

1 Defendants accountable for a scheme to circumvent these fundamental rules.

2 1.2 For decades, Defendant Tim Eyman has sponsored Washington citizen
3 initiatives, including Initiative 1185 (I-1185), related to supermajority approval of tax
4 increases, and Initiative 517 (I-517), related to initiative signature-gathering. The State alleges
5 that Defendant Eyman caused a political committee supporting I-1185 to pay inflated prices to
6 a signature-gathering company, Defendant Citizen Solutions, LLC (Citizen Solutions), a
7 Washington corporation owned by Defendant William Agazarm and Roy Ruffino. Shortly after
8 the I-1185 signatures were delivered to the Secretary of State, Citizen Solutions paid over
9 \$300,000 of this signature-gathering revenue back to Defendant Eyman. Without disclosure to
10 I-1185 contributors, Defendant Eyman used some of this money to pay for his and his family's
11 personal living expenses. Further, with the knowledge of Defendant Agazarm, Defendant
12 Eyman also transferred a portion of the money to a Virginia advocacy organization, which
13 used Defendant Eyman's payments to hire signature-gatherers for a different Eyman-sponsored
14 initiative campaign, I-517. As a final step in this scheme, Defendant Eyman caused the
15 political committee supporting I-517 to state in public campaign disclosure reports that it had
16 received in-kind contributions from the Virginia advocacy organization for signature-
17 gathering, rather than disclosing that the true source of funds for the signature-gathering was
18 Defendant Eyman.

19 1.3 Defendants' execution of this scheme violated provisions of RCW 42.17A by
20 concealing the true source of contributions and recipients of expenditures required to be
21 disclosed in filings with the Public Disclosure Commission.

22 1.4 Additionally, the State alleges that Defendants Eyman and the corporation he
23 controlled, Defendant Tim Eyman Watchdog for Taxpayers LLC (Watchdog), made improper
24 personal use of contributions received by the I-1185 political committee "Voters Want More
25 Choices – Save the 2/3s (Mike Fagan)" (Voters Want More Choices).

26 1.5 Finally, Defendant Eyman acted in such a manner so as to ensure that

1 misleading and inaccurate campaign finance disclosure reports were filed by political
2 committees of which he was an officer.

3 1.6 The State seeks relief under RCW 42.17A.750 and .765, including civil
4 penalties, costs of investigation, costs of trial, reasonable attorneys' fees, and injunctive relief.

5 II. PARTIES

6 2.1 Plaintiff is the State of Washington. Acting through the Washington State
7 Attorney General, a local prosecuting attorney, or the Public Disclosure Commission, the State
8 enforces the state campaign finance disclosure laws contained in RCW 42.17A.

9 2.2 Defendant TIM EYMAN (Eyman) is a resident of the City of Mukilteo in
10 Snohomish County, Washington. At all times material to this Complaint, Eyman acted as a
11 professional sponsor and promoter of various Washington citizen initiatives, and earned his
12 living in connection with the business of one or more political committees of which he was an
13 officer, including Voters Want More Choices – Save the 2/3s and Protect Your Right to Vote
14 on Initiatives.

15 2.3 Defendant TIM EYMAN WATCHDOG FOR TAXPAYERS, LLC (Watchdog)
16 is a Washington limited liability company, of which Defendant Eyman is the registered agent
17 and sole governing person identified in the company's publicly accessible Washington
18 Secretary of State registration data.

19 2.4 Defendant WILLIAM AGAZARM (Agazarm), at all times material to this
20 Complaint, was a member of the Washington limited liability company, Defendant Citizen
21 Solutions, LLC and personally performed the acts identified in this Complaint in Washington
22 in that capacity.

23 2.5 Defendant CITIZEN SOLUTIONS, LLC (Citizen Solutions) is a Washington
24 limited liability company that provides signature-gathering services to initiative campaigns.

25 III. JURISDICTION AND VENUE

26 3.1 This Court has subject matter jurisdiction over the present case, in accordance

1 with RCW 42.17A. The Attorney General has authority to bring this action pursuant to
2 RCW 42.17A.765.

3 3.2 This Court has personal jurisdiction over Defendants, who are either individual
4 residents of the State of Washington, corporate officers of a Washington limited liability
5 company, or Washington limited liability companies. Additionally, by their conduct alleged
6 below, Defendants performed acts in violation of state campaign finance disclosure laws
7 including concealment of the true source of campaign contributions, personal use of campaign
8 contributions, and the filing of incomplete and/or misleading disclosure reports with the Public
9 Disclosure Commission (PDC) in Thurston County, Washington.

10 3.3 Venue is proper in this Court pursuant to RCW 4.12.020(1).

