

FILED

DEC 19 2012

SONYA KRASKI
COUNTY CLERK
SNOHOMISH CO. WASH.

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

STATE OF WASHINGTON
SNOHOMISH COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

PEOPLE HELPING HORSES, a
Washington non-profit corporation,

Defendant.

NO. **12 2 01871 3**

CONSENT DECREE

I. JUDGMENT SUMMARY

- | | | |
|-----|-------------------------------------|---|
| 1.1 | Judgment Creditor: | State of Washington |
| 1.2 | Judgment Debtor: | People Helping Horses |
| 1.3 | Principal Judgment Amount: | |
| | Civil Penalties: | \$50,000
The full amount of which shall be
suspended upon Defendant's
compliance with the terms of this
Consent Decree. |
| 1.4 | Total Judgment: | \$50,000 (suspended) |
| 1.5 | Attorney for Judgment Creditor: | Sarah A. Shifley
Assistant Attorney General |
| 1.6 | Attorney for People Helping Horses: | Tim Friedrichsen
Amicus Law Group, PC |

1 1.7 Plaintiff, State of Washington, commenced this action pursuant to the Charitable
2 Solicitations Act, RCW 19.09 and the Consumer Protection Act, RCW 19.86;

3 1.8 Defendant, People Helping Horses, was served with a Summons and Complaint or
4 waived service;

5 1.9 Plaintiff appears by and through its attorneys, Robert M. McKenna, Attorney
6 General, and Sarah A. Shifley, Assistant Attorney General;

7 1.10 Defendant, People Helping Horses, appears by and through its attorney, Tim
8 Friedrichsen of the firm Amicus Law Group, PC;

9 1.12 Plaintiff and Defendant agree on a basis for the settlement of the matters alleged in
10 the Complaint and to the entry of this Consent Decree against Defendant without the need for trial
11 or adjudication of any issue of law or fact;

12 1.13 Defendant recognizes and states that this Consent Decree is entered into
13 voluntarily and that no promises or threats have been made by the Attorney General's Office or
14 any member, officer, agent, or representative thereof to induce Defendant to enter into this
15 Consent Decree, except as provided herein;

16 1.14 Defendant waives any right it may have to appeal from this Consent Decree;

17 1.15 Defendant further agrees that it will not oppose the entry of this Consent Decree
18 on the grounds the Consent Decree fails to comply with Rule 65(d) of the Rules of Civil
19 Procedure, and hereby waive any objections based thereon;

20 1.16 The parties agree that this Court shall retain jurisdiction of this action for the
21 purpose of implementing and enforcing the terms and conditions of the Consent Decree and for all
22 other purposes; and,

23 1.17 The Court finds no just reason for delay.

24 NOW, THEREFORE, it is hereby ORDERED, ADJUDGED, AND DECREED as
25 follows:
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

II. GENERAL

2.1 Jurisdiction. This Court has jurisdiction over the subject matter of this action and over the parties. Plaintiff's Complaint in this matter states claims upon which relief may be granted under the provisions of the Charitable Solicitations Act, RCW 19.09, and the Consumer Protection Act, RCW 19.86.

2.2 Defendant. For purposes of this Consent Decree, the term "Defendant" where not otherwise specified shall mean People Helping Horses ("PHH").

III. INJUNCTIONS

3.1 Application of Injunctions. The injunctive provisions of this Consent Decree shall apply to Defendant and Defendant's successors and assigns, if any, and to Defendant's then-serving officers, agents, servants, employees, representatives, and all other persons or entities while engaged in either support of, or the conduct of, Defendant's activities, whether carried on by Defendant, or a successor or assignee of Defendant.

3.2 Notice. Within five (5) business days of entry of this Decree, PHH shall inform and give actual notice of this Consent Decree to all Board Members and to those employees and volunteers who are charged with performing any act or task required herein.

3.3 Injunctions. Defendant and its successors and assigns, if any, and all officers, agents, servants, employees, representatives, and all other persons or entities who are then engaged in either support of, or the conduct of, Defendant's activities, whether carried on by Defendant, or a successor or assignee of Defendant, are hereby permanently enjoined and restrained from directly or indirectly engaging in the following acts or practices:

3.3.1 In soliciting charitable contributions, PHH or any entity soliciting on its behalf shall make no express or implied misrepresentations to donors or potential donors.

1 3.3.2 To the extent that PHH receives restricted donations, PHH shall hold all
2 such donations in segregated accounts and apply such funds only to the restricted use or
3 purpose; PHH shall create and maintain records documenting the amount of restricted
4 donations that it receives and how donations are used, segregated by use. PHH shall keep all
5 records at PHH's principal place of business for three years after the restricted funds are
6 applied to the applicable use or purpose.

7 3.3.3 PHH shall implement adequate financial controls, including but not
8 limited to prohibiting staff members or other individuals from using PHH's financial resources
9 for personal use, including, but not limited to debit card accounts or checking accounts, even if
10 the use is temporary and the staff member reimburses or intends to reimburse PHH.

