

1 Hearing date: Friday, September 20, 2019
2 Hearing time: 1:30 p.m.
3 Judge/Calendar: Hon. James J. Dixon
4
5
6

7 **STATE OF WASHINGTON**
8 **THURSTON COUNTY SUPERIOR COURT**

9 STATE OF WASHINGTON,

10 Plaintiff,

11 v.

12 *TIM EYMAN, et al.,*

13 Defendants.
14

NO. 17-2-01546-34

AMENDED JUDGMENT AGAINST
WILLIAM AGAZARM AND CITIZEN
SOLUTIONS, LLC [~~PROPOSED~~]

15 **I. JUDGMENT SUMMARY (RCW 4.64.030)**

- 16 A. JUDGMENT CREDITOR: Plaintiff STATE OF WASHINGTON
- 17 B. JUDGMENT DEBTORS: WILLIAM AGAZARM, individually, and CITIZEN
18 SOLUTIONS, LLC, a Washington limited liability
company.
- 19 C. PRINCIPAL JUDGMENT: \$150,000 as to WILLIAM AGAZARM, individually; and
20 \$150,000 as to CITIZEN SOLUTIONS, LLC,
21 individually; and
22 \$117,500 as to WILLIAM AGAZARM and CITIZEN
23 SOLUTIONS, LLC, jointly and severally.
- 24 D. COSTS AND FEES: As to Defendant WILLIAM AGAZARM and CITIZEN
25 SOLUTIONS, LLC, jointly and severally, combined
26 reasonable attorneys' fees - \$578,945.41 and costs -
\$43,310.26.

1 E. INTEREST: No prejudgment interest is owed. Interest will accrue on
2 principal judgment amounts at 12% per year starting 30
3 days from the date of this judgment.

4 F. ATTORNEYS FOR JUDGMENT CREDITOR: ROBERT W. FERGUSON, Attorney General
5 ERIC S. NEWMAN, WSBA #31521
6 Chief Litigation Counsel – Antitrust Division
7 S. TODD SIPE, WSBA #23203
8 PAUL M. CRISALLI, WSBA #40681
9 Assistant Attorneys General

10 G. ATTORNEY FOR JUDGMENT DEBTORS: MARK C. LAMB, WSBA #30134
11 THE NORTH CREEK LAW FIRM

12 **II. EVIDENCE RELIED UPON**

- 13 1. Declaration of Linda A. Dalton, with attachment;
14 2. Declaration of Eric S. Newman, with attachment;
15 3. Supplemental Declaration of Eric S. Newman, with attachment;
16 4. Declaration of Jeffrey T. Sprung, with attachment;
17 5. Declaration of S. Todd Sipe, with attachment;
18 6. Declaration of Paul M. Crisalli, with attachment;
19 7. Declaration of Walter Smith, with attachment;
20 8. First Declaration of Tony Perkins, with attachments;
21 9. Second Declaration of Tony Perkins, with attachment;
22 10. Supplemental Second Declaration of Tony Perkins, with attachment; and
23 11. Declaration of Lisa Boggess, with attachment.
24 *12. Amended Declaration of Eric S. Newman, with attachments A and B,
25 filed 9.20.19*

26 **III. FINDINGS OF FACT**

27 On September 20, 2019, this Court held an evidentiary hearing set by the State of
28 Washington, of which the Citizen Solutions Defendants received notice and in which they were
29 provided an opportunity to participate. Based on that hearing and the submissions and evidence

1 submitted by the parties, pursuant to CR 55(b)(2), the Court makes the following Findings of
2 Fact¹, based on the Evidence Relied Upon listed above, as well as the ~~briefing and oral arguments~~
3 ~~from the parties.~~ *briefs submitted by both parties.*

4 **A. Summary of Findings**

5
6 The Citizen Solutions Defendants participated in a scheme with the specific intent to
7 circumvent the disclosure requirements of RCW 42.17A, the State's Fair Campaign Practices
8 Act (FCPA), as described below.

9 In July 2012, Citizen Solutions, LLC made a payment of \$308,185 to Defendant Tim
10 Eyman, Watchdog for Taxpayer's LLC (Defendant Watchdog), which was personally authorized
11 by Defendant William Agazarm (Defendant Agazarm) to benefit Defendant Tim Eyman
12 (Defendant Eyman) personally, as well as to support another initiative campaign. That payment
13 was a kickback made by the Citizen Solutions Defendants with the specific intent to violate the
14 FCPA by concealing from the public the purpose of five expenditures of donor funds to Citizen
15 Solutions, LLC, which were contributed to support Initiative 1185 (I-1185).

17 Defendant Agazarm personally approved Citizen Solutions' kickback payment to the
18 Eyman Defendants. Defendant Agazarm did so with the knowledge that Defendant Eyman
19 planned to and, in fact, did use the funds for his own personal expenses and to support the
20 signature-gathering effort for a different Eyman-supported initiative, Initiative I-517 (I-517).
21 The kickback was funded by five expenditures, two from Defendant Eyman's own committee
22

23
24
25 ¹ These Findings of Fact are made only with respect to Defendants William Agazarm and Citizen Solutions,
26 LLC (Citizen Solutions Defendants). Though they reference Defendant Tim Eyman and Defendant Tim Eyman,
Watchdog for Taxpayers LLC (Eyman Defendants), they are not binding on the Eyman Defendants unless such
findings are made in another order of this Court.