11 IV. FACTUAL ALLEGATIONS

12 4.1 RCW 42.17A declares as a matter of public policy “[t]hat political campaign
13 and lobbying contributions and expenditures be fully disclosed to the public and that secrecy is
14 to be avoided.” RCW 42.17A.001(1). The statute further provides that the state’s campaign
15 finance and disclosure law “shall be liberally construed to promote complete disclosure of all
16 information respecting the financing of political campaigns.” *Id.* Finally, the statute provides
17 that “the public's right to know of the financing of political campaigns and lobbying and the
18 financial affairs of elected officials and candidates far outweighs any right that these matters
19 remain secret and private.” RCW 42.17A.001(10).

20 4.2 Washington’s campaign finance and disclosure law prohibits the concealment
21 of a source of political contributions or recipient of expenditures. “No contribution shall be
22 made and no expenditure shall be incurred, directly or indirectly, in a fictitious name,
23 anonymously, or by one person through an agent, relative, or other person in such a manner as
24 to conceal the identity of the source of the contribution or in any other manner so as to effect
25 concealment.” RCW 42.17A.435.

26 4.3 Generally, campaign contributions and political committee funds may not be

1 spent on personal uses unrelated to the campaign. *See generally* RCW 42.17A.445.

2 **A. Defendant Eyman’s Initiatives At Issue in This Case**

3 **1. Initiative 1185 – An Initiative to the People of Washington**

4 4.4 On January 6, 2012, Defendant Eyman filed an initiative to the people with the
5 Washington Secretary of State’s Office, which was labeled as Initiative 1185. The official
6 ballot title for I-1185 was issued on January 13, 2012. According to its official ballot title,
7 I-1185 “would restate existing statutory requirements that legislative actions raising taxes must
8 be approved by two-thirds legislative majorities or receive voter approval, and that new or
9 increased fees require majority legislative approval.”

10 4.5 On July 7, 2012, approximately 320,000 signatures supporting I-1185 were
11 submitted to the Washington Secretary of State. The Secretary of State certified the signatures,
12 and I-1185 ultimately appeared on the November 2012 General Election ballot.

13 4.6 Washington voters approved I-1185 on November 6, 2012.

14 **2. Initiative 517 – An Initiative to the Legislature**

15 4.7 On April 5, 2012, Defendant Eyman filed an initiative to the Legislature with
16 the Washington Secretary of State’s Office, which was ultimately labeled as Initiative 517. The
17 official ballot title for I-517 was issued on April 13, 2012. According to its official ballot title,
18 I-517 “would set penalties for interfering with or retaliating against signature-gatherers and
19 petition-signers; require that all measures receiving sufficient signatures appear on the ballot;
20 and extend time for gathering initiative petition signatures.”

21 4.8 Approximately 345,000 signatures supporting I-517 were submitted to the
22 Washington Secretary of State’s Office by the January 4, 2013 deadline. The initiative
23 qualified for presentation to the 2013 Washington Legislature. After the state legislative
24 session ended on April 28, 2013 with no action by the legislature on it, I-517 was submitted to
25 the voters in the 2013 General Election.

26 4.9 Washington voters rejected I-517 on November 5, 2013.

1 **B. Citizen Solutions**

2 4.10 From 2004 to 2011, Defendant Citizen Solutions provided signature-gathering
3 services for citizen initiative committees, a number of them associated with Defendant Eyman.
4 Over the same time, the political committees associated with Defendant Eyman paid Citizen
5 Solutions nearly three million dollars for its signature-gathering services.

6 4.11 From 2004 to 2011, the governing persons of Citizen Solutions were Roy
7 Ruffino and Edward Agazarm. From January 2012 forward, the governing persons of Citizen
8 Solutions were Roy Ruffino and Defendant William Agazarm. Edward Agazarm continued to
9 provide services for Citizen Solutions in 2012.

10 **C. The I-1185 and I-517 Political Committees**

11 **1. Voters Want More Choices – Save the 2/3s (Mike Fagan) – Political**
12 **Committee**

13 4.12 On April 2, 2012, Stan Long registered “Voters Want More Choices – Save the
14 2/3’s (Mike Fagan)” (Voters Want More Choices) with the state Public Disclosure
15 Commission. He identified Voters Want More Choices’ purpose as supporting ballot measure
16 I-1185. Voters Want More Choices identified Defendant Eyman on its committee registration
17 form as a Voters Want More Choices officer and media contact for Voters Want More
18 Choices.

19 4.13 During the 2012 election cycle, Defendant Eyman exclusively handled all
20 vendor contracting and direction to pay vendors on behalf of Voters Want More Choices. On
21 April 2, 2012, Defendant Eyman, acting on behalf of Voters Want More Choices as one of its
22 officers, signed a professional services contract with Defendant Citizen Solutions to provide
23 signatures to qualify I-1185 for the November 2012 General Election ballot. Defendant
24 Agazarm signed the agreement on behalf of Defendant Citizen Solutions. Defendant Eyman
25 did not engage in a competitive bid process to select a vendor for the signature-gathering
26 services. Defendant Eyman negotiated the contract on behalf of Voters Want More Choice

1 with Edward Agazarm and Defendant William Agazarm.

