

RECEIVED
In King County Superior Court Clerk's Office

APR 21 2010

Clerk
Superior Court Clerk

**STATE OF WASHINGTON
KING COUNTY SUPERIOR COURT**

NO. 10-2-14359-9 SEA

STATE OF WASHINGTON,

Plaintiff,

v.

CHARITABLE ASSISTANCE GROUP, INC., a Washington Corporation, a/k/a CAG, Charitable Assistance Fund, Celebrity Sports Challenge, CSC, Donkey Softball Challenge, DSC, Fireball Classic, FBC, Jock 'N Cop B-Ball Jam, JNC, Spinoza Buddy Bear Program; DIRECT FUNDING SERVICES, INC., a Washington Corporation, a/k/a DFS, Direct Funding, Celebrity Sports Challenge, Donkey Softball Challenge, Fireball Classic, Jock 'N Cop B-Ball Jam, Magic of Christmas, Spinoza Teddy Bear Program, Spinoza Buddy Bear Program, Tickle Toon Typhoon, The Toy Chest; JUSTIN MCGUINN, a/k/a Justin Adrian, individually and as part of his marital community; JOSEPH MICHAEL MCGUINN, a/k/a Michael Joseph, individually and as part of his marital community; JENNIFER MAE BARTLETT, a/k/a Virginia Mae Bartlett, Virginia Mae Sherman, Virginia Mae Baker, individually and as part of her marital community,

Defendants.

STIPULATED JUDGMENT AS TO DEFENDANTS JUSTIN MCGUINN; CHARITABLE ASSISTANCE GROUP, INC.; AND DIRECT FUNDING SERVICES, INC.

I. JUDGMENT SUMMARY

1.1 Judgment Creditor: State of Washington

1.2 Judgment Debtors: Charitable Assistance Group, Inc.; Direct Funding Services, Inc.; Justin McGuinn

COPY

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

1 Plaintiff and Defendants agree on a basis for the settlement of the matters alleged in
2 the Complaint, and to the entry of this Stipulated Judgment against Defendants without the
3 need for trial or adjudication of any issue of law or fact;

4 Plaintiff and Defendants agree that this Stipulated Judgment does not constitute evidence
5 or an admission regarding the existence or non-existence of any issue, fact, or violation of any
6 law alleged by Plaintiff;

7 Defendants recognize and state that this Stipulated Judgment is entered into voluntarily
8 and that no promises or threats have been made by the Attorney General's Office or any member,
9 officer, agent or representative thereof to induce Defendants to enter into this Stipulated
10 Judgment, except as provided herein;

11 Defendants waive any right they may have to appeal from this Stipulated Judgment;

12 Defendants further agree that they will not oppose the entry of this Stipulated Judgment
13 on the grounds the Stipulated Judgment fails to comply with Rule 65(d) of the Rules of Civil
14 Procedure, and hereby waive any objections based thereon;

15 The parties further agree that this Court shall retain jurisdiction of this action for the
16 purpose of implementing and enforcing the terms and conditions of the Stipulated Judgment and
17 for all other purposes; and

18 The Court finds no just reason for delay.

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

20 21 **II. STIPULATIONS REGARDING FACTS**

22 **2.1** The Defendants do not admit to the facts set forth herein. The Parties agree
23 that the entry of this Stipulated Judgment shall not constitute findings of fact by the Court.
24 The Defendants agree that if this matter proceeded to trial, the State could produce admissible
25 evidence sufficient for the Court to make the factual findings set forth herein.

1 **2.2** The violations alleged in the State's Complaint occurred wholly or in part in
2 King County, Washington, and elsewhere in the state of Washington. Defendants transact or
3 have transacted business in the state of Washington.

4 **2.3** Defendant Justin McGuinn is the President and General Manager of Defendant
5 CAG, and until approximately August 1, 2006, was the President and General Manager of
6 Defendant DFS. CAG is a commercial fundraiser and DFS was a commercial fundraiser until
7 it dissolved.