1 Voters Want More Choices -- Save the 2/3rds (Mike Fagan) (VWMC) and three from other
2 Political Action Committees (PAC), all of which were solicited by Defendant Eyman.

3 By way of this kickback, Citizen Solutions Defendants conspired with Defendant Eyman
4 to intentionally cause VWMC to file false reports to the Public Disclosure Commission (PDC),
5 which misstated the purpose of four expenditures, and, in one case, concealed an expenditure
6 altogether. Neither the Citizen Solutions Defendants nor Defendant Eyman disclosed to the
7 public, the PDC, or to VWMC, that Defendant Eyman was receiving the Citizen Solutions
8 Defendants' \$308,185 kickback of contributed funds.

9
10 The Court finds that the Citizen Solutions Defendants acted with the specific intent to
11 violate the FCPA based on their ~~long~~ history of laundering campaign donations to conceal from
12 the public how those donations were being spent, as well as documents admitting or supporting
13 a finding of intent, as described below.

14
15 The Court finds that the Citizen Solutions Defendants not only knew the extent of
16 Defendant Eyman's scheme, but actively assisted with his violations, helping him mislead
17 contributors into believing their contributions would go to support ballot initiatives, when in fact,
18 they were benefiting Defendant Eyman personally. Crucially, the Citizen Solutions Defendants
19 assisted Defendant Eyman in laundering payments purportedly for signature gathering, which
20 were made after the signature gathering was completed and accepted by the Citizen Solutions
21 Defendants solely to conceal that they were being funneled to Defendant Eyman.

22 **B. Citizen Solutions' History of Malfeasance**

23
24 The Citizen Solutions Defendants accepted complicity in Defendant Eyman's schemes
25 as the cost of doing business with Defendant Eyman, schemes that have been ongoing for more
26 than a decade. During the State's investigation, an interview was conducted of Edward Agazarm,

1 one of the owners of Citizen Solutions Inc.², which was co-owned with Roy Ruffino. First
2 Declaration of Tony Perkins (First Perkins Decl.) ¶ 16. Edward Agazarm testified that from the
3 beginning of Citizen Solutions Inc.’s business relationship with Defendant Eyman in 2004,
4 Defendant Eyman had sought and received payments from the signature-gathering firm. *Id.*;
5 Ex. A. His testimony identified a history of intermittent payments from Citizen Solutions to
6 Defendant Eyman, ranging from \$5,000 to \$100,000. *Id.* ¶ 18. Mr. Agazarm testified that the
7 payments compensated Defendant Eyman for services, including the “service” of providing the
8 business of Defendant Eyman’s own signature drives to Citizen Solutions—in other words,
9 kickbacks. *Id.*

11 Defendant Eyman’s own responses to the State’s interrogatories admit that “in some of
12 the years between 2004 and 2008,” he received financial payments from Citizen Solutions Inc.
13 *Id.* ¶ 19; Ex. B. Defendant Eyman characterized these payments as “gifts,” not payments for
14 services. *Id.* However, Defendant Eyman acknowledges documents that describe the kickbacks
15 he received from Citizen Solutions and its principals, and in the documents he tacitly
16 acknowledges the payments were for services rendered. *Id.* ¶ 56; Ex. R.

18 **1. 2010 Concealment and Kickback Schemes: Initiative 1053**

19 Defendant Eyman wrote a letter to one of the two co-owners of Defendant Citizen
20 Solutions, LLC, Roy Ruffino, dated May 19, 2010. First Perkins Decl. ¶ 23; Ex. C. In the letter,
21 Defendant Eyman alluded to a history of receiving payments from the owners of the signature-
22

23
24 ² 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 gathering company. He wrote, "This year, Im [sic] hopeful that you and Eddie will provide
2 another generous remuneration³ [sic] check to me in December[.]" *Id.* ¶ 24. Defendant Eyman
3 specifically states that the kickback he was soliciting would compensate him for providing the
4 business of his own political committee, VWMC, to Citizen Solutions for the I-1053 signature
5 drive. *Id.* Defendant Eyman then proposed a scheme to increase the amount of his kickback
6 payment by padding the price VWMC would pay Citizen Solutions per signature for I-1053.
7 *Id.* ¶ 25. Defendant Eyman stated: "weve [sic] agreed to have Citizen Solutions collect signatures
8 for \$2.00 each. Im [sic] doing my best to raise money from the business community at a rate of
9 \$2.50 per signature. My goal is to have Voters Want More Choices pay Citizen Solutions the
10 agreed upon \$2 per sig plus \$150,000 so that you have an extra \$150,000 to provide to me." *Id.*;
11
12 *see* Ex. C.

13
14 On March 12, 2010, Roy Ruffino sent an email to Defendant Eyman, quoting a price of
15 \$2.00 per signature for I-1053. *Id.* ¶ 27; Ex. D. On March 15, 2010, Defendant Eyman forwarded
16 that email to donors to the I-1053 campaign; however, in the forwarded email, Ruffino's quote
17 was altered by Defendant Eyman to \$2.50 per signature, in furtherance of the plan later described
18 in Defendant Eyman's May 19 letter to Ruffino. *Id.* ¶ 28; Ex. E.

