

SETTLEMENT & COMPLIANCE AGREEMENT

This SETTLEMENT & COMPLIANCE AGREEMENT is by and between King County, a municipal corporation organized under the laws of the State of Washington ("King County") and the Association of Community Organizations for Reform Now ("ACORN"). King County and ACORN are sometimes collectively referred to in this agreement as the "parties."

RECITALS

WHEREAS, King County has concluded that it may have valid administrative, civil, and criminal cause of actions against ACORN stemming from ACORN's actions during a voter registration operation in King County during the 2006 election cycle; and

WHEREAS ACORN denies any liability for such conduct; and

WHEREAS, the parties wish to resolve this dispute without litigation and in a manner that protects the interest of the public and ensures the future integrity of the voter registration process, that reimburses King County for out-of-pocket expenses associated with its investigation into this matter, and that allows ACORN to gather voter registrations in a manner consistent with the laws of the State of Washington; and

WHEREAS, the parties have reached an agreement acceptable to themselves;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

SPECIFIC TERMS:

- (1) Parties:
 - a. King County is a municipal corporation organized under the laws of the State of Washington.
 - b. ACORN is an Arkansas corporation, based in Louisiana.
- (2) Scope of the Agreement:
 - a. This agreement applies to any voter registration operation conducted by ACORN that uses paid canvassers to gather registrations, to any large-scale voter registration operation coordinated by ACORN, or to any voter registration operation for which ACORN is being financially reimbursed at the national level or the funding for which has been coordinated by ACORN at the national level.
 - b. This agreement does not apply to small volunteer efforts by ACORN members, such as attending a community event or door knocking their

neighbors, nor to registrations collected by ACORN staff as part of their community organizing activities.

- c. This agreement is not triggered simply because there has been a local-level financial contribution towards a voter registration operation. To the extent funds are raised in the State of Washington for use by the Washington chapter of ACORN for registration activities, the local Washington chapter will meet with the county to discuss applicable procedures to assure that ACORN will be in compliance with state law.
- d. This agreement applies within King County, Washington, unless extended by the provisions of the following paragraph.
- e. If this agreement is signed by the Washington Secretary of State, or his lawful designee, prior to July 27, 2007, then the agreement shall apply to any ACORN voter registration operation conducted within the State of Washington. In this event, the term "county" as used in this agreement shall refer to any county in which ACORN is conducting voter registration operations.

(3) Compliance with State law:

- a. ACORN agrees to comply with Washington State law, including but not limited to RCW 29A.84.130, at all times during any voter registration operation.
- b. ACORN agrees to submit all voter registration forms within one week (seven days) of the voter registration form being completed and received by ACORN, as required by RCW 29A.08.115. If ACORN fails to comply with this requirement, absent a force majeure or impossibility of performance, it agrees to pay a \$250 penalty per late registration, up to a maximum of \$1,000 per late submission.
- c. If ACORN does not submit registrations within a week of the registration being gathered, ACORN agrees to stop gathering applications at the local office until ACORN has sent a national staff person to the local office and retrained the local office on submission procedures.
- d. Failure by ACORN to submit a registration within one week of its being completed will not penalize the registration applicant, assuming the registration is not fraudulent.
- e. If ACORN submits voter registrations after the deadline for submission of registrations (30 days before any special, primary, or general election), as set forth in RCW 29A.08.140, the registrations will not be processed before the next election and ACORN agrees not to challenge the county or state decision to not add the registration applicants to the election roll for the next election.

(4) Management issues:

- a. ACORN agrees that any local voter registration operation will be supervised by a single, salaried individual (a "responsible organizer") who is ultimately responsible for the voter registration operation.
- b. ACORN may hire a separate quality control officer or combine those duties into the duties of the responsible organizer's position, at its discretion. The quality control officer shall be specifically responsible for ensuring compliance with ACORN's internal quality control procedures and the terms of this agreement.
- c. ACORN agrees that ACORN national management will review on at least a weekly basis all quality control forms completed by its local voter registration operation. ACORN will maintain a list of the individuals responsible for conducting this national level review and will implement a procedure by which the fact of the national-level review can be confirmed.
- d. ACORN agrees to take immediate steps to address any failure to comply with ACORN's own internal quality control process or the terms of this agreement.
- e. ACORN agrees that ACORN national management will notify the County Prosecutor and County Elections immediately upon a determination that there is a systemic quality control problem, a failure to follow ACORN's own quality control procedures, or a violation of the terms of this agreement.
- f. ACORN agrees to immediately notify the County Prosecutor and County Elections if any ACORN employee is fired for submitting a fraudulent or suspicious registration.