8 **2.4** Since at least April 30, 2001, Defendants have solicited charitable
9 contributions from the general public in the state of Washington under various names,
10 including CHARITABLE ASSISTANCE GROUP, INC., a Washington Corporation, a/k/a
11 CAG, Charitable Assistance Fund, Celebrity Sports Challenge, CSC, Donkey Softball Challenge,
12 DSC, Fireball Classic, FBC, Jock 'N Cop B-Ball Jam, JNC, Spinoza Buddy Bear Program;
13 DIRECT FUNDING SERVICES, INC., a Washington Corporation, a/k/a DFS, Direct Funding,
14 Celebrity Sports Challenge, Donkey Softball Challenge, Fireball Classic, Jock 'N Cop B-Ball
15 Jam, Magic of Christmas, Spinoza Teddy Bear Program, Spinoza Buddy Bear Program, Tickle
16 Toon Typhoon, The Toy Chest; JUSTIN MCGUINN, a/k/a Justin Adrian.

17 **2.5** Defendants entered into fundraising contracts with and solicited or received
18 charitable contributions on behalf of charitable organizations, including the Renton Junior
19 Chamber of Commerce (Renton Jaycees), the Kirkland Junior Chamber of Commerce
20 (Kirkland Jaycees), the Vancouver Junior Chamber of Commerce (Vancouver Jaycees), the
21 Washington State Jaycees, the American Legion Post #234 Special Needs Committee, and the
22 Disabled Police Officers Charitable Fund/Disabled Police Officers of America.

23 **2.6** Defendants participated in or exerted control over the activities of the Renton
24 Jaycees, including filing registration and other documents with the Washington Secretary of
25 State on behalf of the organization and maintain the organization's membership roster.
26

1 **2.7** Defendants used bank accounts in the name of the Renton Jaycees, the
2 Kirkland Jaycees, and/or the Washington Jaycees for purposes unrelated to fundraising
3 activities on behalf of the organization, including but not limited to paying Defendants'
4 general business expenses such as rent and salaries.

5 **2.8** Defendants solicited and collected charitable contributions on behalf of behalf
6 of charitable organizations that were not properly registered with the Secretary of State,
7 including but not limited to the Renton Jaycees, the Kirkland Jaycees, the Vancouver Jaycees,
8 and the Washington Jaycees.

9 **2.9** Defendants solicited charitable contributions from the general public by
10 telephone and by written solicitations. In soliciting charitable contributions from the general
11 public, Defendants failed to clearly and conspicuously disclose in solicitations the name of
12 CAG or DFS, and failed to clearly and conspicuously disclose the name and city of the
13 charitable organization in whose name the solicitation was made.

14 **2.10** In soliciting charitable contributions, Defendants misrepresented directly or by
15 implication that paid solicitors were volunteers or members of the charitable organizations in
16 whose name the solicitation was made.

17 **2.11** In soliciting charitable contributions, Defendants misrepresented the tax-
18 exempt status of charitable organizations in whose name the solicitation was made.

19 **2.12** In soliciting charitable contributions, Defendants misrepresented either directly
20 or by implication the charitable organization that would benefit from the charitable
21 contributions.

22 **2.13** In soliciting charitable contributions, Defendants misrepresented that the funds
23 donated would be used for a charitable purpose when the funds were used for non-charitable
24 purposes.

1 **2.14** In soliciting charitable contributions, Defendants misrepresented or failed to
2 clearly and conspicuously disclose the charitable purpose for the donation and the charitable
3 organization that would benefit from the donation.

4 **2.15** In soliciting charitable contributions, Defendants used the words “firefighters,”
5 “police,” or other similar words without written authorization from a bona fide firefighter or
6 law enforcement organization or department.

7 **2.16** Defendants failed to organize or produce all fundraising events for which they
8 solicited or collected charitable contributions.

9 **2.17** Defendants misrepresented information provided to the Washington Secretary
10 of State, including misrepresenting the entities that would be paid more than 10% of the
11 fundraising costs of DFS and CAG, that blood relatives of Justin McGuinn would be paid
12 more than 10% of the fundraising costs of DFS and CAG, and failed to identify and disclose
13 contact information for owner, officer, or responsible party Joseph Michael McGuinn.