19 Defendant Eyman's 2010 scheme is indicative of a pattern in which Defendant Eyman
20 both concealed kickbacks he received from Citizen Solutions and defrauded contributors to his
21 political committee in order to fund the concealed payments. *Id.* ¶ 29. That Defendant Eyman
22 would inform Roy Ruffino of this fraud highlights the Citizen Solutions Defendants' complicity
23
24

25
26 ³ 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 in Defendant Eyman's scheme. *Id.*

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

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

13
14
15 In the 2011 election season, Defendant Eyman's political committee paid Citizen
16 Solutions Inc. \$1,008,000 to gather signatures for I-1125. *Id.* ¶ 34. These expenditures were
17 disclosed in campaign finance reports filed with the PDC. *Id.* Following the 2011 campaign,
18 Citizen Solutions' principals made \$86,000 in payments to Defendant Eyman, his wife Karen,
19 and their three minor children. *Id.* ¶ 35. These payments were documented in Defendant Eyman's
20 banking records. *Id.* The payments were made through two \$13,000 personal checks from Roy
21 Ruffino, and the remaining \$60,000 through cashier's checks purchased by Edward Agazarm.
22 *Id.*; Ex. G. None of the checks exceeded the IRS gift reporting threshold of \$13,000. *Id.*

23
24 Defendant Eyman's wife Karen Eyman was not aware that Roy Ruffino or Edward
25 Agazarm had ever given her or her children financial gifts. *Id.* ¶ 36; Ex. H. She did not socialize
26 with Mr. Ruffino or Edward Agazarm. *Id.* She could not recall ever having a personal

1 conversation with either of them and was not certain that she had ever met Edward Agazarm. *Id.*
2 These payments were kickbacks, which were paid in this manner in order to conceal them from
3 public scrutiny in violation of the FCPA.

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

6 Defendant Eyman received additional payments from the owners of Citizen Solutions.
7 First Perkins Decl. ¶ 37. In a letter dated August 3, 2012 addressed to Roy Ruffino, Defendant
8 Eyman referred to additional payments he had received from Edward Agazarm: \$130,000⁴ in
9 total payments he termed “gifts” for 2010 and 2011. *Id.*; Ex. I. That letter indicates that the
10 additional payments he expected from Roy Ruffino were not optional: “[T]his letter . . . concerns
11 resolving the 2010 and 2011 stuff. Eddie provided \$130,000 as a financial gift for those two
12 years – you said you’d do the same . . . I’d like us to agree on the amount still outstanding and
13 for you to let me know your gift payment plan . . . You need to come up with one.” *Id.* ¶ 38; *see*
14 Ex. I. This letter was sent after Citizen Solutions Inc. ceased operations and was replaced by
15 Citizen Solutions, LLC, which was half-owned by Defendant William Agazarm. *Id.*

16
17
18 In a November 15, 2012 letter to Roy Ruffino, Defendant Eyman pressured Ruffino to
19 provide tens of thousands of dollars in payments to Defendant Eyman that year and the next.
20 *Id.* ¶ 39; Ex. J. The letter referred to other payments that Ruffino had already made to Defendant
21 Eyman: “You generously gave me \$9900 on September 22nd (and a nice bottle of champagne!!)
22 so that leaves \$35,100 for the rest of 2012 and still \$39,000 for 2013. Roy, I ask that you please
23 schedule a few more lunches from now until December 31st so you can ‘max gift’ by the end of
24

25
26 ⁴ This is the exact amount Defendant Eyman would receive if Citizen Solutions gave each of the five
Eymans \$13,000 in each of two years, which reflects all of the parties’ efforts to keep these payments concealed
from the public.

1 the year. You're making great progress on this and I continue to be extremely grateful for your
2 continued help on it." *Id.*; *see* Ex. J. Based on Defendant Eyman's banking records produced
3 through discovery, it appears the \$9,900 deposit in September 2012 was made in cash. *Id.* ¶ 40;
4 Ex. K. Defendant Eyman admits receiving this \$9,900 payment. *Id.* ¶ 41; *see* Ex. B.

5
6 Defendant Eyman's banking records document \$95,900 in payments that Roy Ruffino
7 and Edward Agazarm made to the Eyman family members. *Id.* ¶ 42. Documents identify at least
8 \$90,000 in additional payments from the two men. *Id.* Defendant Eyman's correspondence
9 indicates that Defendant Citizen Solutions, LLC was aware that payments Roy Ruffino and
10 Edward Agazarm made to Defendant Eyman and his family were kickbacks. *Id.* ¶ 43. These
11 payments were kickbacks, which were paid in such a manner as to conceal them from public
12 scrutiny.