11 3.3.4 No less than every third year of operation, PHH shall obtain a financial
12 audit by a certified public accountant and the accountant shall provide a copy of the audit to
13 PHH and, upon the request of the Attorney General's Office, to the Attorney General's Office
14 (Attn: Sarah A. Shifley, Assistant Attorney General, 800 5th Ave., Ste. 2000, Seattle, WA
15 98104-3188);

16 3.3.5 PHH shall provide governance training to all Board members within one
17 year of the date of this decree and not less than every third year hereafter, by contracting with a
18 qualified non-profit support organization as mutually agreed upon by PHH and the State,
19 within 90 days of the entry of this Consent Decree, or as soon thereafter as practicable upon
20 mutual agreement of the parties. PHH shall provide such mutually agreeable governance
21 training to each new member within one year of the member's appointment to the Board;

22 3.3.6 PHH shall provide management training to its Executive Director and
23 any other executive-level employees by requiring those employees to attend a qualified non-
24 profit management training course as mutually agreed upon by PHH and the State. The
25
26

1 Executive Director and any other executive-level employees shall attend the training within 12
2 months of hiring.

3 3.3.7 PHH shall create and maintain records documenting the gross amount of
4 charitable contributions it receives and how all contributions are used, segregated by use. PHH
5 shall retain all records at PHH's principle place of business for three years after the use of the
6 contribution(s).

7 3.3.8 PHH shall create and maintain records documenting all Board of
8 Director meetings and resolutions, including all decisions regarding use of donated funds.
9 PHH shall retain all records at PHH's principle place of business for three years after the date
10 of the meeting and/or resolution.

11 3.3.9 PHH shall create and maintain records documenting any employment
12 agreements with compensated officers, directors, employees, or independent contractors. PHH
13 shall retain all records at PHH's principle place of business for three years after termination of
14 the compensated officer, director, employee, or independent contractor.

15 3.3.10 Prior to soliciting and accepting donations from the general public in
16 Washington state, PHH and any entity soliciting on behalf of PHH shall comply with all
17 registration requirements of the Secretary of State's Charity Program

18 3.3.11 PHH shall not enter into any contract, lease, or other business agreement
19 with Gretchen L. Salstrom; and,

20 3.3.12 PHH shall not retain Gretchen L. Salstrom in any capacity, and shall not
21 place Ms. Salstrom on its Board of Directors.

22 ///

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

IV. PENALTIES

4.1 Pursuant to RCW 19.86.140, Plaintiff shall have and recover and Defendant shall be liable for and shall pay civil penalties of \$50,000; the full amount of penalties shall be suspended upon Defendant's compliance with the terms of this Consent Decree.

4.2 Payment of any previously suspended penalties shall be due and owing immediately upon order of the Court. Payments shall be in the form of a valid check paid to the order of the "Attorney General – State of Washington" and be sent to the Office of the Attorney General, Attention: Cynthia Lockridge, Administrative Office Manager, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-3188.

V. ENFORCEMENT

5.1 Violation of any of the injunctions contained in this Consent Decree shall subject Defendant to a civil penalty of up to \$25,000 per violation pursuant to RCW 19.86.140.

5.2 In any action to enforce the terms of this Decree, the Plaintiff may seek additional remedies, including but not limited to restitution, injunctive relief, civil penalties, in addition to any other remedies permitted by law. The prevailing party may request recovery of costs and attorney's fees to the extent provided by law.

5.3 This Consent Decree is entered pursuant to RCW 19.86.080. Jurisdiction is retained for the purpose of enabling any party to this Consent Decree with or without the prior consent of the other party to apply to the Court at any time for enforcement of compliance with this Consent Decree, to punish violations thereof, or to modify, clarify, or declare rights under this Consent Decree. Defendant may, after three years from the date of issuance of this document, petition this Court for a release from or modification of any requirement herein. Such a petition will not subject Defendant to liability for attorney's fees absent a showing of bad faith. Provided further, if any provision of this Consent Decree directly conflicts with, or makes it impossible

1 to comply with, a provision of any subsequent order lawfully issued by another court of
2 competent jurisdiction, either party may petition this Court, with notice and opportunity to be
3 heard afforded to the opposing party, for modification of the Consent Decree; each party shall
4 bear its own costs in any proceeding to determine whether there is a conflict or impossibility
5 between the Consent Decree and any subsequent order.

6 5.4 Representatives of the Office of the Attorney General are permitted to access,
7 inspect, and/or copy all business records or documents under control of Defendant in order to
8 monitor compliance with this Consent Decree after ten (10) business days' written notice to
9 Defendant, provided that the inspection and copying shall be done in such a way as to avoid
10 disruption of Defendant's business activities. Failure to comply with this section will be
11 considered a violation of the terms of this Consent Decree.

12 5.5 Representatives of the Office of the Attorney General are permitted to question, in
13 person or by written interrogatory, any officer, director, agent, employee, or volunteer of
14 Defendant in order to monitor compliance with this Consent Decree after ten (10) business days'
15 written notice to Defendant, provided that the questioning shall be done in such a way as to avoid
16 disruption of Defendant's business activities. Failure to comply with this section will be
17 considered a violation of the terms of this Consent Decree.

18 5.6 Nothing in this Consent Decree shall be construed as to limit or bar any other
19 governmental entity or consumer from pursuing other available remedies against the Defendant.

20 5.7 Under no circumstances shall this Consent Decree or the name of the State of
21 Washington, the Office of the Attorney General, Consumer Protection Division, or any of their
22 employees or representatives be used by the Defendant in connection with any selling,
23 advertising, or promotion of products or services or as an endorsement or approval of Defendant's
24 acts, practices, or conduct of business.
25
26