14 **2.18** Defendants failed to file all required reports with the Washington Secretary of
15 State, including a fundraising report for DFS for 2005.

16 **2.19** Defendants solicited charitable contributions in the state of Washington when a
17 principal of DFS or CAG, Joseph Michael McGuinn, was subject to judgment under the
18 Consumer Protection Act within the past 10 years of the solicitation.

19 **2.20** In soliciting charitable contributions, Defendants produced or distributed
20 produced and distributed advertising material and general promotional plans that were false,
21 deceptive, or misleading, or did not fully and fairly disclose the entity on whose behalf the
22 solicitation was being made.

23 **2.21** In soliciting charitable contributions, Defendants represented that tickets to an
24 event would be donated for use by another person without having written commitments from
25

26

1 the persons that they will accept the donated tickets and Defendants failed to keep written
2 commitments on file.

3 2.22 Defendants falsely claimed to represent organizations or entities without the
4 authority to do so, including making false claims that they represented Spinoza Bear
5 Company, Northwest Firefighters, Puget Sound Police All-Stars, Puget Sound Firefighters
6 All-Stars, and the NFL Veteran All-Stars.

7
8 **III. STIPULATIONS REGARDING CONCLUSIONS OF LAW**

9 3.1 The Defendants do not admit that they violated RCW 19.09 or 19.86. The
10 Parties agree that the entry of this Stipulated Judgment shall not constitute findings or
11 conclusions of law by the Court that the defendants violated RCW 19.09 or 19.86. The
12 Defendants agree that if this matter proceeded to trial, the State could produce admissible
13 evidence sufficient for the Court to make the conclusions of law set forth herein.

14 3.2 The acts and practices as described in Findings of Fact 2.6 and 2.7 have the
15 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
16 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
17 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
18 trade or commerce.

19 3.3 The acts and practices as described in Finding of Fact 2.8 violate
20 RCW 19.09.065, 19.09.100(15) and (16) and are *per se* violations of RCW 19.86 pursuant to
21 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.8 also have the
22 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
23 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
24 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
25 trade or commerce, notwithstanding that they are *per se* violations of RCW 19.86 pursuant to
26 RCW 19.09.340.

1 3.4 The acts and practices as described in Finding of Fact 2.9 violate
2 RCW 19.09.100(2) and (3) and are *per se* violations of RCW 19.86 pursuant to
3 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.9 also have the
4 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
5 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
6 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
7 trade or commerce, notwithstanding that they are *per se* violations of the RCW 19.86 pursuant
8 to RCW 19.09.340.

9 3.5 The acts and practices as described in Finding of Fact 2.10 violate
10 RCW 19.09.100(7)(b) and (c), and are *per se* violations of RCW 19.86 pursuant to
11 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.10 also have the
12 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
13 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
14 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
15 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
16 Act pursuant to RCW 19.09.340.

17 3.6 The acts and practices as described in Finding of Fact 2.11 violate
18 RCW 19.09.100(7)(a), and are *per se* violations of RCW 19.86 pursuant to RCW 19.09.340.
19 The acts and practices as described in Finding of Fact 2.11 also have the capacity to mislead a
20 substantial number of consumers, are unfair and deceptive, and are unfair methods of
21 competition and therefore constitute violations of RCW 19.86.020, which prohibits unfair
22 methods of competition and unfair or deceptive acts or practices in the conduct of any trade or
23 commerce, notwithstanding that they are *per se* violations of the Consumer Protection Act
24 pursuant to RCW 19.09.340.

1 3.7 The acts and practices as described in Finding of Fact 2.12 violate
2 RCW 19.09.100(12) and (16), and are *per se* violations of RCW 19.86 pursuant to
3 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.12 also have the
4 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
5 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
6 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
7 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
8 Act pursuant to RCW 19.09.340.