13
14 **4. 2012 Concealment and Kickback Schemes: Initiatives 1185 and 517**

15 Defendant Citizen Solutions, LLC's banking records show that from April 11 – July 6,
16 2012, Defendant Eyman's political committee and other sponsors paid Defendant Citizen
17 Solutions, LLC \$1,245,475 to gather signatures to qualify I-1185 for the 2012 ballot. First
18 Perkins Decl. ¶ 46. Defendant Eyman's political committee VWMC paid \$623,325 of this
19 amount, and other contributors and sponsors paid the remaining \$622,150, which were solicited
20 by Defendant Eyman. *Id.* ¶ 47. During the I-1185 signature drive, Edward Agazarm contacted
21 Defendant Eyman on May 15, 2012 and again on June 26, 2012, to discuss an increase in the
22 price of initiative signatures. *Id.* ¶ 48; Ex. L, Ex. M. Defendant Eyman agreed on May 15, 2012,
23 that the price of I-1185 signatures should be raised 50 cents per signature. *Id.* ¶ 49; Ex. N. The
24 email from Edward Agazarm to Defendant Eyman on June 26, 2012 stated, "[Defendant]
25 William [Agazarm] has asked me to bring you up to date," and referred to "[t]he \$270,000
26

1 *Id.*; see Ex. R. The \$270,000 is the identical amount that Edward Agazarm would later state was
2 “outstanding on the contract” for I-1185 signatures. *Id.*

3 Defendant Eyman’s statements in the June 5, 2012 email made clear that funds being
4 paid to Defendant Citizen Solutions, LLC would not be used exclusively to fund signature
5 gathering for I-1185 but would be converted to Defendant Eyman’s personal use. *Id.* ¶ 58. The
6 communication also indicates that the payments Defendant Eyman anticipated from Defendant
7 Citizen Solutions, LLC did not hinge on any services that Defendant Eyman would perform for
8 the company, other than having brought the I-1185 work to Citizen Solutions, LLC. *Id.*

9
10 In light of this letter, the Citizen Solutions Defendants knew on June 5, 2012 that they
11 would receive payments for a concealed purpose, i.e., to fund a kickback to Defendant Eyman.
12 *Id.* ¶ 59. Regardless of the justification for increased payments to Defendant Citizen Solutions,
13 LLC, Defendant Eyman continued to press I-1185 supporters for additional funds for signature
14 gathering. *Id.* ¶ 60. On many occasions, Defendant Eyman contacted contributors to warn that
15 without additional payments to Defendant Citizen Solutions, LLC, I-1185 might fail to qualify
16 for the ballot. *Id.* In an email to key fundraisers on June 20, 2012, Defendant Eyman stated,

17
18 It is abundantly clear that the sigs will be there if the \$\$ are there. To pay for
19 exactly 300,000 signatures, the signature drive budget is \$1,388,000 I have
20 recently learned that donations received so far (as of last Friday) total \$1,197,500.
21 There is roughly \$150,000 in donations not received but waiting to come in (it
22 was closer to \$200,000 but two \$25,000 pledges fell through). Again, that’s the
23 budget to hit EXACTLY 300,000. But I must quickly add that there must be a
24 cushion of \$\$ for signatures ABOVE THE MINIMUM. We’ve all invested too
25 much time and energy and money to be penny-wise but pound-foolish when it
26 comes to ensuring enough signatures are turned in to guarantee the initiative
qualifies for the ballot

27 *Id.* ¶ 61; Ex. S. On May 21, 2018, Defendant Citizen Solutions, LLC’s bank records document
28 the business’s financial transactions during the I-1185 signature drive. *Id.* ¶ 62. Those records

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

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

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

17
18 The \$27,150 in funds that the Washington Beer and Wine Distributors Association
19 provided on July 5, 2012, were not used for their intended purpose, to support I-1185. *Id.* ¶ 68.
20 The contribution and one hundred percent of the other funds that I-1185 supporters paid to
21 Defendant Citizen Solutions, LLC after July 3, 2012, were forwarded to Defendant Eyman. *Id.*

22
23 On July 8, 2012, Defendant Eyman participated in an email exchange with Defendant
24 Agazarm and Edward Agazarm. *Id.* ¶ 69. The topic of the exchange was Defendant Eyman's
25 efforts to obtain a payment from Defendant Citizen Solutions, LLC in 2012. *Id.*; Ex. W. In the
26 July 8, 2012 email, Defendant Agazarm assured Defendant Eyman that his payment was

1 forthcoming, writing, "My first and foremost goal is to ensure that you get paid what is properly
2 owed this year and to make it happen promptly. There should be no reason . . . that should prevent
3 you from getting paid immediately." *Id.* ¶ 70; *see* Ex. W. Defendant Agazarm indicated that Roy
4 Ruffino, the company's other member, was not aware of the purpose of the payments: "While
5 you are trying to avoid telling Roy exactly what the funds are for, you could always tell him you
6 are working on 'something' with Paul Jacobs [sic] and hoping to grow some national recognition
7 from it." *Id.*; *see* Ex. W.

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

12
13 promised Paul a payment early this week so eager to follow through on that and
14 get the ball rolling (you said some petitioners want to do it on speculation but
15 better to get them locked in early). [T]alked to Brian today and he'll have petitions
16 printed tomorrow (Monday). [S]trike while the iron's hot. [T]his morning I talked
17 to head of Citizens Alliance for Property Rights (CAPR) -- they've got a board
18 meeting this Friday night at which I'll present I-517.

