

1 Hearing date: Friday, August 30, 2019  
Hearing time: 9:00 a.m.  
2 Judge/Calendar: Hon. James J. Dixon  
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7 **STATE OF WASHINGTON**  
8 **THURSTON COUNTY SUPERIOR COURT**

9 STATE OF WASHINGTON,

10 Plaintiff,

11 v.

12 TIM EYMAN, *et al.*,

13 Defendants.

NO. 17-2-01546-34

PLAINTIFF STATE OF  
WASHINGTON'S MOTION FOR  
DEFAULT JUDGMENT AGAINST  
CITIZEN SOLUTIONS DEFENDANTS

1 Plaintiff, State of Washington (State), asks this Court to enter a Default Judgment  
2 pursuant to CR 37 against Defendants William Agazarm (Defendant Agazarm) and Citizen  
3 Solutions, LLC (Defendant Citizen Solutions) (Collectively “Citizen Solutions Defendants”).  
4 Both were previously found to be in default by order of this Court dated May 17, 2019.

### 5 I. INTRODUCTION

6 The State seeks a judgment against the Citizen Solutions Defendants for \$50,000 in base  
7 civil penalties each, trebled to \$150,000 each. The State also seeks the costs and fees incurred in  
8 the lengthy investigation and litigation that was necessitated by the Citizen Solutions  
9 Defendants’ illegal conduct, and which were substantially increased by the Citizen Solutions  
10 Defendants’ refusal to comply with the Court Rules or this Court’s orders. Finally, the State  
11 seeks a judgment for the contempt sanctions already assessed. The State seeks these amounts  
12 because the Citizen Solutions Defendants were active participants in a conspiracy that has been  
13 among the most flagrant and far-reaching violations of the Fair Campaign Practices Act (FCPA)  
14 that the State has ever investigated.

15 The Citizen Solutions Defendants have a long history of laundering campaign donations  
16 to conceal from the public how these donations were being spent. This matter originated out of  
17 one such incident. In July 2012, Citizen Solutions, LLC made a payment of \$308,185 to  
18 Defendant Tim Eyman Watchdog for Taxpayer’s LLC (Defendant Watchdog), which was  
19 personally authorized by Defendant Agazarm to benefit Defendant Tim Eyman (Defendant  
20 Eyman) personally. The State’s investigation discovered that the payment was made to  
21 intentionally and illegally conceal its purpose from donors and from the public. The State also  
22 discovered a series of additional instances where Defendant Eyman solicited and received  
23 undisclosed payments to be diverted from the Citizen Solutions Defendants.

24 Defendant Eyman received illegally concealed payments from many contributors.  
25 However, the Citizen Solutions Defendants are distinguished from the others because they not  
26 only knew the extent of Defendant Eyman’s scheme, but actively assisted with his violations,

1 helping him mislead contributors into believing their contributions would go to support ballot  
2 initiatives, when in fact, they were going into Defendant Eyman’s pockets. Crucially, they  
3 assisted Defendant Eyman in laundering payments purportedly for signature gathering, which  
4 were made after the signature gathering was completed and accepted by the Citizen Solutions  
5 Defendants solely to conceal that they were being funneled to Defendant Eyman.

## 6 II. STATEMENT OF FACTS

### 7 A. Citizen Solutions’ History of Deception

8 The Citizen Solutions Defendants accepted complicity in Defendant Eyman’s schemes  
9 as the cost of doing business with Defendant Eyman, schemes that have been ongoing for more  
10 than a decade. During the State’s investigation, an interview was conducted of Edward Agazarm,  
11 one of the owners of Citizen Solutions, Inc.<sup>1</sup>, which was co-owned with Roy Ruffino. First  
12 Declaration of Tony Perkins (First Perkins Decl.) ¶ 16. Edward Agazarm testified that from the  
13 beginning of Citizen Solutions, Inc.’s business relationship with Defendant Eyman in 2004,  
14 Defendant Eyman had sought and received payments from the signature-gathering firm. *Id.*;  
15 Ex. A. His testimony identified a history of intermittent payments from Citizen Solutions to  
16 Defendant Eyman, ranging from \$5,000 to \$100,000. *Id.* ¶ 18. Mr. Agazarm testified that the  
17 payments compensated Defendant Eyman for services, including the “service” of providing the  
18 business of Defendant Eyman’s own signature drives to Citizen Solutions—in other words,  
19 kickbacks. *Id.*

20 Defendant Eyman’s own responses to the State’s interrogatories admit that “in some of  
21 the years between 2004 and 2008,” he received financial payments from Citizen Solutions, Inc.  
22 *Id.* ¶ 19; Ex. B. Defendant Eyman characterized these payments as “gifts,” not payments for  
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24 <sup>1</sup> Citizen Solutions, Inc. was a precursor to Citizen Solutions, LLC. Citizen Solutions, Inc. was owned by  
25 Roy Ruffino and Edward Agazarm, while Defendant Citizen Solutions, LLC is owned by Roy Ruffino and William  
26 Agazarm. First Perkins Decl. ¶ 17. They are both signature-gathering firms. *Id.* Citizen Solutions Inc. ceased  
operating in the early months of 2012, and its work was taken over by Citizen Solutions, LLC. *Id.* Though he was  
not an owner of Citizen Solutions, LLC, Edward Agazarm continued to be regularly involved in the business  
including assisting in the Eyman kickback scheme. *Id.*

1 services. *Id.* However, Defendant Eyman acknowledges documents that describe the kickbacks  
2 he received from Citizen Solutions and its principals, and in the documents he tacitly  
3 acknowledges the payments were for services rendered. *Id.* ¶ 56; Ex. R. These documents were  
4 obtained from Defendant Eyman’s own computer. *Id.*

5 **1. 2010 Concealment and Kickback Schemes: Initiative 1053**

6 Defendant Eyman’s document production includes a letter to Roy Ruffino dated May 19,  
7 2010. First Perkins Decl. ¶ 23; Ex. C. In the letter, Defendant Eyman alludes to a history of  
8 receiving payments from the owners of the signature-gathering company: “This year, Im [sic]  
9 hopeful that you and Eddie will provide **another generous remuneration**<sup>2</sup> [sic] **check to me** in  
10 December[.]” *Id.* ¶ 24 (emphasis added). Defendant Eyman specifically states that the kickback  
11 he was soliciting would compensate him for providing the business of his own political  
12 committee, Voters Want More Choices (VWMC), to Citizen Solutions for the I-1053 signature  
13 drive. *Id.* Defendant Eyman then proposed a scheme to increase the amount of his kickback  
14 payment by padding the price VWMC would pay Citizen Solutions per signature for I-1053.  
15 *Id.* ¶ 25. Defendant Eyman stated: “weve [sic] agreed to have Citizen Solutions collect signatures  
16 for \$2.00 each. Im [sic] doing my best to raise money from the business community at a rate of  
17 \$2.50 per signature. My goal is to have Voters Want More Choices pay Citizen Solutions the  
18 agreed upon \$2 per sig plus \$150,000 so that you have an extra \$150,000 to provide to me.” *Id.*;  
19 *see* Ex. C.

20 On March 12, 2010, Roy Ruffino sent an email to Defendant Eyman, quoting a price of  
21 \$2.00 per signature for I-1053. *Id.* ¶ 27; Ex. D. On March 15, 2010, Defendant Eyman forwarded  
22 that email to donors to the I-1053 campaign; however, in the forwarded email, Ruffino’s quote  
23 was altered by Defendant Eyman to \$2.50 per signature, in furtherance of the plan later described  
24 in Defendant Eyman’s May 19 letter to Ruffino. *Id.* ¶ 28; Ex. E.