2 4.14 According to the contract, Voters Want More Choices agreed to pay Defendant
3 Citizen Solutions \$3.50 per signature gathered in support of qualifying I-1185 for the
4 November ballot (a total cost of \$1,050,000). Defendant Citizen Solutions, in turn, agreed to
5 supply the signatures and hire and pay professional signature-gatherers to fulfill its obligations
6 under the agreement. On information and belief, the payments to Defendant Citizen Solutions
7 under the contract garnered it a 60% gross margin in profits.

8 4.15 On May 15, 2012, Defendant Citizen Solutions sought and Defendant Eyman,
9 acting as an officer of Voters Want More Choices, agreed to a price increase of 50 cents per
10 signature for the I-1185 drive.

11 4.16 Defendant Eyman did not consult with the other Voters Want More Choices
12 officers on this per signature increase. The other Voters Want More Choices officers did not
13 participate in vendor contracting or determine when payments would be made to Defendant
14 Citizen Solutions. Defendant Eyman directed when and how much committee money would be
15 sent to Defendant Citizen Solutions.

16 4.17 Over the course of the signature drive for I-1185, Voters Want More Choices
17 disclosed making \$623,325 in expenditures to Citizen Solutions for signature-gathering. All
18 expenditures made by Voters Want More Choices were made at the direction of Defendant
19 Eyman. In addition to these expenditures, Voters Want More Choices reported receiving
20 \$495,000 in in-kind contributions from the Association of Washington Businesses PAC for its
21 direct payments to Citizen Solutions for signature-gathering services, and \$100,000 in in-kind
22 contributions from the Washington Beer and Wine Wholesalers for its direct payments to
23 Citizen Solutions for signature-gathering services for the I-1185 signature drive. The total
24 payments by Voters Want More Choices and the in-kind contributors to Citizen Solutions for I-
25 1185 signature-gathering amounted to \$1,218,325.

26 4.18 On July 7, 2012, Voters Want More Choices delivered 320,003 signatures in

1 support of I-1185 to the Secretary of State.

2 4.19 Based on the disclosed payments to Citizen Solutions for I-1185 signatures
3 (\$1,218,324.99) and the number of signatures delivered (320,003), the price per signature for
4 the I-1185 drive was approximately \$3.81 per signature. Defendant Citizen Solutions paid the
5 signature gatherers for the I-1185 drive approximately \$1.00 per signature.

6 4.20 Prior to the I-1185 signature drive, Defendant Citizen Solutions' signature-
7 gathering drives between 2007 and 2013 featured per-signature rates as low as approximately
8 \$1.45 (to collect nearly 315,000 I-960 signatures in 2007), \$1.64 (to collect nearly 302,000
9 signatures for I-985 in 2008), and \$1.62 (to collect over 315,000 signatures for I-1033 in
10 2009).

11 **2. Protect Your Right to Vote on Initiatives – Political Committee**

12 4.21 On May 3, 2012, Stan Long registered “Protect the Initiative Act (Jack Fagan)”
13 (later amended to Protect Your Right to Vote on Initiatives) with the state Public Disclosure
14 Commission. He identified Protect Your Right’s purpose as supporting Initiative 517. He
15 identified Defendant Eyman on the committee registration form as a committee officer and as
16 “media”.

17 4.22 According to the official ballot title, I-517 “would set penalties for interfering
18 with or retaliating against signature-gatherers and petition-signers; require that all measures
19 receiving sufficient signatures appear on the ballot; and extend time for gathering initiative
20 petition signatures.”

21 4.23 In January 2013, Defendant Eyman presented approximately 345,000 signatures
22 to the Washington Secretary of State to qualify I-517 for consideration by the legislature. After
23 the 2013 legislative session ended with no action on the I-517 petition, the matter was referred
24 for a popular vote. I-517 was rejected by a majority of voters on November 5, 2013.

25 **D. The Illegal Scheme**

26 **1. Payment from Citizen Solutions to Eyman**

1 4.24 Immediately after the signatures were delivered to the Secretary of State for I-
2 1185 and after Defendant Citizen Solutions had received \$623,325 from Voters Want More
3 Choices for those signatures, Defendants Eyman and Watchdog sought and received \$308,185
4 from Defendant Citizen Solutions. On July 8, 2012, Defendant Eyman requested the payment
5 from Defendant Citizen Solutions. The payment of \$308,185 came by way of a wire transfer
6 made on July 11, 2012—four days after the signatures for I-1185 were delivered to the
7 Secretary of State’s office to be verified. Defendant William Agazarm approved the payment
8 to Defendant Eyman with knowledge that the funds would be used to obtain signatures for I-
9 517.