19 *Id.*; *see* Ex. W.

20 On July 11, 2014, Defendant Eyman acknowledged that the signature drive being
21 discussed in the email was I-517: "Seems pretty clear . . . as the email below or the next paragraph
22 makes clear, we are talking about 517." *Id.* ¶ 72; Ex. X. So, the Citizen Solutions Defendants
23 knew on July 8, 2012, that Defendant Eyman would use the funds for additional concealed
24 purposes. *Id.* ¶ 73. The Citizen Solutions Defendants nevertheless stated their intent to provide
25 the funds to Eyman. *Id.*

26 On July 11, 2012, Defendant Citizen Solutions, LLC made a wire transfer of \$308,185
to Defendant Watchdog. *Id.* ¶ 74; Ex. Y. Defendant Agazarm admits executing this wire transfer.

1 *Id.* ¶ 75; Ex. Z. That same day, Defendant Eyman replied to an email notification he received of
 2 the \$308,185 transfer giving Defendant Agazarm and Edward Agazarm his “permission” to
 3 inform Roy Ruffino of the payment that Ruffino’s own company had just made to the Eyman
 4 Defendants: “Share this with Roy if you’d like.” *Id.* ¶ 76; Ex. AA. When asked about the
 5 \$308,185 payment during a deposition held on August 10, 2018, Mr. Ruffino refused to answer,
 6 citing 5th Amendment privilege. *Id.* ¶ 77; Ex. BB. During his deposition, Defendant Eyman also
 7 refused to answer questions concerning the payment, citing 5th Amendment protections.
 8 *Id.* ¶ 78; Ex. CC.

10 **5. The Concealed Expenditures**

11 The following chart lays out the five payments that were used to fund the kickback to
 12 Defendant Eyman. First Perkins Decl. ¶¶ 62, 68; *see* Ex. T. It is these five expenditures for which
 13 the Court is assessing the penalties described below.
 14

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 ⁵	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	NOT REPORTED AS IN-KIND CONTRIBUTION OR EXPENDITURE
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
		\$351,975.00	

25 ⁵ \$43,790 of this \$64,000 payment from AWB PAC was used for Citizen Solutions, LLC’s business
 26 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 Documents indicate that the Citizen Solutions Defendants were aware of and actively
2 participated in Defendant Eyman's ~~complicated~~ scheme to personally enrich himself with funds
3 solicited from I-1185 supporters for needless payments to Defendant Citizen Solutions. *Id.* ¶ 79.
4 This scheme is laid bare in Defendants' banking records and other documents. *Id.* The documents
5 indicate that the Citizen Solutions Defendants were aware of and participated in Defendant
6 Eyman's concealment, by helping to concoct a false rationale for their July 2012 kickback
7 payment as a consulting expense. *Id.* Finally, the documents indicate that the Citizen Solutions
8 Defendants were aware of and participated in Defendant Eyman's scheme to make concealed
9 contributions to support I-517 through payments to Citizens in Charge. *Id.*
10

11 Contributors to the I-1185 effort believed their payments were necessary to qualify the
12 initiative for the ballot. *Id.* ¶ 80. They did not intend their payments for signatures to compensate
13 Defendant Eyman, or to support I-517. *Id.* They were not aware that Defendant Eyman was
14 directing payments to Defendant Citizen Solutions, LLC so that the company could return the
15 funds to Defendant Eyman. *Id.* Had they been aware of Defendants' scheme to misdirect their
16 funds to Defendants Watchdog and Eyman, they would not have contributed to support I-1185.
17 *Id.* See the declaration of Gary Chandler of the Association of Washington Business (Ex. DD);
18 the declaration of John Guadnola, the Executive Director in 2012 of the Washington Beer and
19 Wine Distributors Association (Ex. Q); and the declaration of Greg Hanon, a lobbyist who
20 facilitated contributions in support of I-1185 from his clients (Ex. O).
21

22
23 Defendant Eyman's partners in VWMC, Jack and Mike Fagan, were similarly unaware
24 that Defendant Eyman surreptitiously had Defendant Citizen Solutions, LLC overcharge their
25 committee for payments to compensate Defendant Eyman. *Id.* ¶ 81; *see* Ex. T. They were also
26

1 | unaware that they had been deceived by the Citizen Solutions Defendants into filing inaccurate
2 | reports to the PDC regarding the five expenditures listed above.

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

4 | Further factual findings supporting the Court's finding of Citizen Solutions' intentional
5 | violation of the FCPA include the Citizen Solutions Defendants conspiring to obstruct the PDC's
6 | investigation. After accepting excess payments from I-1185 supporters and kicking those
7 | payments back to Defendant Eyman, the Citizen Solutions Defendants proactively concealed
8 | their complicity in Defendant Eyman's scheme from the state regulators who were investigating
9 | allegations regarding diversion of I-1185 contributions to the I-517 campaign. First Perkins
10 | Decl ¶ 82. On September 11, 2012, Defendant Agazarm sent an email to the PDC's Director of
11 | Compliance, discussing a complaint that had been filed against Defendant Eyman and the I-517
12 | committee (to which a majority of Defendant Eyman's kickback was diverted). *Id.*; Ex. EE. The
13 | contents of this email were drafted by Defendant Eyman. *Id.* ¶ 83; Ex. FF. The email contains
14 | the draft of Defendant Agazarm's proposed statements, envisioned at that point as an email not
15 | to the PDC, but to I-1185 contributor the Association of Washington Business. *Id.*