25 \_\_\_\_\_  
26 <sup>2</sup> Defendant Eyman admits these checks were for services and not gifts. First Perkins Decl. ¶ 26. Though  
he misspelled it, he used the term remuneration, which means “[m]oney paid for work or a service.” Lexico,  
<https://www.lexico.com/en/definition/remuneration> (last visited Aug. 16, 2019).

1 Defendant Eyman's 2010 scheme is indicative of a pattern in which Defendant Eyman  
2 both concealed kickbacks he received from Citizen Solutions and defrauded contributors to his  
3 political committee in order to fund the concealed payments. *Id.* ¶ 29. That Defendant Eyman  
4 would inform Roy Ruffino of this fraud highlights the signature-gathering firm's complicity in  
5 Defendant Eyman's scheme. *Id.*

6 **2. 2011 Concealment and Kickback Schemes: Initiative 1125**

7 Another example of information Citizen Solutions concealed is information concerning  
8 Defendant Eyman's solicitation and receipt of hundreds of thousands of dollars from Roy  
9 Ruffino and Edward Agazarm in 2011 and 2012 that spanned the tenure of the two Citizen  
10 Solutions companies. First Perkins Decl. ¶ 31. Defendant Eyman produced through discovery an  
11 email he sent to his accounting firm on May 11, 2011. *Id.* ¶ 32; Ex. F. In the email, Defendant  
12 Eyman sought information concerning the tax requirements connected with financial gifts. *Id.*  
13 On May 13, 2011, Defendant Eyman received a response to his inquiry and forwarded it to  
14 Citizen Solutions, Inc. principal Edward Agazarm. *Id.* The forwarded email asserted that a single  
15 person could make gifts of \$13,000 to each of Defendant Eyman's family members without  
16 disclosing those payments to the Internal Revenue Service. *Id.* ¶ 33.

17 In the 2011 election, Defendant Eyman's political committee paid Citizen Solutions, Inc.  
18 \$1,008,000 to gather signatures for I-1125. *Id.* ¶ 34. These expenditures were disclosed in  
19 campaign finance reports filed with the PDC. *Id.* Following the 2011 campaign, Citizen  
20 Solutions' principals made \$86,000 in payments to Defendant Eyman, his wife Karen, and their  
21 three minor children. *Id.* ¶ 35. These payments were documented in Defendant Eyman's banking  
22 records. *Id.* The payments were made through two \$13,000 personal checks from Roy Ruffino,  
23 and the remaining \$60,000 through cashier's checks purchased by Edward Agazarm. *Id.*; Ex. G.  
24 None of the checks exceeded the IRS gift reporting threshold of \$13,000. *Id.*

25 In her deposition on January 25, 2019, Defendant Eyman's wife Karen Eyman stated that  
26 she was not aware that Roy Ruffino or Edward Agazarm had ever given her or her children

1 financial gifts. *Id.* ¶ 36; Ex. H. She stated that she did not socialize with Mr. Ruffino or Edward  
2 Agazarm. *Id.* She could not recall ever having a personal conversation with either of them and  
3 was not certain that she had ever met Edward Agazarm. *Id.*

### 4 **3. 2012 Concealment and Kickback Schemes: Tim Eyman Letters to Roy Ruffino**

5 Documents that Defendant Eyman produced through discovery indicate additional  
6 payments that Defendant Eyman received from the owners of Citizen Solutions. First Perkins  
7 Decl. ¶ 37. In a letter dated August 3, 2012 addressed to Roy Ruffino, Defendant Eyman referred  
8 to additional payments he had received from Edward Agazarm: \$130,000<sup>3</sup> in total payments he  
9 termed “gifts” for 2010 and 2011. *Id.*; Ex. I. That letter indicates that the additional payments he  
10 expected from Roy Ruffino were not optional: “[T]his letter . . . concerns resolving the 2010 and  
11 2011 stuff. Eddie provided \$130,000 as a financial gift for those two years – you said you’d do  
12 the same . . . I’d like us to agree on the amount still outstanding and for you to let me know your  
13 gift payment plan . . . . **You need to come up with one.**” *Id.* ¶ 38; *see* Ex. I. (emphasis added).  
14 This letter was sent after Citizen Solutions, Inc. ceased operations and was replaced by Citizen  
15 Solutions, LLC, which was half-owned by Defendant William Agazarm. *Id.*

16 In a November 15, 2012 letter to Roy Ruffino, Defendant Eyman pressured Ruffino to  
17 provide tens of thousands of dollars in payments to Defendant Eyman that year and the next.  
18 *Id.* ¶ 39; Ex. J. The letter referred to other payments that Ruffino had already made to Defendant  
19 Eyman: “You generously gave me \$9900 on September 22nd (and a nice bottle of champagne!!)  
20 so that leaves \$35,100 for the rest of 2012 and still \$39,000 for 2013. Roy, I ask that you please  
21 schedule a few more lunches from now until December 31st so you can ‘max gift’ by the end of  
22 the year. You’re making great progress on this and I continue to be extremely grateful for your  
23 continued help on it.” *Id.*; *see* Ex. J. Based on Defendant Eyman’s banking records produced  
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25 <sup>3</sup> It is certainly not coincidence that this is the exact amount he would receive if Citizen Solutions gave  
26 each of the five Eymans \$13,000 in each of two years, which reflects all parties’ efforts to keep these payments  
concealed from the public.

1 through discovery, it appears the \$9,900 deposit in September 2012 was made in cash. *Id.* ¶ 40;  
2 Ex. K. Defendant Eyman admits receiving this \$9,900 payment. *Id.* ¶ 41; *see* Ex. B.

3 Defendant Eyman’s banking records document \$95,900 in payments that Roy Ruffino  
4 and Edward Agazarm made to the Eyman family members. *Id.* ¶ 42. Documents that Defendant  
5 Eyman produced through discovery identify at least \$90,000 in additional payments from the  
6 two men. *Id.* Defendant Eyman’s correspondence produced through discovery indicates that  
7 Defendant Citizen Solutions, LLC was aware that payments Roy Ruffino and Edward Agazarm  
8 made to Defendant Eyman and his family were kickbacks and not gifts. *Id.* ¶ 43.

9 **4. 2012 Concealment and Kickback Schemes: Initiatives 1185 and 517**

10 Defendant Citizen Solutions, LLC’s banking records show that from April 11 – July 6,  
11 2012, Defendant Eyman’s political committee and other sponsors paid Defendant Citizen  
12 Solutions, LLC \$1,245,475 to gather signatures to qualify I-1185 for the 2012 ballot. First  
13 Perkins Decl. ¶ 46. Defendant Eyman’s political committee Voters Want More Choices paid  
14 \$623,325 of this amount, and other contributors and sponsors paid the remaining \$622,150,  
15 which were solicited by Defendant Eyman. *Id.* ¶ 47. Documents Defendant Eyman provided  
16 through discovery show that during the I-1185 signature drive, Edward Agazarm contacted  
17 Defendant Eyman on May 15, 2012 and again on June 26, 2012 to discuss an increase in the  
18 price of initiative signatures. *Id.* ¶ 48; Ex. L, Ex. M. Defendant Eyman agreed on May 15, 2012  
19 that the price of I-1185 signatures should be raised 50 cents per signature. *Id.* ¶ 49; Ex. N. The  
20 email from Edward Agazarm to Defendant Eyman on June 26, 2012 stated, “[Defendant]  
21 William [Agazarm] has asked me to bring you up to date,” and referred to “[t]he \$270,000  
22 outstanding on the signature contract” that was hampering Citizen Solutions’ efforts to qualify  
23 the initiative for the ballot. Defendant Eyman agreed to an additional price increase of \$1.50 per  
24 signature on June 27, 2012. *Id.* ¶¶ 51, 52; *see* Ex. M. In his written responses to the State’s  
25 discovery, Defendant Eyman concedes that none of these price increases for I-1185 signatures  
26 were actually requested by Roy Ruffino or Defendant William Agazarm, the owners of Citizen

1 Solutions, LLC; rather, the increases were merely “suggested” by Edward Agazarm, who had a  
2 long history of paying kickbacks to Defendant Eyman. *Id.* ¶ 54; *see* Ex. B.