9 3.8 The acts and practices as described in Finding of Fact 2.13 violate
10 RCW 19.09.100(12) and (16), and are *per se* violations of RCW 19.86 pursuant to
11 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.13 also have the
12 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
13 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
14 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
15 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
16 Act pursuant to RCW 19.09.340.

17 3.9 The acts and practices as described in Finding of Fact 2.14 violate
18 RCW 19.09.100(12) and (16), and are *per se* violations of RCW 19.86 pursuant to
19 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.13 also have the
20 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
21 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
22 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
23 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
24 Act pursuant to RCW 19.09.340.

1 3.10 The acts and practices as described in Finding of Fact 2.15 violate
2 RCW 19.09.100(9) and (16), and are *per se* violations of RCW 19.86 pursuant to
3 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.15 also have the
4 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
5 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
6 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
7 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
8 Act pursuant to RCW 19.09.340.

9 3.11 The acts and practices as described in Finding of Fact 2.16 violate
10 RCW 19.09.100(12) and (16), and are *per se* violations of RCW 19.86 pursuant to
11 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.16 also have the
12 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
13 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
14 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
15 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
16 Act pursuant to RCW 19.09.340.

17 3.12 The acts and practices as described in Finding of Fact 2.17 violate
18 RCW 19.09.097(2)(h) and 19.09.079(2), (3), and (4), and are *per se* violations of RCW 19.86
19 pursuant to RCW 19.09.340. The acts and practices as described in Finding of Fact 2.17 also
20 have the capacity to mislead a substantial number of consumers, are unfair and deceptive, and
21 are unfair methods of competition and therefore constitute violations of RCW 19.86.020,
22 which prohibits unfair methods of competition and unfair or deceptive acts or practices in the
23 conduct of any trade or commerce, notwithstanding that they are *per se* violations of the
24 Consumer Protection Act pursuant to RCW 19.09.340.
25
26

1 3.13 The acts and practices as described in Finding of Fact 2.18 violate
2 RCW 19.09.079 and WAC 434-120-200(1)(b), and are *per se* violations of RCW 19.86
3 pursuant to RCW 19.09.340. The acts and practices as described in Finding of Fact 2.18 also
4 have the capacity to mislead a substantial number of consumers, are unfair and deceptive, and
5 are unfair methods of competition and therefore constitute violations of RCW 19.86.020,
6 which prohibits unfair methods of competition and unfair or deceptive acts or practices in the
7 conduct of any trade or commerce, notwithstanding that they are *per se* violations of the
8 Consumer Protection Act pursuant to RCW 19.09.340.

9 3.14 The acts and practices as described in Finding of Fact 2.19 violate
10 RCW 19.09.100(13) and (16), and are *per se* violations of RCW 19.86 pursuant to
11 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.19 also have the
12 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
13 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
14 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
15 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
16 Act pursuant to RCW 19.09.340.

17 3.15 The acts and practices as described in Finding of Fact 2.20 violate
18 RCW 19.09.100(12) and (16), and are *per se* violations of RCW 19.86 pursuant to
19 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.20 also have the
20 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
21 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
22 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
23 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
24 Act pursuant to RCW 19.09.340.

1 **3.16** The acts and practices as described in Finding of Fact 2.21 violate RCW
2 19.09.100(6), and are *per se* violations of RCW 19.86 pursuant to RCW 19.09.340. The acts
3 and practices as described in Finding of Fact 2.21 also have the capacity to mislead a
4 substantial number of consumers, are unfair and deceptive, and are unfair methods of
5 competition and therefore constitute violations of RCW 19.86.020, which prohibits unfair
6 methods of competition and unfair or deceptive acts or practices in the conduct of any trade or
7 commerce, notwithstanding that they are *per se* violations of the Consumer Protection Act
8 pursuant to RCW 19.09.340.

9 **3.17** The acts and practices as described in Finding of Fact 2.22 violate
10 RCW 19.09.100(12) and (16), and are *per se* violations of RCW 19.86 pursuant to
11 RCW 19.09.340. The acts and practices as described in Finding of Fact 2.22 also have the
12 capacity to mislead a substantial number of consumers, are unfair and deceptive, and are unfair
13 methods of competition and therefore constitute violations of RCW 19.86.020, which prohibits
14 unfair methods of competition and unfair or deceptive acts or practices in the conduct of any
15 trade or commerce, notwithstanding that they are *per se* violations of the Consumer Protection
16 Act pursuant to RCW 19.09.340.

