes, arising out of or in connection with circumstances addressed in the Complaint in this matter. The undersigned hereby declares that the terms of this settlement have been completely read and are fully understood and voluntarily accepted, for the purpose of making a full and final compromise, adjustment and settlement of any and all claims, disputed or otherwise. The Stipulation and Judgment entered by the Court contains the entire agreement of the parties.

2. Non Admission of Liability: This agreement and compliance with this agreement shall not be construed as an admission by either party as to the merits of their respective claims or defenses. Specifically, it shall not be construed as an admission by the WEA of any liability, or an admission by the WEA of any violation of any order, law, statute, duty, or contract.

3. Total Payment: The parties agree that the WEA will pay a total of \$975,000 as follows:

a) A civil judgment payable to the State of Washington in the amount of \$735,000, due and payable 30 days from entry of this Stipulation and Amended Judgment.

1 b) To fee payers as outlined below in paragraph 5 with interest in an amount up to
2 \$240,000. If, after the calculations for payment of rebates to identified fee payers
3 are completed, any balance remains, then the remainder shall be paid to the State of
4 Washington. The manner of handling this payment is outlined in paragraph 5
5 below. The parties stipulate that the process to be used in calculating refunds is
6 consistent with terms of the court's injunction.

7 4. Audit: The parties agree that the WEA will produce for the State an audit by Tremper &
8 Co. within 30 days of the signing of this agreement, which reviews the WEA's calculations
9 of the percentage of WEA's annual budget utilized for "760 expenses", as specified in
10 paragraph 1 of the Permanent Injunction, and the process used by the WEA to calculate the
11 total fee payer payment (paragraph 5 below), and that within 30 days of the receipt of the
12 Tremper & Co. audit, the State may retain and pay for an auditor to review and validate,
13 according to generally accepted accounting principles, the process used by the WEA's
14 auditor to audit and report as indicated above. This Tremper & Co. audit and the State's
15 review process will be completed no later than 60 days from the signing of this Stipulation.

16 5. Fee Payer Distribution Method: The parties agree to distribution of up to \$240,000 to fee
17 payers affected by the allegations in this action, unless the amount is adjusted pursuant to
18 paragraph 3, shall be made as described below:

19 a. For the WEA fiscal years 03-04, 04-05, 05-06, and 06-07, the WEA agrees to
20 identify all fee payers, such group to exclude any fee payer who has already
21 received refunds for nonchargeable expenditures through the WEA's *Hudson/Leer*
22 process. The identified fee payers shall be those employed during part or all of
23 WEA fiscal years 03-04, 04-05, 05-06, and 06-07.

24 b. The WEA shall provide the State with confirmation of the percentage of WEA
25 expenditures used for "760 expenses" for fiscal years 03-04, 04-05, 05-06, and 06-
26 07 to be refunded to the identified fee payers, subject to the audit and review
specified in paragraph 4 above, with the percentage to be based on WEA
expenditures occurring two years prior to each school year.

c. The WEA agrees to issue a rebate check payable to each of the identified fee payers
(paragraph 5(a) above) to the last known mailing address for each identified fee
payer.

d. The WEA shall calculate the rebate due each identified fee payer as a percentage of
the fees paid by a fee payer to the WEA equivalent to the percentage of WEA's
expenditures used for "760 expenditures" for the WEA fiscal years 03-04, 04-05,
05-06, and 06-07.