3 Through his communications with Edward Agazarm, Defendant Eyman was engaged in  
4 a scheme with the Citizen Solutions Defendants to generate a kickback to Defendant Eyman  
5 from these inflated charges for I-1185 signatures. *Id.* ¶ 55. This scheme closely followed  
6 defendants’ scheme two years earlier, in the I-1053 campaign. *Id.* On June 5, 2012, Defendant  
7 Eyman sent an email to Roy Ruffino, Defendant Agazarm, and Edward Agazarm, offering  
8 various schemes intended to result in compensation to himself:

9 For the past 10 years, Citizen Solutions has hitched itself to the “Eyman  
10 bandwagon” and it’s worked really well -- but I think it’ll be even better if I jump  
11 on the “Citizen Solutions bandwagon” especially as we approach a post-517  
12 initiative environment. I bring something to the table (non-stop initiative  
campaigns by me and diligent efforts to refer other clients to you) and you two  
bring something to the table (a successful petitioning operation). We’d be a great  
team.

13 *Id.* ¶ 56; Ex. R. Although Defendant Eyman preferred an ongoing business partnership in which  
14 he would share 1/3 of Defendant Citizen Solutions, LLC’s revenue, as an alternative, in his June  
15 5, 2012 email Defendant Eyman proposed that the company pay him \$270,000 as a sales  
16 commission. *Id.* ¶ 57. Defendant Eyman admitted to his scheme by stating, “When it comes to  
17 the extra \$270k, I’m working hard to get it for myself by having it paid to Citizen Solutions.”  
18 *Id.*; *see* Ex. R. The \$270,000 is the identical amount that Edward Agazarm would later state was  
19 “outstanding on the contract” for I-1185 signatures. *Id.*

20 Defendant Eyman’s statements in the June 5, 2012 email made clear that funds being  
21 paid to Defendant Citizen Solutions, LLC would not be used exclusively to fund signature  
22 gathering for I-1185 but would be converted to Defendant Eyman’s personal use. *Id.* ¶ 58. The  
23 communication also indicates that the payments Defendant Eyman anticipated from Defendant  
24 Citizen Solutions, LLC did not hinge on any services that Defendant Eyman would perform for  
25 the company, other than having brought the I-1185 work to Citizen Solutions, LLC. *Id.* In light  
26 of this letter, the Citizen Solutions Defendants knew on June 5, 2012 that they would receive



1 payments for a concealed purpose, i.e., to fund a kickback to Defendant Eyman. *Id.* ¶ 59.  
2 Regardless of the justification for increased payments to Defendant Citizen Solutions, LLC,  
3 Defendant Eyman continued to press I-1185 supporters for additional funds for signature  
4 gathering. *Id.* ¶ 60. On many occasions, Defendant Eyman contacted contributors to warn that  
5 without additional payments to Defendant Citizen Solutions, LLC, I-1185 might fail to qualify  
6 for the ballot. *Id.* In an email to key fundraisers on June 20, 2012, Defendant Eyman stated,

7 It is abundantly clear that the sigs will be there if the \$\$ are there. To pay for  
8 exactly 300,000 signatures, the signature drive budget is \$1,388,000 . . . . I have  
9 recently learned that donations received so far (as of last Friday) total \$1,197,500.  
10 There is roughly \$150,000 in donations not received but waiting to come in (it  
11 was closer to \$200,000 but two \$25,000 pledges fell through). Again, that's the  
12 budget to hit EXACTLY 300,000. But I must quickly add that there must be a  
cushion of \$\$ for signatures ABOVE THE MINIMUM. We've all invested too  
much time and energy and money to be penny-wise but pound-foolish when it  
comes to ensuring enough signatures are turned in to guarantee the initiative  
qualifies for the ballot . . . .

13 *Id.* ¶ 61; Ex. S. On May 21, 2018, Defendant Citizen Solutions, LLC's bank produced records  
14 to the State documenting the business' financial transactions during the I-1185 signature drive.

15 *Id.* ¶ 62. Those records show that on July 3, 2012, Defendant Citizen Solutions, LLC made its  
16 last payments to the petitioning firms that had gathered I-1185 signatures. *Id.* ¶ 63; Ex. U.

17 Though all I-1185 signatures had already been paid for, Defendant Citizen Solutions,  
18 LLC continued to accept payments after July 3, 2012, receiving a total of \$242,975 from the  
19 Washington Beer and Wine Distributors Association, the Association of Washington Business  
20 Political Action Committee, and Defendant Eyman's political committee Voters Want More  
21 Choices. *Id.* ¶ 64; Ex. T. Defendant Eyman's committee alone provided \$170,825, funded  
22 through hundreds of contributions from individuals, businesses, and other entities. *Id.*

23 Throughout the period of June – July 2012, Defendant Eyman requested, and Defendant  
24 Agazarm provided, no fewer than nine reports tracking the deposits that VWMC and other  
25 supporters of I-1185 made to Defendant Citizen Solutions, LLC. *Id.* ¶ 65; Ex. V. Defendant  
26 Eyman could have discussed this information with I-1185 supporters themselves, and certainly

1 with Defendant Eyman’s own political committee, which was required to disclose any  
2 expenditures made on its behalf as in-kind contributions in its PDC reports. *Id.* ¶ 66. However,  
3 it is apparent that the purpose of Defendant Eyman’s exchanges with Defendant Agazarm was  
4 not to monitor and disclose funds raised and spent to support I-1185 because not all of the  
5 payments that the Defendants worked together to facilitate were reported as required. *Id.*

6 One example was a large in-kind contribution of \$27,150 from the Washington Beer and  
7 Wine Distributors Association, transferred directly to Defendant Citizen Solutions, LLC on July  
8 5, 2012 to support I-1185. *Id.* ¶ 67; *see* Ex. T. Defendant Eyman and Defendant Agazarm worked  
9 together to facilitate this transfer of funds. *Id.* Due to Defendant Eyman and Defendant  
10 Agazarm’s concealment efforts, the in-kind contribution was not disclosed by VWMC in its  
11 PDC reports at all, let alone as a kickback to Defendant Eyman, which was its true purpose. *Id.*

12 The \$27,150 in funds that the Washington Beer and Wine Distributors Association  
13 provided on July 5, 2012, were not used for their intended purpose, to support I-1185. *Id.* ¶ 68.  
14 The contribution and one hundred percent of the other funds that I-1185 supporters paid to  
15 Defendant Citizen Solutions, LLC after July 3, 2012, were forwarded to Defendant Eyman. *Id.*

16 On July 8, 2012, Defendant Eyman participated in an email exchange with Defendant  
17 Agazarm and Edward Agazarm. *Id.* ¶ 69. The topic of the exchange was Defendant Eyman’s  
18 efforts to obtain a payment from Defendant Citizen Solutions, LLC in 2012. *Id.*; Ex. W. In the  
19 July 8, 2012 email, Defendant Agazarm assured Defendant Eyman that his payment was  
20 forthcoming, writing, “My first and foremost goal is to ensure that you get paid **what is properly**  
21 **owed this year** and to make it happen promptly. There should be no reason . . . that should  
22 prevent you from getting paid immediately.” *Id.* ¶ 70; *see* Ex. W. (emphasis added). Defendant  
23 Agazarm indicated that Roy Ruffino, the company’s other member, was not aware of the purpose  
24 of the payments: “While you are trying to avoid telling Roy exactly what the funds are for, you  
25 could always tell him you are working on ‘something’ with Paul Jacobs [sic] and hoping to grow  
26 some national recognition from it.” *Id.*; *see* Ex. W.