10 4.25 No written agreement existed between any of the Defendants related to the
11 \$308,185 payment to Defendants Eyman and Watchdog from Defendant Citizen Solutions.
12 Defendant Eyman never disclosed receipt of the payment to Voters Want More Choices’ other
13 officers, any contributor, or any member of the public.

14 4.26 Voters Want More Choices did not disclose in any filing with the Public
15 Disclosure Commission that \$308,185, or any portion of contributions to Voters Want More
16 Choices by members of the public that were spent on signature-gathering, had been directed to
17 Defendant Eyman.

18 **2. Defendants Eyman and Watchdog’s Personal Use of Campaign**
19 **Contributions**

20 4.27 After receiving \$308,185 from Defendant Citizen Solutions, Defendants Eyman
21 and Watchdog used the funds received for personal use.

22 4.28 Defendant Eyman used a portion of the funds received from Defendant Citizen
23 Solutions as support for his family, as personal living expenses.

24 4.29 Defendants Eyman and Watchdog paid approximately \$200,000 to a Virginia
25 company, Citizens in Charge, in a series of checks and wire transfers between July and
26 October 2012. Defendant Eyman understood that the funds he sent Citizens in Charge would

1 be used to sponsor signature-gathering for I-517 and were necessary for that effort.

2 4.30 After receiving funds from Defendants Eyman and Watchdog, Citizens in
3 Charge spent \$182,000 on signature-gathering firms working to obtain sufficient signatures to
4 qualify I-517 for presentation to the 2013 Washington legislature.

5 **3. Defendant Eyman's Concealment of His Contribution to I-517 Signature-**
6 **Gathering**

7 4.31 Defendant Eyman instructed Protect Your Right committee members, including
8 its treasurer, to attribute the amount of \$182,000 as in-kind contributions from Citizens in
9 Charge to support I-517 signature-gathering efforts. At Defendant Eyman's direction, Protect
10 Your Right reported to the Public Disclosure Commission \$182,000 as in-kind contributions
11 from Citizens in Charge. Protect Your Right did not report expenditures of its own funds to
12 support the drive to collect signatures for I-517 or any contribution from Defendant Eyman
13 toward signature-gathering.

14 4.32 Defendant Eyman remained a committee officer of Protect Your Right
15 throughout the signature-gathering drive and subsequent election when Protect Your Right
16 reported that Citizens in Charge made in-kind contributions totaling \$182,000 in signature-
17 gathering services for I-517.

18 **V. CLAIMS**

19 Plaintiff re-alleges and incorporates by reference all the factual allegations contained in
20 the preceding paragraphs, and based on those allegations, makes the following claims:

21 5.1 First Claim: Plaintiff reasserts the factual allegations made above and further
22 asserts that Defendants, in violation of RCW 42.17A.435, caused contributions and
23 expenditures to be made and reported by Voters Want More Choices and Protect Your Right in
24 such a manner so as to effect concealment of the true source of the contributions and receipt of
25 the expenditures.

26 5.2 Second Claim: Plaintiff reasserts the factual allegations made above and further

1 asserts that Defendants Eyman and Watchdog, in violation of RCW 42.17A.445, made
2 improper personal use of campaign contributions first collected by Voters Want More Choices.

3 5.3 Third Claim: Plaintiff reasserts the factual allegations made above and further
4 asserts that Defendants, in violation of RCW 42.17A.235 and .240, caused misleading and
5 inaccurate reports of contributions and expenditures to be filed by Voters Want More Choices
6 and Protect Your Right.

7 5.4 Fourth Claim: Plaintiff reasserts the factual allegations made above and further
8 asserts that Defendants, in committing the violations alleged above, acted in a negligent and/or
9 intentional manner.

10 **VI. REQUEST FOR RELIEF**

11 WHEREFORE, Plaintiff requests the following relief as provided by law:

12 6.1 For such remedies as the court may deem appropriate under RCW 42.17A.750,
13 including but not limited to imposition of a civil penalty, all to be determined at trial;

14 6.2 For all costs of investigation and trial, including reasonable attorneys' fees, as
15 authorized by RCW 42.17A.765(5);

16 6.3 For trebling of any judgment amount as provided by RCW 42.17A.765(5);

17 6.3 For temporary and permanent injunctive relief, as authorized by RCW
18 42.17A.750(1)(h), including but not limited to barring Defendant Eyman from managing,
19 controlling, negotiating, or directing financial transactions of any kind for any political
20 committee in the future; and

21 6.4 For such other legal and equitable relief as this Court deems appropriate.

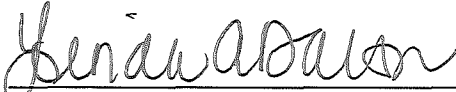
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1 DATED this 31st day of March, 2017.

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