16 | In sending this same information to the PDC, Defendant Agazarm provided a list of
17 | deposits that Defendant Citizen Solutions received for I-1185 signatures. *Id.* ¶ 84. Defendant
18 | Agazarm told the state regulator that "every dollar went for I-1185." *Id.*; see Ex. EE. At the time
19 | of his September 11, 2012 email, Defendant Agazarm knew that his statement was false. *Id.* ¶ 85.
20 | He was aware that (1) Defendant Citizen Solutions accepted payments intended to support
21 | I-1185 knowing they would be used to fund a kickback to Defendant Eyman, (2) that the funds
22 | had in fact been used for that purpose, through a \$308,185 transfer to Defendant Watchdog on
23 | July 11, 2012, and (3) that prior to this July 11, 2012 payment, Defendant Eyman informed
24 |
25 |
26 |

1 Defendant Agazarm that he would be forwarding the funds to Paul Jacob to sponsor signatures
2 for a different initiative (I-517). *Id.*; see Ex. R; Ex. Y; Ex. Z; Ex. W.

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

9
10 On September 12, 2012, Defendant Eyman sent an email to Defendant Agazarm,
11 instructing him to delay sending his second email to the PDC until September 13, 2012. *Id.* ¶ 87;
12 Ex. HH. On September 13, 2012, Defendant Agazarm sent an email to the PDC, communicating
13 the information that Defendant Eyman provided to him, as instructed. *Id.* ¶ 88; Ex. II.

14
15 **7. Additional, 2013, Concealment and Kickback Schemes: Initiatives to the**
16 **Washington Legislature**

17 Banking records produced pursuant to court order and documents that Defendant Eyman
18 produced from his own computer show that the Citizen Solutions Defendants' schemes to divert
19 political committee expenditures to Defendant Eyman for his personal use did not end in 2012,
20 even after the State began to investigate these schemes. First Perkins Decl. ¶ 89. In 2013,
21 Defendant Citizen Solutions, LLC accepted \$50,000 from Defendant Eyman's political
22 committee Voters Want More Choices—No New Taxes 2013. *Id.* ¶ 90; Ex. JJ. No signatures
23 were gathered as a result of this payment, and the payment was returned to Defendant Eyman's
24 committee one month later on June 3, 2013. *Id.* However, Defendant Eyman's documents reveal
25 an understanding shared among the Defendants, wherein if Defendant Eyman secured sufficient
26

1 payments to Defendant Citizen Solutions, LLC for a 2013 signature drive, the payments would
2 result in profit for Defendant Eyman personally. *Id.* ¶ 91.

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

14 The same year, Defendant Citizen Solutions, LLC worked to gather signatures for I-591,
15 an initiative to the 2014 legislature related to firearms. *Id.* ¶ 93. I-591 was not sponsored by
16 Defendant Eyman or supported by his political committee, but Defendant Eyman and the Citizen
17 Solutions Defendants still expected that Defendant Eyman would profit from payments made to
18 Defendant Citizen Solutions, LLC in connection with the initiative. *Id.* In an email to Defendant
19 Agazarm sent on June 8, 2013, Edward Agazarm proposed a cost of \$1.50 per signature to "build
20 the order" for the I-591 drive, plus a built-in profit for Defendant Agazarm, Roy Ruffino, and
21 Defendant Eyman, split three ways: "Roy - William - Tim three way split \$1/sig (.33 each) .
22 . . ." *Id.* ¶ 94; Ex. LL. In a reply sent the same day, Defendant Agazarm did not dispute that
23 Defendant Eyman would realize a profit from the I-591 signature drive equal to himself and Roy
24
25
26

1 Ruffino. *Id.* Rather, Defendant Agazarm communicated that he would order the printing of
2 petitions “Once we know this is a lock[.]” *Id.*

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

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

14
15 In his deposition held on August 10, 2018, Roy Ruffino was asked whether any payments
16 that Defendant Citizen Solutions, LLC made to the North Creek Law Firm were ever intended
17 to go to anyone other than the firm’s sole attorney, Mark Lamb. *Id.* ¶ 97; *see* Ex. BB. Mr. Ruffino
18 was then asked specifically whether any payments Defendant Citizen Solutions, LLC made to
19 the North Creek Law Firm were ever intended to go to Defendant Eyman. *Id.* On the advice of
20 his attorney Mark Lamb, Mr. Ruffino refused to answer either question, invoking 5th
21 Amendment protections against self-incrimination. *Id.* Other questions Mr. Ruffino refused to
22 answer included questions about his awareness of Defendant Watchdog, whether Defendant
23 Citizen Solutions, LLC had ever worked with Defendant Watchdog, whether Defendant Citizen
24 Solutions, LLC had ever paid Defendant Watchdog any money, and whether Defendant Eyman
25 had ever solicited financial gifts from Mr. Ruffino or Edward Agazarm. *Id.* ¶ 77; *see* Ex. BB. On
26

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 All of this behavior shows the Citizen Solutions Defendants refusal to take responsibility
4 for their wrongdoing and their active obstruction of the State's investigation.