1 In a reply sent the same day, Defendant Eyman indicated that the true purpose of the  
2 funds was to fund an initiative signature drive through payments laundered through Paul Jacob's  
3 organization Citizens in Charge. *Id.* ¶ 71. Defendant Eyman wrote that he:

4 promised Paul a payment early this week so eager to follow through on that and  
5 get the ball rolling (you said some petitioners want to do it on speculation but  
6 better to get them locked in early). [T]alked to Brian today and he'll have petitions  
7 printed tomorrow (Monday). [S]trike while the iron's hot. [T]his morning I talked  
8 to head of Citizens Alliance for Property Rights (CAPR) -- they've got a board  
9 meeting this Friday night at which I'll present I-517.

10 *Id.*; see Ex. W.

11 In a July 11, 2014 interview under oath, Defendant Eyman acknowledged that the  
12 signature drive being discussed in the email was I-517: "Seems pretty clear . . . as the email  
13 below or the next paragraph makes clear, we are talking about 517." *Id.* ¶ 72; Ex. X. So, the  
14 Citizen Solutions Defendants knew on July 8, 2012 that Defendant Eyman would use the funds  
15 for additional concealed purposes. *Id.* ¶ 73. The Citizen Solutions Defendants nevertheless stated  
16 their intent to provide the funds to Eyman. *Id.*

17 On July 11, 2012, Defendant Citizen Solutions, LLC made a wire transfer of \$308,185  
18 to Defendant Watchdog. *Id.* ¶ 74; Ex. Y. In a deposition held on November 27, 2018, Defendant  
19 Agazarm acknowledged executing this wire transfer. *Id.* ¶ 75; Ex. Z. On July 11, 2012,  
20 Defendant Eyman replied to an email notification he received of the \$308,185 transfer giving  
21 Defendant Agazarm and Edward Agazarm his "permission" to inform Roy Ruffino of the  
22 payment that Ruffino's own company had just made to the Eyman Defendants: "Share this with  
23 Roy if you'd like." *Id.* ¶ 76; Ex. AA. When asked about the \$308,185 payment during a  
24 deposition held on August 10, 2018, Mr. Ruffino refused to answer, citing 5th Amendment  
25 privilege. *Id.* ¶ 77; Ex. BB. During his deposition, Defendant Eyman also refused to answer  
26 questions concerning the payment, citing 5th Amendment protections. *Id.* ¶ 78; Ex. CC.

1 **5. The Concealed Expenditures**

2 The following chart lays out the five payments that were used to fund the kickback to  
3 Defendant Eyman. First Perkins Decl. ¶¶ 62, 68; *see* Ex. T. It is these payments for which the  
4 State is seeking penalties, as described in the Argument section below.

5

| Sponsor                                                 | Date Payment Posted to CS | Amount                   | Reported Description of Expenditure's Purpose              |
|---------------------------------------------------------|---------------------------|--------------------------|------------------------------------------------------------|
| ASS'N OF WA BUSINESS PAC                                | 6/28/2012                 | \$64,000.00 <sup>4</sup> | SIGNATURE GATHERING                                        |
| VOTERS WANT MORE CHOICES - SAVE THE 2/3RDS (MIKE FAGAN) | 6/29/2012                 | \$45,000.00              | SIGNATURE COLLECTION FOR 1185                              |
| WA WINE AND BEER WHOLESALERS                            | 7/5/2012                  | \$27,150.00              | <i>NOT REPORTED AS IN-KIND CONTRIBUTION OR EXPENDITURE</i> |
| ASS'N OF WA BUSINESS PAC                                | 7/6/2012                  | \$45,000.00              | GATHERING OF SIGNATURES                                    |
| VOTERS WANT MORE CHOICES - SAVE THE 2/3RDS (MIKE FAGAN) | 7/6/2012                  | \$170,825.00             | SIGNATURE COLLECTION FOR 1185                              |
|                                                         |                           | <b>\$351,975.00</b>      |                                                            |

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15 Documents Defendant Eyman produced through discovery indicate that the Citizen  
16 Solutions Defendants were aware of and actively participated in Defendant Eyman's  
17 complicated scheme to personally enrich himself with funds solicited from I-1185 supporters for  
18 needless payments to Defendant Citizen Solutions. *Id.* ¶ 79. This scheme is laid bare in  
19 Defendants' banking records and documents that Defendant Eyman produced through discovery.  
20 *Id.* The documents indicate that the Citizen Solutions Defendants were aware of and participated  
21 in Defendant Eyman's concealment, by helping to concoct a false rationale for their July 2012  
22 kickback payment as a consulting expense. *Id.* Finally, the documents indicate that the Citizen  
23 Solutions Defendants were aware of and participated in Defendant Eyman's scheme to make  
24 concealed contributions to support I-517 through payments to Citizens in Charge. *Id.*

25 \_\_\_\_\_  
26 <sup>4</sup> \$43,790 of this \$64,000 payment from AWB PAC was used for Citizen Solutions, LLC's business operations, including paying petition management firms for I-1185 signatures. First Perkins Decl. ¶ 68 n.1. The remaining \$20,210.00 was used to fund the \$308,185 kickback to Eyman. *Id.*

1 Contributors to the I-1185 effort believed their payments were necessary to qualify the  
2 initiative for the ballot. *Id.* ¶ 80. They did not intend their payments for signatures to compensate  
3 Defendant Eyman, or to support I-517. *Id.* They were not aware that Defendant Eyman was  
4 directing payments to Defendant Citizen Solutions, LLC so that the company could return the  
5 funds to Defendant Eyman. *Id.* Had they been aware of Defendants’ scheme to misdirect their  
6 funds to Defendants Watchdog and Eyman, they would not have contributed to support I-1185.  
7 *Id.* See the declaration of Gary Chandler of the Association of Washington Business (Ex. DD);  
8 the declaration of John Guadnola, the Executive Director in 2012 of the Washington Beer and  
9 Wine Distributors Association (Ex. Q); and the declaration of Greg Hanon, a lobbyist who  
10 facilitated contributions in support of I-1185 from his clients (Ex. O).

11 Defendant Eyman’s partners in VWMC, Jack and Mike Fagan, were similarly unaware  
12 that Defendant Eyman surreptitiously had Defendant Citizen Solutions, LLC overcharge their  
13 committee for payments to compensate Defendant Eyman. *Id.* ¶ 81. The memo line on Voters  
14 Want More Choices’ final check to Defendant Citizen Solutions, LLC, signed by Jack Fagan,  
15 showed that the payment was intended for “signatures.” *Id.*; see Ex. T.

16 **6. Further Intentional Concealment by Citizen Solutions Defendants in 2012**

17 After accepting excess payments from I-1185 supporters and kicking those payments  
18 back to Defendant Eyman, the Citizen Solutions Defendants proactively concealed their  
19 complicity in Defendant Eyman’s scheme from the state regulators who were investigating  
20 allegations regarding diversion of I-1185 contributions to the I-517 campaign. First Perkins  
21 Decl ¶ 82. On September 11, 2012, Defendant Agazarm sent an email to the PDC’s Director of  
22 Compliance, discussing a complaint that had been filed against Defendant Eyman and the I-517  
23 committee (to which a majority of Defendant Eyman’s kickback was diverted). *Id.*; Ex. EE. In  
24 fact, the contents of this email were drafted by Defendant Eyman. *Id.* ¶ 83; Ex. FF. The email  
25 contains the draft of Defendant Agazarm’s proposed statements, envisioned at that point as an  
26 email not to the PDC, but to I-1185 contributor the Association of Washington Business. *Id.*

1 In sending this same information to the PDC, Defendant Agazarm provided a list of  
2 deposits that Defendant Citizen Solutions received for I-1185 signatures. *Id.* ¶ 84. Defendant  
3 Agazarm told the state regulator that “every dollar went for I-1185.” *Id.*; *see* Ex. EE. At the time  
4 of his September 11, 2012 email, Defendant Agazarm knew that his statement was false. *Id.* ¶ 85.  
5 He was aware that (1) Defendant Citizen Solutions accepted payments intended to support  
6 I-1185 knowing they would be used to fund a kickback to Defendant Eyman, (2) that the funds  
7 had in fact been used for that purpose, through a \$308,185 transfer to Defendant Watchdog on  
8 July 11, 2012, and (3) that prior to this July 11, 2012 payment, Defendant Eyman informed  
9 Defendant Agazarm that he would be forwarding the funds to Paul Jacob to sponsor signatures  
10 for a different initiative (I-517). *Id.*; *see* Ex. R; Ex. Y; Ex. Z; Ex. W.