(5) Training:

- a. All ACORN political organizers and quality control officers shall receive training, consistent with ACORN's national quality control process and including the requirements of this agreement, at the national level.
- b. ACORN shall prepare a training video as to proper voter registration procedures to be shown to all canvassers prior to their employment. This video must be delivered by ACORN to the Washington Secretary of State for approval at least 45 days prior to its first use. This video does not and should not preclude appropriate live training of canvassers on an ongoing basis by ACORN staff.
- c. ACORN agrees to inform all canvassers about the potential criminal consequences for submitting fraudulent registrations. All canvassers shall sign a written acknowledgment of these potential criminal consequences in the presence of either a political organizer or quality control officer, who shall also sign the document.

(6) Quality control issues:

- a. ACORN will maintain a list of canvassers that sets forth the initials the canvasser will place on each registration card that he or she obtains. These initials to be distinguishable from employee to employee.
- b. ACORN agrees that on each voter registration the canvasser who obtained the registration will place his or her initials in upper right corner of the registration form.
- c. ACORN agrees to create a procedure whereby the quality control officer, responsible organizer or responsible organizer's designee, certifies, under penalty of perjury, that all registrations in a given batch were received from the employee initialing the registration.
- d. Submission of a voter registration form without the canvasser initials will incur a \$250 penalty per registration form. However, this penalty shall not apply if ACORN' submits registrations without initials in a clearly segregated batch accompanied by a letter setting forth the reason why the registrations lack canvasser initials and the steps ACORN will take to address this deficiency.
- e. A registration form lacking an initial will still be processed by the county in accordance with state law.
- f. ACORN agrees to encourage all individuals completing a voter registration form to date the form. If no date is given, the canvasser will write the date the registration was obtained in the top right corner of the voter registration form.

(7) Suspect registrations:

- a. ACORN will prepare a revised "election official verification sheet" for approval by King County. This sheet, in addition to the existing information, shall allow ACORN to indicate with specificity which registrations have been deemed "suspect" (potentially fraudulent) after ACORN review.
- b. ACORN agrees to create a new "suspect registration cover sheet" for suspect registrations that allows ACORN to set forth the basis for designating the registration as "suspect."
- c. ACORN agrees to segregate all "suspect" registrations upon their submission to the county and to complete the new suspect registration cover sheet for each suspect registration.
- d. The revised "election official verification sheet" and new "suspect registration cover sheet" are to be prepared by ACORN and submitted for review and approval to King County by August 31, 2007. These forms are to be approved by King County prior to ACORN initiating a new voter registration operation.

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- e. When delivering registrations to the county, ACORN shall include two copies of the "election official verification sheet." The county will date stamp both sheets upon receipt and return one copy to ACORN.
- f. The procedures described in this section shall be set forth in ACORN's internal training document.

(8) County and state oversight:

- a. Prior to commencing any voter registration operation in a given county, ACORN agrees to send to the county prosecuting attorney one copy of its voter registration quality control manual and all associated quality control forms, one copy of any agreements it has with other entities that relate to the basis of payments for the voter registration operation, and the names and contact information for the local ACORN responsible organizer, local quality control representative, and national ACORN contact person.
- b. ACORN agrees to allow the county prosecuting attorney or the state attorney general to review all ACORN's quality control documents (that are not protected by the attorney-client privilege or other legal privilege) and any agreements or internal documents relating to the basis of payments for a voter registration operation, in their entirety, at any time after appropriate notice and in the presence of legal counsel for ACORN (or other agreed ACORN representative). This provision applies both to ACORN's national involvement in voter registration operations and ACORN's local voter registration operations in Washington State.
- c. ACORN will designate one national contact person as its representative for communications concerning this agreement. At its discretion, the county may notify this individual of any breaches of this agreement. Upon such notice, ACORN will cease operation of its voter registration operation until an ACORN national representative has visited the local operation to review training procedures (this requirement may be waived with the agreement of the county).

(9) ACORN criminal liability:

- a. ACORN agrees that submission of registrations that have been fraudulently collected by an ACORN employee and not reviewed pursuant to the quality control procedures, or willfully turning in fraudulent cards, may constitute grounds for criminal prosecution of ACORN as a corporate entity unless such cards have been segregated by ACORN pursuant to the requirements of section 7 of this agreement.
- b. ACORN agrees that violation of the terms of this agreement may be used as evidence in the State of Washington in future criminal prosecutions against ACORN employees, ACORN management, or ACORN as a corporate entity.
- c. Minor violations or a violation of a specific term of this agreement alone cannot be used as the sole basis of a future criminal prosecution against

ACORN employees, ACORN management or ACORN as a corporate entity.