5 The State's fees of \$562,789.48 and costs of \$43,310.26, as supported by the declarations
6 referenced above, are reasonable in amount and were reasonably necessary to achieving the
7 judgment in this matter.

8
9 **IV. CONCLUSIONS OF LAW**

10 As supported by the Findings of Fact stated above, as well as the briefing and argument
11 of the parties and the documents on file in this matter, this Court makes the following
12 Conclusions of Law:

- 13
- 14 1. The Court finds the Citizen Solutions Defendants have a long history of violating the
15 FCPA.
 - 16 2. Though it is not an exhaustive list of the Citizen Solutions' Defendants' violations of
17 the FCPA, relevant to the penalties listed below, the Court finds that on at least five
18 occasions, the Citizen Solutions Defendants violated RCW 42.17A.435 by
19 concealing the true purpose of five expenditures in support of ballot proposition
20 I-1185, as described above. That statute mandates, "[N]o expenditure shall be
21 incurred, directly or indirectly, in a fictitious name, anonymously, or by one person
22 through an agent, relative, or other person in such a manner as to conceal the identity
23 of the source of the contribution or in any other manner so as to effect concealment."

24 The five violative expenditures include two payments from the Association of
25 Washington Business PAC totaling \$109,000, two payments from Voters Want More
26

1 Choices – Save the 2/3rds (Mike Fagan) totaling \$215,825, and one payment from
2 the Washington Wine and Beer Wholesalers of \$27,150.

- 3
4 3. The Court finds that the Citizen Solutions Defendants’ violations of the FCPA are
5 particularly egregious, warranting a substantial penalty.
- 6
7 4. In determining the penalties in this matter, the Court has considered the nature of the
8 violations and the relevant circumstances, and the factors listed in
9 RCW 42.17A.750(1)(d), including, but not limited to, the factors listed below. Each
10 factor relevant to this matter weighed in favor of assessment of the maximum per
11 violation penalty.
- 12
13 5. The Court finds the Citizen Solutions Defendants’ violations here are part of a pattern
14 of violations, which resulted from a knowing and intentional effort to conceal,
15 deceive, and mislead, and from collusive behavior as recognized by
16 RCW 42.17A.750(1)(d)(i).
- 17
18 6. The Court finds the Citizen Solutions Defendants’ violations here “had a significant
19 or material impact on the public” pursuant to RCW 42.17A.750(1)(d)(ii). The public
20 continued to contribute to the I-1185 campaign believing it was necessary to obtain
21 enough signatures to qualify the initiative when in fact the signatures were already
22 gathered and paid for, and the money was being collected to pay a kickback to
23 Defendant Eyman. Donors would not have contributed funds if they had known they
24 would be funneled to Defendant Eyman.
- 25
26 7. The Court finds the Citizen Solutions Defendants’ violations here were despite their
“[e]xperience with campaign finance law and procedures,” pursuant to
RCW 42.17A.750(1)(d)(iii). The Citizen Solutions Defendants had substantial

1 experience with campaign finance law and procedure. They were in the campaign
2 business.

3 8. The Court finds the Citizen Solutions Defendants' benefited economically from the
4 noncompliance, as recognized by RCW 42.17A.750(1)(d)(vi).

5 9. The Court finds the Citizen Solutions Defendants failed to cooperate with
6 commission staff during enforcement action, and in fact obstructed commission staff
7 through deceit. Further, the Citizen Solutions Defendants failed to demonstrate a
8 wish to acknowledge and take responsibility for their violations, as recognized by
9 RCW 42.17A.750(1)(d)(xii).

10 10. Based on the foregoing, the Court finds that this matter warrants the maximum
11 penalty per violation against Defendant Agazarm. The Court hereby assesses a
12 penalty of \$10,000 against Defendant Agazarm individually for each of the five
13 violations described above, for a total base penalty of \$50,000. The Court recognizes
14 that additional penalties based on the amount concealed could be assessed, and the
15 Court has intentionally not added these penalties because the maximum per violation
16 penalty has been assessed here.

17 11. Based on the foregoing, the Court finds that this matter warrants the maximum
18 penalty per violation against Defendant Citizen Solutions, LLC. The Court hereby
19 assesses a penalty of \$10,000 against Defendant Citizen Solutions, LLC individually
20 for each of the five violations described above, for a total base penalty of \$50,000.
21 The Court recognizes that additional penalties based on the amount concealed could
22 be assessed, and the Court has intentionally not added these penalties because the
23 maximum per violation penalty has been assessed here.
24
25
26

1 12. The violations found above are hereby found to have been intentional. The Court
2 finds that the wrongful actions of the Citizen Solutions Defendants were committed
3 with their knowledge that they were violating the FCPA and with the intent to violate
4 the FCPA. Therefore, the penalties assessed above are hereby trebled as punitive
5 damages pursuant to RCW 42.17A.780. As a result of the trebling, each of the Citizen
6 Solutions Defendants is hereby assessed a total individual penalty of \$150,000.