- 1 e. A rebate check payable to each identified fee payer shall be mailed by first class
2 mail to the last known address of such fee payer as reflected on the list described in
3 paragraph 5(a), (c) and (d) above. Such mailings, which shall be separate from any
4 other materials, will be prominently marked on the outside with the words
5 “**IMPORTANT LEGAL DOCUMENT ENCLOSED.**” The WEA shall note on
6 each rebate check that it is valid for only six (6) months. The WEA shall bear all
7 costs and expenses associated with making payments to the fee payers.
- 8 f. Once the calculations have been made and the fee payer rebate checks issued, the
9 WEA shall send the State any difference between the \$240,000 and actual amount
10 needed for rebates to the identified fee payers.
- 11 g. The parties will agree on the content and terms of a joint written statement to the
12 fee payers for whom rebate checks are issued, which will be included with the
13 rebate checks that WEA will mail to the identified fee payers. The joint statement
14 shall also be posted to the WEA’s website. The joint statement will include
15 language providing that fee payers who have a question about how their rebate was
16 calculated or the process for reviewing that individual calculation are to contact the
17 WEA for information and any calculation review process. The State has no
18 authority or obligation to mediate or sanction the rebate calculations.
- 19 h. The date for mailing the rebate checks to the identified fee payers shall be no later
20 than 120 days from the date of the completion of the audit and review process as
21 described in paragraph 2 above or no more than six (6) months after the agreement
22 is signed, whichever is earlier.
- 23 i. In the event that a fee payer’s mailed rebate is returned to the WEA for any reason,
24 the WEA will first verify that the address to which the refund was mailed
25 corresponds with the last known address on file with the WEA. If not, then the
26 clerical error will be corrected and the rebate check and joint statement will be
mailed to the correct address. If the original address was correct, then the WEA
shall hold such rebate for a period of six (6) months. If no claim to the rebate is
made by the named fee payer, or his or her heirs, assigns or successors in interest,
then the WEA will follow the procedure outlined in paragraph 5(j) outlined below.
If a check payable to a fee payer is not returned but also not cashed within six (6)
months from the date the check was mailed, then the WEA, with respect to such
uncashed checks, will follow the procedure outlined in paragraph 5(j) below.
- j. Once six (6) months has elapsed after return to the WEA of a correctly addressed
rebate as undeliverable or refused, or after unreturned checks are mailed but remain
uncashed, the WEA agrees to deposit with the Unclaimed Property Section of the
state Department of Revenue (“DOR”) the value of the returned or uncashed
rebates. To facilitate the reporting of any uncashed or returned checks as unclaimed
property to DOR, the WEA will provide, at a minimum, the following information
to DOR with respect to each uncashed or returned check: Last and first name of the
fee payer, last known address, payment amount, and check number. The
information will be provided in an electronic format using the National Association
of Unclaimed Property Administrators (NAUPA) Revised standard (NAUPA II)
file format. The information will be provided at the time the transfer of funds

1 representing uncashed or returned checks occurs. The transfer of any returned or
2 uncashed fee payer rebate to DOR shall be subject to the provisions of RCW 63.29.

3 6. Injunction: The parties agree that, upon the execution of this stipulation and judgment, the
4 Permanent Injunction filed in this matter on December 3, 2001 in the Thurston County
5 Superior Court should be dismissed.

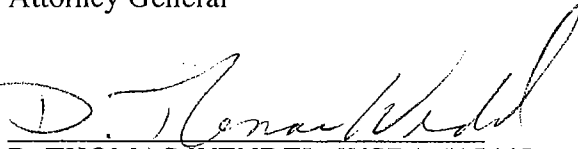
6 7. Joint Press Release: On or after the date the Amended Judgment is signed by this court, the
7 parties, through the undersigned, agree to issue a mutually agreed upon joint press release
8 announcing the resolution of this matter including the terms of the stipulation.

9 8. Disputes: The parties agree that in the event of disputes between the parties regarding the
10 terms of this Stipulation and Amended Judgment, they will first meet and confer in an
11 attempt to resolve the issue before initiating further proceedings.

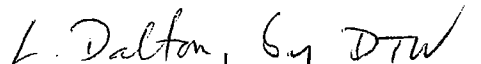
12 9. Judgment: The parties acknowledge that there has been no final adjudication of claims and
13 defenses in this case other than the issue of the statute's constitutionality and agree that the
14 Judgment, including the Findings of Fact and Conclusions of Law contained therein,
15 entered in this matter on December 3, 2001, should be vacated and this Amended Judgment
16 submitted in their place, superseding these documents in all respects.