17 **3.18** Plaintiff is authorized by RCW 19.09.340 and 19.86.080 to enjoin violations of
18 the Consumer Protection Act, to obtain restitution on behalf of persons harmed by such
19 violations, and to obtain such further and other relief as the court may deem appropriate,
20 including civil penalties up to the amount of \$2,000 per violation, and attorneys' fees and
21 costs.

22 **3.19** Plaintiff is entitled to a Judgment enjoining and restraining Defendants and any
23 and all persons in active concert or participation with Defendants from engaging in the future
24 in the acts or practices described in Findings of Fact 2.6 through 2.22 that violate RCW 19.86
25 or RCW 19.09.
26

1 4.3.1 Engaging in charitable solicitation, as defined by RCW 19.09 as
2 currently enacted or subsequently amended, of any kind whatsoever, including but not limited
3 to any solicitation where the solicitor states or implies any appeal for the support of veterans,
4 children, children's hospitals, or other programs to benefit youth, homeless families,
5 firefighters, law enforcement officers, or any other charitable or purportedly charitable cause of
6 any kind, regardless of whether the beneficiary or beneficiaries of such solicitations are
7 individuals, groups, organizations, associations, for-profit corporations, non-profit
8 corporations, hospitals, group homes, or other entity.

9 4.3.2 Owning, operating, managing, consulting with, or working for or on
10 behalf of any charitable organization that conducts charitable solicitations in the state of
11 Washington, whether as an owner, co-owner, partner, employee, manager, salesperson,
12 telefunder or telemarketer, solicitor, script writer or editor, advisor or consultant, or
13 independent contractor.

14 4.3.3 Engaging in the business of a commercial fundraiser, commercial
15 coventurer, or fundraising consultant as defined in RCW 19.09 or WAC 434-120 as currently
16 enacted or subsequently amended, or owning, managing, or working for or on behalf of such
17 commercial fundraiser or fundraising consultant, whether as an owner, co-owner, partner,
18 employee, manager, salesperson, telefunder or telemarketer, solicitor, script writer or editor,
19 advisor or consultant, or independent contractor.

20
21 **V. CIVIL PENALTIES**

22 5.1 Pursuant to RCW 19.86.140, Plaintiff shall recover and Defendants shall pay
23 civil penalties in the amount of \$100,000; provided the entire \$100,000 shall be suspended on
24 condition of compliance with all of the terms of this Judgment and Decree, and on the
25 condition that the financial disclosure information submitted by Defendants is materially true,
26 complete, and accurate.

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

VII. ENFORCEMENT

7.1 Pursuant to RCW 19.86.140, any violation of the terms of this Judgment may form the basis for further enforcement proceedings.

7.2 The violation of any of the terms of this Judgment shall constitute a violation of the Consumer Protection Act, RCW 19.86.

7.3 Jurisdiction is retained for the purpose of enabling any party to this Judgment, with or without the prior consent or approval of the other party, to apply to the Court at any time for the enforcement of compliance therewith, the punishment of violations thereof, or the modification or clarification thereof.

7.4 Nothing in this Judgment shall be construed as to limit or to bar any other governmental entity or any other consumer in the pursuit of additional remedies against Defendants.

7.5 Representatives of the Office of Attorney General shall be permitted, upon 10 days' notice to Defendants, to access, inspect, and/or copy all business records or documents under the control of Defendants, in order to monitor compliance with the injunctive provisions of this Stipulated Judgment.

7.6 Under no circumstances shall this Judgment or the names of the State of Washington or the Office of the Attorney General, Consumer Protection Division, or any of its employees or representatives be used by Defendants' agents or employees in connection with the promotion of any product or service or an endorsement or approval of Defendants' practices.

////

////

////

////