11 This was not the only time Defendant Agazarm would cooperate in Defendant Eyman’s  
12 deception of the PDC. *Id.* ¶ 86. On September 11, 2012, Defendant Eyman sent an email to  
13 Defendant Agazarm containing the draft of an additional email that Defendant Agazarm would  
14 send to the PDC concerning the complaint that had been filed against Defendant Eyman’s  
15 political committee. *Id.*; Ex. GG. In the email, Defendant Eyman indicated that he was gathering  
16 additional content for Defendant Agazarm’s email. *Id.*

17 On September 12, 2012, Defendant Eyman sent an email to Defendant Agazarm,  
18 instructing him to delay sending his second email to the PDC until September 13, 2012. *Id.* ¶ 87;  
19 Ex. HH. Following Defendant Eyman’s instructions, on September 13, 2012, Defendant  
20 Agazarm sent an email to the PDC, dutifully communicating the information that Defendant  
21 Eyman provided to him. *Id.* ¶ 88; Ex. II.

## 22 **7. Additional, 2013, Concealment and Kickback Schemes: Initiatives to the** 23 **Washington Legislature**

24 Banking records produced pursuant to court order and documents that Defendant Eyman  
25 produced from his own computer show that Defendants’ schemes to divert political committee  
26 expenditures to Defendant Eyman for his personal use did not end in 2012, even after the State

1 began to investigate these schemes. First Perkins Decl. ¶ 89. In 2013, Defendant Citizen  
2 Solutions, LLC accepted \$50,000 from Defendant Eyman’s political committee Voters Want  
3 More Choices—No New Taxes 2013. *Id.* ¶ 90; Ex. JJ. No signatures were gathered as a result of  
4 this payment, and the payment was returned to Defendant Eyman’s committee one month later  
5 on June 3, 2013. *Id.* However, Defendant Eyman’s documents produced through discovery  
6 reveal an understanding shared among the Defendants, wherein if Defendant Eyman secured  
7 sufficient payments to Defendant Citizen Solutions, LLC for a 2013 signature drive, the  
8 payments would result in profit for Defendant Eyman personally. *Id.* ¶ 91.

9         On April 23, 2013, approximately one week before the \$50,000 payment from Defendant  
10 Eyman’s political committee to Defendant Citizen Solutions, LLC, Edward Agazarm sent an  
11 email to Defendant Eyman, copied to Defendant Agazarm and Roy Ruffino. *Id.* ¶ 92. In his  
12 email, Edward Agazarm proposed a minimum of \$100,000 in profit to the member owners of  
13 Defendant Citizen Solutions, LLC for Defendant Eyman’s 2013 signature drive to qualify an  
14 initiative for presentation to the 2014 legislature. *Id.*; Ex. KK. Edward Agazarm then gave  
15 Defendant Eyman the option to “skip profit” on his own initiative, though he offered that “Profits  
16 above \$100/k could be split 3 ways.” *Id.* Defendant Eyman replied to Edward Agazarm the same  
17 day, again copying Defendant Agazarm and Roy Ruffino. *Id.* Far from disputing Edward  
18 Agazarm’s suggestion that he skim from Defendant Citizen Solutions, LLC’s profits, Defendant  
19 Eyman responded simply, “thanks. [T]his helps alot [sic] for planning/options.” *Id.*

20         The same year, Defendant Citizen Solutions, LLC worked to gather signatures for I-591,  
21 an initiative to the 2014 legislature related to firearms. *Id.* ¶ 93. I-591 was not sponsored by  
22 Defendant Eyman or supported by his political committee, but Defendant Eyman and the Citizen  
23 Solutions Defendants still expected that Defendant Eyman would profit from payments made to  
24 Defendant Citizen Solutions, LLC in connection with the initiative. *Id.* In an email to Defendant  
25 Agazarm sent on June 8, 2013, Edward Agazarm proposed a cost of \$1.50 per signature to “build  
26 the order” for the I-591 drive, plus a built-in profit for Defendant Agazarm, Roy Ruffino, and

1 Defendant Eyman, split three ways: “Roy - William - Tim .... three way split \$1/sig (.33 each) .  
2 . . .” *Id.* ¶ 94; Ex. LL. In a reply sent the same day, Defendant Agazarm did not dispute that  
3 Defendant Eyman would realize a profit from the I-591 signature drive equal to himself and Roy  
4 Ruffino. *Id.* Rather, Defendant Agazarm communicated that he would order the printing of  
5 petitions “Once we know this is a lock[.]” *Id.*

6 Later in the morning of June 9, 2013, Defendant Eyman replied to Edward Agazarm’s  
7 June 8, 2013 email concerning the pricing structure for the I-591 signature drive. *Id.* ¶ 95;  
8 Ex. MM. Defendant Eyman responded favorably to the proposal, including the profit that he  
9 himself would realize from the contract: “sounds fine.” *Id.*

10 Following the I-591 signature drive, Defendant Citizen Solutions, LLC did in fact make  
11 three roughly equal disbursements from the company’s profits. *Id.* ¶ 96. On January 7, 2014, two  
12 \$28,400 checks to Defendant Agazarm and Roy Ruffino were paid from the company’s account.  
13 *Id.*; Ex. NN. One day prior, Defendant Citizen Solutions, LLC made a \$28,000 wire transfer, not  
14 to Defendant Eyman personally, but to the North Creek Law Firm, Mark Lamb’s firm, which  
15 was then representing both the Eyman and the Citizen Solutions Defendants. *Id.*; Ex. OO.

16 In his deposition held on August 10, 2018, Roy Ruffino was asked whether any payments  
17 that Defendant Citizen Solutions, LLC made to the North Creek Law Firm were ever intended  
18 to go to anyone other than the firm’s sole attorney, Mark Lamb. *Id.* ¶ 97; *see* Ex. BB. Mr. Ruffino  
19 was then asked specifically whether any payments Defendant Citizen Solutions, LLC made to  
20 the North Creek Law Firm were ever intended to go to Defendant Eyman. *Id.* On the advice of  
21 his attorney Mark Lamb, Mr. Ruffino refused to answer either question, invoking 5th  
22 Amendment protections against self-incrimination. *Id.* Other questions Mr. Ruffino refused to  
23 answer included questions about his awareness of Defendant Watchdog, whether Defendant  
24 Citizen Solutions, LLC had ever worked with Defendant Watchdog, whether Defendant Citizen  
25 Solutions, LLC had ever paid Defendant Watchdog any money, and whether Defendant Eyman  
26 had ever solicited financial gifts from Mr. Ruffino or Edward Agazarm. *Id.* ¶ 77; *see* Ex. BB. On



1 the advice of Mr. Lamb, Mr. Ruffino even refused to state whether he and Edward Agazarm had  
2 ever been business partners. *Id.*