17 DATED this 3rd day of December, 2008.

18 ROBERT M. McKENNA
19 Attorney General

20 
21 D. THOMAS WENDEL, WSBA #15445
22 Assistant Attorney General

23 
24 JUDITH A. LONQUIST, WSBA #6421

25 
26 LINDA A. DALTON, WSBA #15467
Sr. Assistant Attorney General
Attorneys for Plaintiff

HARRIET K. STRASBERG,
WSBA #15890
Attorneys for Defendant

1 **AMENDED JUDGMENT**

2 THIS MATTER came on regularly before the undersigned judge of the above-entitled
3 Court, and the Plaintiff, STATE OF WASHINGTON, PUBLIC DISCLOSURE
4 COMMISSION, appearing through its attorneys of record, ROBERT M. McKENNA, Attorney
5 General, D. THOMAS WENDEL, Assistant Attorney General, and LINDA A. DALTON,
6 Senior Assistant Attorney General, and the Defendant, WASHINGTON EDUCATION
7 ASSOCIATION, appearing through its attorneys of record, JUDITH A. LONNQUIST and
8 HARRIET K. STRASBERG, and the parties having apprised the court of their agreement to
9 the entry of this revised judgment for the purpose of settling and compromising this action
10 brought under RCW 42.17. The terms of their resolution include payment of funds to the State
11 of Washington and rebates to fee payers under the provisions of RCW 42.17. The court,
12 having reviewed and considered the records and files herein, and the above Stipulation of the
13 parties, and having found the resolution to be a just and proper resolution of this matter, and
14 being otherwise fully advised in the premises, now, therefore:

15 IT IS HEREBY ORDERED that the Defendant, WASHINGTON EDUCATION
16 ASSOCIATION, shall be and is hereby assessed a total of Seven Hundred, Thirty Five
17 Thousand Dollars (\$735,000) to be paid within 30 days of the execution of this Judgment;

18 IT IS FURTHER ORDERED that the Defendant, WASHINGTON EDUCATION
19 ASSOCIATION, shall pay no more than \$240,000 in accordance with the provisions of
20 paragraphs 4 and 5 of the foregoing Stipulation, which are incorporated herein by reference
21 into this Judgment as though fully set forth;

22 IT IS FURTHER ORDERED that the prior Judgment entered in this matter on
23 December 3, 2001 is vacated and this Amended Judgment supersedes it in all respects;

24 IT IS FURTHER ORDERED that the Permanent Injunction previously entered in this
25 case on December 3, 2001 is dismissed; and
26

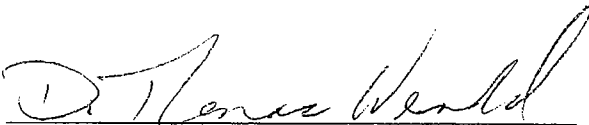
1 IT IS FURTHER ORDERED that in the event of a dispute between the parties
2 regarding this Stipulation and Amended Judgment, they shall first meet and confer in an
3 attempt to resolve the issue prior to initiating any further proceedings with this Court.

4 DONE IN OPEN COURT this 3 day of Dec, 2008.

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6 
7 JUDGE / COMMISSIONER


8 Presented By:

9 ROBERT M. McKENNA
10 Attorney General

11 
12 D. THOMAS WENDEL, WSBA #15445
13 Assistant Attorney General

14 L. Dalton, by DTW
15 LINDA A. DALTON, WSBA #15467
16 Senior Assistant Attorney General
17 Attorneys for Plaintiff

18 Stipulated to, and approved as to form; notice
19 of presentation is not waived:

20 
21 JUDITH A. LONQUIST, WSBA #6421

22 
23 HARRIET K. STRASBERG, WSBA #15890
24 Attorneys for Defendant
25
26