7
8 13. Pursuant to RCW 42.17A.780 the State is entitled to the costs of the investigation
9 and the litigation of this matter, including reasonable attorneys' fees in the amount of
10 \$562,789.48 and other costs in the amount of \$43,310.26. Those amounts are hereby
11 awarded to the State against both Citizen Solutions Defendants, jointly and severally.

12 14. This Court previously awarded to the State attorneys' fees in the amount of
13 \$16,155.93, in addition to the fees stated above. That amount is hereby awarded to
14 the State against both Citizen Solutions Defendants, jointly and severally.

15 15. On the date the default order was entered against the Citizen Solutions Defendants,
16 the unpaid contempt sanctions under this Court's previous contempt orders totaled
17 \$117,500. That amount is hereby awarded to the State against both Citizen Solutions
18 Defendants, jointly and severally.

19
20 *He. RCW 42.17A.750(b)(c) does not limit liability to \$10,000 per violation;
Rather, civil penalties may be imposed in addition to other remedies provided
by law.*
21 **JUDGMENT**

22 THIS MATTER came on regularly before the undersigned judge of the above-entitled
23 Court. Plaintiff, STATE OF WASHINGTON (STATE), appearing through its attorneys of
24 record, ROBERT W. FERGUSON, Attorney General, ERIC S. NEWMAN, Chief Litigation
25 Counsel - Antitrust Division, S. TODD SIPE, Assistant Attorney General, and PAUL M.
26 CRISALLI, Assistant Attorney General. Defendants WILLIAM AGAZARM, individually and

1 as a principal of CITIZEN SOLUTIONS, LLC; CITIZEN SOLUTIONS, LLC, a Washington
2 limited liability company, were represented by Mark Lamb. The Court, having reviewed the
3 records and files herein, hereby **GRANTS** the State's Motion for Default Judgment under
4 CR 55(b)(1) and (2), and it is hereby **ORDERED** as follows:
5

- 6 1. Defendant WILLIAM AGAZARM, individually, is hereby assessed a civil penalty, under
7 the provisions of RCW 42.17A.750 and RCW 42.17A.780, in the amount of \$150,000
8 payable to the State of Washington within 30 days of the entry of this Judgment.
- 9 2. Defendant CITIZEN SOLUTIONS, LLC, a Washington limited liability company, is hereby
10 assessed a civil penalty, under the provisions of RCW 42.17A.750 and RCW 42.17A.780, in
11 the amount of \$150,000 payable to the State of Washington within 30 days of the entry of
12 this Judgment.
- 13 3. Pursuant to this Court's previous orders, Defendants WILLIAM AGAZARM and CITIZEN
14 SOLUTIONS, LLC, shall be jointly and severally liable to pay to the State of Washington
15 the amount of \$117,500 in previously awarded and unpaid contempt sanctions within 30 days
16 of this Judgment.
- 17 4. Pursuant to this Court's previous order, Defendants WILLIAM AGAZARM and CITIZEN
18 SOLUTIONS, LLC, shall be jointly and severally liable to pay to the State of Washington
19 the amount of \$16,155.93 in previously awarded and unpaid attorneys' fees within 30 days
20 of this Judgment, in addition to the attorneys' fee award below.
- 21 5. As authorized under RCW 42.17A.780, Defendants WILLIAM AGAZARM and CITIZEN
22 SOLUTIONS, LLC, shall be jointly and severally liable to pay to the State of Washington
23 the amount of \$562,789.48 as reasonable attorneys' fees, in addition to those awarded above,
24 and \$43,310.26 as costs within 30 days of this Judgment.
25
26

1 6. Consistent with CR 54(b), the Court determines and directs that this judgment be entered as
2 a final judgment as to the following defendants: WILLIAM AGAZARM, individually and
3 CITIZEN SOLUTIONS, LLC, individually. The Court finds that there is no just reason for
4 delay. Because liability was established against the Citizen Solutions Defendants by default,
5 there is no relation between the claims adjudicated here and the claims against the remaining
6 defendants. The action against the remaining defendants will not affect the liability of or the
7 penalties against the Citizen Solutions Defendants, and no issue remains to be decided that
8 would affect the rights of the Citizen Solutions Defendants. The entry of judgment against
9 the Citizen Solutions Defendants will not delay the trial of the unadjudicated matters against
10 the remaining defendants. The Court finds that the State should be delayed no further in
11 obtaining the relief provided above. The Court finds the remaining issues to be decided as to
12 the remaining defendants can easily be decided separately, and there is nothing that would
13 prevent the entry of separate judgments as to those defendants. The Court finds that the
14 interests of justice and judicial economy weigh in favor of entering a final judgment as to the
15 Citizen Solutions Defendants now.

16
17
18 ³⁰
19 ~~DONE IN OPEN COURT~~ this 20th day of September 2019.

20 
21 _____
22 JUDGE JAMES J. DIXON
23
24
25
26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

PRESENTED BY:

ROBERT W. FERGUSON
Attorney General

ERIC S. NEWMAN, WSBA #31521
Chief Litigation Counsel – Antitrust Division
S. TODD SIPE, WSBA #23203
PAUL M. CRISALLI, WSBA #40681
Assistant Attorneys General
Attorneys for Plaintiff State of Washington