3 **B. Relevant Procedural History**

4 As the Court is well aware, the Citizen Solutions Defendants were in contempt for failure  
5 to properly respond to discovery from February 16, 2018. The total unpaid contempt sanctions  
6 are \$117,500. First Perkins Decl. ¶ 99. Additionally, this Court has previously ordered the  
7 payment of attorneys' fees against the Citizen Solutions Defendants of \$5,517.90 for the State's  
8 motion seeking increased contempt sanctions (*see* Order Awarding Attorneys' Fees, dated  
9 October 12, 2018), and the Special Discovery Master ordered the payment of attorneys' fees  
10 against the Citizen Solutions Defendants of \$10,564.53 for Discovery Motion 12 (*see* Order  
11 Awarding Attorneys' Fees, dated October 11, 2018), for a total amount of \$16,082.43. *Id.* ¶ 100.  
12 That amount remains unpaid. *Id.* The Court also previously ordered the payment of costs the  
13 State incurred in conjunction with its Motion for Contempt of Court filed on January 4, 2018 in  
14 the amount of \$147 to be split evenly between the Eyman and Citizen Solutions Defendants (*see*  
15 Order Awarding Attorneys' Fees, dated May 11, 2018). The amount owed by the Citizen  
16 Solutions Defendants of \$73.50 also remains unpaid. *Id.*

17 In addition, the State has incurred the attorneys' fees outlined in the chart below. The  
18 chart reflects the attorney's fees expended in this matter for time spent exclusively on work  
19 related to the Citizen Solutions portion of the case as well as half of the time spent on work  
20 related to the claims against all four defendants. Declaration of Eric S. Newman (Newman Decl.)  
21 ¶ 9. The State has excluded time spent on work exclusively related to the claims against the  
22 Eyman Defendants. *Id.* Any hours that were considered duplicative or excessive were eliminated.  
23 *Id.*

24 All time spent by the Attorney General's Office staff for this case was reviewed and  
25 attested to by the staff who worked on this case. *Id.* ¶ 10. The fees incurred are outlined in  
26 Exhibit A attached to the respective declarations of Linda A. Dalton, Eric S. Newman, Jeffrey

1 T. Sprung, S. Todd Sipe, Paul M. Crisalli, Walter Smith, Tony Perkins (Second Perkins Decl.),  
2 and Lisa Boggess.

| 3 AGO Staff Member  | Hourly Rate | Hours Expended | Total Charge        |
|---------------------|-------------|----------------|---------------------|
| 4 Linda A. Dalton   | \$408.00    | 341.85         | \$139,474.80        |
| 5 Eric S. Newman    | \$408.00    | 287.70         | \$117,381.60        |
| 6 Jeffrey T. Sprung | \$408.00    | 155.40         | \$63,403.20         |
| 7 S. Todd Sipe      | \$358.00    | 234.60         | \$83,986.80         |
| 8 Paul M. Crisalli  | \$358.00    | 118.40         | \$42,387.20         |
| 9 Walter Smith      | \$308.00    | 42.70          | \$13,151.60         |
| 10 Tony Perkins     | \$123.00    | 389.06         | \$47,854.38         |
| 11 Lisa Boggess     | \$123.00    | 408.20         | \$50,208.60         |
| 12                  |             | <b>Total:</b>  | <b>\$557,848.18</b> |

13  
14 Additionally, the State incurred \$3,131.19 in travel costs and \$58,256.67 in other costs related  
15 to claims against the Citizen Solutions Defendants. Newman Decl. ¶ 12.

### 16 III. ARGUMENT

#### 17 A. The State Is Entitled to a Default Judgment Under CR 55(b)(1) Because a Default 18 Has Been Entered and the Penalty and the Claim Is for a Sum Which Can By Computation Be Made Certain

19 Rule 37 of the Civil Rules of Procedure provides trial courts with the authority to enter a  
20 default as a sanction for severe discovery violations. *See* CR 37 (b)(2)(C). The Supreme Court has  
21 recognized that trial courts have wide latitude in this area stating, “[a] trial court exercises broad  
22 discretion in imposing discovery sanctions under CR 26(g) or 37(b), and its determination will  
23 not be disturbed absent a clear abuse of discretion.” *Magaña v. Hyundai Motor Am.*, 167 Wn.2d  
24 570, 582, 220 P.3d 191 (2009). The default “constitutes an admission of all factual allegations  
25 necessary to establish the plaintiff’s claim for relief.” *Smith v. Behr Process Corp.*, 113 Wn.  
26 App. 306, 333, 54 P.3d 665 (2002).

1 This Court entered an order of default against Defendants Agazarm and Citizen  
2 Solutions, LLC on May 17, 2019. The Court denied a motion to reconsider that order on June 5,  
3 2019.<sup>5</sup> A defaulting party admits the factual allegations in the complaint. *Kaye v. Lowe's HIW,*  
4 *Inc.*, 158 Wn. App. 320, 326, 242 P.3d 27, 30 (2010). A default judgments is appropriate against  
5 Defendants Agazarm and Citizen Solutions, LLC.

6 Default judgments may be entered under CR 55(b)(1) when the claim against a party,  
7 whose default has been entered under section (a), is for a sum certain or for a sum which by  
8 computation can be made certain. CR 55(b)(1); *Kaye*, 158 Wn. App. at 327 (“Where the  
9 complaint pleads ‘a sum certain or . . . a sum which can by computation be made certain,’ the  
10 trial court ‘shall enter judgment for that amount.’ ”)<sup>6</sup>; *Franchise Holding II, LLC v. Huntington*  
11 *Rests. Grp., Inc.*, 375 F.3d 922, 929 (9th Cir. 2004)<sup>7</sup> (no doubt remained as to the amount to  
12 which HRG’s default entitled Franchise Holding where loan documents set forth specific  
13 formulas for determining the amount owed); *Yoon Chul Yoo v. Arnold*, 615 Fed. Appx. 868 (9th  
14 Cir. 2015) (amount certain for breach of contract claims for specific sums); *U.S. v. Rash*, 464  
15 Fed. Appx. 134, 2012 WL 432517 (4th Cir. 2012) (sum certain in case involving default of loans  
16 where calculations of the loans and interest could be made); *U.S. v. Mulvenna*, 367 Fed. Appx.  
17 348, 351 2010 WL 691203 (3d Cir. 2010) (“[T]he United States’ claim [for tax assessments]  
18 was for a sum certain that was detailed in a declaration accompanying the request . . . the clerk

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19  
20 <sup>5</sup> The Citizen Solutions Defendants filed a Notice of Appeal of both of these orders on July 8, 2019. The  
21 Court of Appeals has indicated an intent to dismiss the appeal as untimely, as the Notice was not filed within 30  
22 days of this Court’s latest order. Regardless, this Court retains jurisdiction. An order of default is not a final order  
23 that is appealable as a matter of right. *Graham v. Yakima Stock Brokers, Inc.*, 190 Wn. 269, 270-71 (1937); *see also*  
*Gutz v. Johnson*, 128 Wn. App. 901, 910 (2005). “The party seeking discretionary review must file in the appellate  
24 court a motion for discretionary review . . . .” RAP 6.2(b). The Citizen Solutions Defendants did not file a motion  
25 for discretionary review, but even if they did, “[t]he trial court retains full authority to act in a case before review is  
26 accepted by the appellate court, unless the appellate court directs otherwise as provided in rule 8.3.” RAP 7.1.

24 <sup>6</sup> *Kaye* involved personal injury claims and, as such, the court determined that the amount of judgment was  
25 not a sum certain. The instant case is a sum certain, because the amount of default can be determined by the  
26 declarations submitted regarding the expenses and fines, as well as the penalty calculations based on the campaign  
finance and disclosure statute, RCW 42.17A.

26 <sup>7</sup>*See Outsource Servs. Mgmt., LLC v. Nooksack Bus. Corp.*, 172 Wn. App. 799, 806-7, 292 P.3d 147 (2013)  
 (“When a Washington court rule is substantially similar to a present Federal Rule of Civil Procedure (FRCP), we  
may look to . . . these federal rules for guidance.”)

1 properly entered default judgment against Mulvenna under Rule 55(b)(1).”); *American Metals*  
2 *Serv. Exp. Co. v. Ahrens Aircraft, Inc.*, 666 F.2d 718 (1st Cir. 1981) (liquidated sum for defective  
3 aluminum warranted default judgment under FRCP 55(b)(1)).

4 The Court upon motion and affidavit of the amount due shall enter judgment for that  
5 amount and costs against the party in default. CR 55(b)(1). Findings of fact and conclusions of  
6 law are not necessary under this subsection even though reasonable attorney fees are requested  
7 and allowed. *Id.* Regardless of how damages are pleaded, the opening clause of CR 55(b)  
8 provides for judicial discretion in entering a default judgment. *Kaye*, 158 Wn. App. at 327.

9 Moreover, the previous entry of an order of default deprives a party of the right to notice  
10 of the entry of a default judgment. *J-U-B Eng'rs, Inc. v. Routsen*, 69 Wn. App 148, 848 P.2d 733  
11 (1993)<sup>8</sup> (citing *Conner v. Universal Utils.*, 105 Wn.2d 168, 173-74, 712 P.2d 849 (1986))  
12 (defaulting defendant not entitled to notice of hearing to establish amount of damages); 35 Karl  
13 B. Tegland, *Washington Practice: Rules Practice* (2017-2018), note 9.

14 In the event the Court does not deem CR 55(b)(1) applicable, the State respectfully  
15 requests it to enter a default judgment pursuant to CR 55(b)(2), based on the written submissions  
16 and evidence supporting this motion.<sup>9</sup> Declarations supporting the State’s requested penalties,  
17 costs and attorneys’ fees are filed with this motion and detailed above.

18 **B. Washington’s Campaign Finance and Disclosure Law Requires Timely and**  
19 **Accurate Disclosures of Financing of Political Campaigns**

20 RCW 42.17A declares as a matter of public policy “[t]hat political campaign and  
21 lobbying contributions and expenditures be fully disclosed to the public and that secrecy is to be  
22 avoided.” RCW 42.17A.001(1). The statute further provides that the state’s campaign finance  
23 and disclosure law “shall be liberally construed to promote complete disclosure of all

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24 <sup>8</sup> *J-U-B*, a defamation case, like *Kaye*, was not a sum certain. The case at bar is distinguishable because  
25 the amount of the default judgment can be determined based on the declarations and computation of penalties under  
26 RCW 42.17A.

<sup>9</sup> Because additional Defendants remain, the State will provide the court with proposed written findings  
that comport with CR 54(b) in a proposed judgment with its reply.

1 information respecting the financing of political campaigns . . .” RCW 42.17A.001. Finally, the  
2 statute provides that “the public’s right to know of the financing of political campaigns and  
3 lobbying and the financial affairs of elected officials and candidates far outweighs any right that  
4 these matters remain secret and private.” RCW 42.17A.001(10).

5 Washington’s campaign finance and disclosure law prohibits the concealment of a source  
6 of political contributions or recipient of expenditures. “No contribution shall be made and no  
7 expenditure shall be incurred, directly or indirectly, in a fictitious name, anonymously, or by one  
8 person through an agent, relative, or other person in such a manner as to conceal the identity of  
9 the source of the contribution or in any other manner so as to effect concealment.”  
10 RCW 42.17A.435.

11 The judgment sought here is the culmination of nearly two decades of illegal kickbacks  
12 and deception by Citizen Solutions. Defendant Eyman caused his own political committee  
13 supporting I-1185 to pay inflated prices to Defendant Citizen Solutions, LLC, owned by  
14 Defendant Agazarm and Roy Ruffino. Both Citizen Solutions Defendants were aware that the  
15 prices were being inflated to conceal the true nature of campaign expenditures. On five  
16 occasions, the Citizen Solutions Defendants accepted payments intended to support I-1185 and  
17 instead used those funds either partially or entirely for a payment to Defendant Eyman. Even  
18 after the I-1185 signatures were already paid for, Defendant Citizen Solutions continued to  
19 accept additional payments (expenditures) and redirected them into a \$308,185 payment to  
20 Defendant Eyman as a kickback. The true nature of the expenditures was concealed from the  
21 donors, the PDC, and the voting public.

22 Without disclosure to I-1185 contributors, Defendant Eyman used some of this money to  
23 pay for his and his family’s personal living expenses. Further, with the knowledge of Defendant  
24 Agazarm, Defendant Eyman also transferred a portion of the money to a Virginia advocacy  
25 organization, which used Defendant Eyman’s payments to hire signature-gatherers for a different  
26 Eyman-sponsored initiative campaign, I-517.

1           There is no dispute that the money funneled from the I-1185 campaign was the money  
2 that was paid to Defendant Eyman. The payment of \$308,185 came by way of a wire transfer  
3 made on July 11, 2012—four days after the signatures for I-1185 were delivered to the Secretary  
4 of State’s office to be verified. Defendant Agazarm approved the payment to Defendant Eyman  
5 with knowledge that the funds would be used for Defendant Eyman’s personal spending and to  
6 obtain signatures for I-517 because it was documented by email to Defendant Agazarm that the  
7 funds were the same funds that Defendant Eyman referenced when he wrote, “I’m working hard  
8 to get it for myself by having it paid to Citizen Solutions.”

9           The Citizen Solutions defendants actively assisted Defendant Eyman in concealing this  
10 payment from VWMC’s other officers, campaign contributors, and members of the public. As a  
11 result, VWMC did not disclose in any filing with the Public Disclosure Commission the  
12 \$308,185 payment or that the five expenditures were used to fund it. This Court has already  
13 found the Citizen Solutions Defendants liable by default for violating the FCPA. What is left is  
14 a determination of penalties, costs, and attorneys’ fees.

15 **C.     Washington’s Campaign Finance Civil Penalties and Recovery of Attorneys’ Fees**  
16 **and Costs**

17           RCW 42.17A.750 provides for the assessment of penalties for violations of the campaign  
18 finance laws. This includes civil penalties, injunctions, and potential criminal sanctions. *Id.* A  
19 person<sup>10</sup> who violates any provisions of the Act may be subject to a civil penalty of not more  
20 than ten thousand dollars for each violation. RCW 42.17A.750(1)(c). These penalties are in  
21 addition to any other remedies provided by law. RCW 42.17A.750(1).

22           Here, the violations of the FCPA number in the hundreds. The Citizen Solutions  
23 Defendants have shown a long history of violating the FCPA. Putting aside the decades of  
24 concealing kickbacks to Defendant Eyman, the \$308,185 expenditure was funded by literally

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25           <sup>10</sup> Under RCW 42.17A.005(38) “ ‘[p]erson’ includes an individual, partnership, joint venture, public or  
26 private corporation, association, federal, state, or local governmental entity or agency however constituted,  
candidate, committee, political committee, political party, executive committee thereof, or any other organization  
or group of persons, however organized.”

1 hundreds of individual donations. VWMC made two payments totaling \$215,825 to the Citizen  
2 Solutions Defendants purportedly to pay for signatures, but in fact, it was designated to pay  
3 Defendant Eyman. That amount came out of the hundreds of individual donations made to  
4 VWMC. Those donors thought they were donating to pay for I-1185 campaign expenses, but  
5 they were deceived by the Defendants. Each deception is a violation.

6 **1. Each of the Citizen Solutions Defendants should be assessed \$50,000 in base**  
7 **penalties.**

8 “When assessing a civil penalty, the court may consider the nature of the violation and  
9 any relevant circumstances, including [a number of factors].” RCW 42.17A.750(1)(d). The first  
10 factor is the most relevant here. It states in part the Court should consider whether the violation  
11 was “part of a pattern of violations by the respondent, resulted from a knowing or intentional  
12 effort to conceal, deceive or mislead, or from collusive behavior . . . .” RCW 42.17A.750(1)(d)(i).  
13 This statement perfectly describes the Citizen Solutions Defendants’ malfeasance here.

14 The next factor considers in part whether the behavior “had a significant or material  
15 impact on the public[.]” RCW 42.17A.750(1)(d)(ii). Here, the public continued to contribute to  
16 the I-1185 campaign, believing it was necessary to obtain enough signatures to qualify the  
17 initiative when in fact the signatures were already gathered and paid for, and the money was  
18 being collected to line Defendant Eyman’s pockets. The Defendants were defrauding the public  
19 for personal gain.

20 The third factor considers in part the defendant’s “[e]xperience with campaign finance  
21 law and procedures . . . .” RCW 42.17A.750(1)(d)(iii). The Citizen Solutions Defendants had  
22 decades of experience with campaign finance law and procedure. They were in the campaign  
23 business and had enough knowledge and experience to concoct this scam.

24 An additional factor that weighs heavily in favor of a large penalty is “[w]hether the  
25 respondent or any person benefited politically or economically from the noncompliance[.]”  
26 RCW 42.17A.750(1)(d)(vi). All parties to the Defendants’ scheme benefited economically.

1 Another critical factor encourages “cooperation with commission staff during enforcement  
2 action and a demonstrated wish to acknowledge and take responsibility for the violation[.]”  
3 RCW 42.17A.750(1)(d)(xii). Here, the Defendants actively colluded to obstruct and mislead the  
4 PDC’s investigation and the State’s discovery, which is the very reason why they were defaulted.  
5 To date they still refuse to acknowledge and take responsibility for their violations. There are  
6 numerous other factors to be considered, some relevant, some not, but each that is relevant  
7 weighs in favor of a large penalty against the Citizen Solutions Defendants.

8 As described above, the Citizen Solutions Defendants are liable for each donation that  
9 was illegally funneled to Defendant Eyman. Each of these hundreds of violations carries a  
10 maximum penalty of \$10,000, so the penalty against the Citizen Solutions Defendants could  
11 feasibly be in the millions. Further, the FCPA also states:

12 (1) In addition to the penalties in subsection (2) of this section [criminal referral],  
13 and any other remedies provided by law, one or more of the following civil  
14 remedies and sanctions may be imposed by court order in addition to any other  
15 remedies provided by law: . . . (g) A person who fails to report a contribution or  
16 expenditure as required by this chapter may be subject to a civil penalty  
17 **equivalent to the amount not reported as required.**

18 RCW 42.17A.750(1)(g) (emphasis added).

19 Under this section, the State could seek a penalty in the amount of the concealed payment  
20 of \$308,185 plus the \$10,000 per violation and have all of that amount trebled for the intentional  
21 conduct. However, in the interest of fairness and assessing a clear penalty for specific violations,  
22 the State asks this Court to assess the maximum penalty against each Citizen Solutions  
23 Defendant for the concealment of the true purpose of the five expenditures used to fund the  
24 kickback to Defendant Eyman.

25 Certainly for Defendant Eyman, who personally benefitted from this deception and  
26 others, the amount he concealed should be the floor for assessing a base penalty. However, the  
State is only seeking a per violation penalty (five payments/violations) against Citizen Solutions  
Defendants. The five expenditures the State seeks penalties for are the two payments from the



1 Association of Washington Business PAC totaling \$109,000, the two payments from Voters  
2 Want More Choices – Save the 2/3rds (Mike Fagan) totaling \$215,825, and the one payment  
3 from the Washington Wine and Beer Wholesalers of \$27,150. Based on the amount concealed  
4 and the extent of the deception the maximum of \$10,000 for each of these violations is warranted.

5 **2. The penalties assessed against the Citizen Solutions Defendants should be trebled.**

6 In addition to the penalty amounts listed above, in reference to the individual violations  
7 of the FCPA, the statute further states, “If the violation is found to have been intentional, the  
8 amount of the judgment, which shall for this purpose include the costs, may be **trebled** as  
9 punitive damages.” RCW 42.17A.780. There can be no doubt that Defendant Agazarm and  
10 Defendant Citizen Solutions, LLC committed numerous acts with the express purpose of  
11 violating the FCPA. They documented their false and inflated charges for signatures. They  
12 documented their efforts to conceal their behavior both during the conspiracy and after the PDC  
13 opened its investigation. They colluded to mislead the PDC in their responses to requests for  
14 information. Because their actions constituted knowing and intentional violations of the FCPA,  
15 their penalties should be trebled.

16 As described above, the base penalty against each Defendant should be \$50,000. A  
17 trebled penalty, totaling \$150,000 each, is justified in light of the facts and is squarely within the  
18 Court’s discretion. They each committed the acts that led to this case, and they each should bear  
19 the burden of their malfeasance.

20 The statute also permits trebling the costs and attorney’s fees. *Id.* Though costs and fees  
21 are sought by this motion, the State is willing to waive trebling those amounts because a  
22 \$150,000 penalty against each Defendant is fair under the circumstances.

23 **3. The State should be awarded its costs, fees, and the previously ordered sanctions.**

24 The State is entitled to costs and attorneys’ fees for litigating this matter to judgment.  
25 RCW 42.17A.780 (“In any action brought under this chapter, the court may award to the  
26 commission all reasonable costs of investigation and trial, including reasonable attorneys’ fees

1 to be fixed by the court.”). To date, the State incurred **\$61,387.86** in costs related to work related  
2 to the claims against the Citizen Solutions Defendants. In addition, the State incurred  
3 **\$557,848.18** in attorneys’ fees attributable to these Defendants, as outlined above.

4 While the penalties outlined above should be assessed severally, the Citizen Solutions  
5 Defendants should be held jointly and severally liable for the costs and fees assessed.  
6 Additionally, the Citizen Solutions Defendants should be held jointly and severally liable for the  
7 unpaid contempt sanctions they accrued up to the date of the default order, in the amount of  
8 \$117,500. Finally, this Court previously assessed attorneys’ fees and costs in the amount of  
9 \$16,155.93 against the Citizen Solutions Defendants. That amount should be included in the  
10 final judgment.

#### 11 IV. CONCLUSION

12 The State respectfully requests that this Court issue a Default Judgment under  
13 CR 55(b)(1) and (2) in the amount of \$150,000 against Defendant Agazarm, individually, in the  
14 amount of \$150,000 against Defendant Citizen Solutions, LLC, individually, and \$752,891.97  
15 jointly and severally, for outstanding costs, fees, and contempt sanctions.

16 DATED this 21st day of August 2019.

17 ROBERT W. FERGUSON  
18 Attorney General

19 /s/ Eric S. Newman  
20 ERIC S. NEWMAN, WSBA No. 31521  
21 Chief Litigation Counsel – Antitrust Division  
22 S. TODD SIPE, WSBA No. 23203  
23 PAUL M. CRISALLI, WSBA No. 40681  
24 Assistant Attorneys General  
25 Attorneys for Plaintiff State of Washington  
26

1 **PROOF OF SERVICE**

2 I declare that I did not serve Defendants William Agazarm and Citizen Solutions, LLC  
3 due to Default Order entered on May 17, 2019.

4 I certify that I served a copy of this document, via electronic mail, on the following:

5 Tim Eyman  
6 Pro Se  
7 tim\_eyman@comcast.net

8 I certify under penalty of perjury under the laws of the State of Washington that the  
9 foregoing is true and correct.

10 DATED this 21st day of August 2019, at Tumwater, Washington.

11 /s/ Jessica Buswell  
12 JESSICA BUSWELL, Legal Assistant