(10) Penalties:

- a. If ACORN violates any term of this agreement, it agrees to pay a penalty according to the following schedule:
 - i. Violation reported by ACORN within 14 days of commission = no penalty.
 - ii. Violation reported by ACORN within 30 days of commission = \$250 per violation.
 - iii. Violation reported by ACORN after 30 days of commission or brought to ACORN's attention by the county after 30 days of commission = \$1,000 per violation.
- b. A specific penalty provision contained within the body of this agreement supersedes the penalties in this section. ACORN may be penalized under this agreement only once per violation.
- c. All penalties are to be paid to the county in which the voter registration form triggering the violation was either obtained or submitted.
- d. The penalty terms of this agreement do not preclude the county from pursuing a civil or criminal claim against ACORN.

(11) Duration of Agreement:

- a. This agreement shall remain in effect until December 31, 2012.

(12) ACORN financial responsibility:

- a. ACORN agrees to reimburse King County for costs associated with its investigation into ACORN's 2006 registration operations in the amount of \$25,000. This amount to be paid to the King County Department of Records, Elections & Licensing Services by August 10, 2007.

AGREEMENT NOT TO SUE AND DISPUTE RESOLUTION:

1. Upon signing this agreement, King County, agrees that it will not pursue any administrative, civil, or criminal remedies against ACORN stemming from its activity in King County during the 2006 election cycle.
2. Nothing in this agreement shall be construed to limit King County or the State of Washington's right to pursue any future violations of state criminal laws. Likewise, nothing in this agreement shall be construed to limit the right of the United States to pursue future violations of federal criminal laws dealing with fraud or the submission of materially false voter registrations.
3. If there is a dispute regarding this agreement, the parties agree to use their best efforts to resolve it directly and/or through their attorneys. If they are unable to

resolve a dispute, either party may bring an action in King County Superior Court to enforce their respective rights, and the prevailing party shall be entitled to recover its reasonable attorneys' fees and all litigation expenses.

NOTICES:

1. All notices required or permitted hereunder shall be in writing, and shall be:
(i) delivered in person or by private messenger or overnight courier service where evidence of delivery is obtained, (ii) sent by certified mail, postage prepaid, with return receipt requested, or (iii) dispatched by facsimile transmission (accompanied with reasonable evidence of receipt of transmission and with a confirmation copy mailed no later than the next business day after transmission), to the parties as follows:

TO KING COUNTY:

SHERRIL HUFF, Director
King County Records, Elections and Licensing
King County Administration Building
500 Fourth Avenue, Room 553
Seattle, WA 98104-2337
Facsimile: (206) 296-0108

With Copy To:

Stephen Hobbs
Senior Deputy Prosecuting Attorneys - Civil Division
W400 King County Courthouse
Seattle, WA 98104-2312
Facsimile: (206) 296-0191

TO ACORN:

Washington ACORN
134 SW 153rd St
Suite D
Burien, WA 98166

Brian Mellor
Senior Counsel for ACORN
196 Adams Street
Dorchester, MA 02122

Steve Bachman
ACORN General Counsel
51420 Hunters Crossing Ct
Granger IN 46530

Legal Department
c/o ACORN
1024 Elysian Fields Ave
New Orleans, LA 70117

With Copy To:

John Wolfe
701 5th Avenue
Suite 6110
Seattle, WA 98104
Facsimile (206) 447-9374

2. Such notice shall be effective (a) if given by facsimile, when dispatched if sent before 5:00 p.m. Pacific Time on a business day or, if not, then the first business day after sent; (b) if given by mail, three days after mailing, and (c) if given by any other means, when actually received at the address indicated above. Any party may change its address or facsimile number for notices by giving notice of such change in the manner provided for giving notices, provided that the new location must be accessible via facsimile and within the United States and accessible to the general public during normal business hours.

GENERAL TERMS:

1. *Interpretive.* This agreement constitutes the entire agreement and understanding among the parties, and replaces and supersedes all prior oral or written agreement and understandings.
2. *Venue and Governing Law.* Venue for all disputes arising under or connected with this agreement shall be in the Superior Court for King County. This agreement shall be governed by and interpreted in accordance with Washington law.
3. *Negotiated Agreement.* The parties hereby acknowledge that this agreement has been reached as a result of arms length negotiations with each party represented by counsel. No presumption shall arise as a result of one party or the other having drafted all or any portion of this Agreement.
4. *Counterparts.* This agreement may be executed by the parties in counterparts, each of which, when executed shall be deemed an original instrument and binding against the party signing thereon.
5. *Severability.* If any section, sentence, clause, or portion of this agreement is declared unlawful or unconstitutional for any reason, the remainder of this agreement shall continue in full force and effect.

6. *Authority.* Each party represents and warrants to the others that the individuals signing below have full power, authority and legal right to execute and deliver this Agreement and thereby to legally bind the party on whose behalf such person signed.
7. *Binding Effect; Assignability.* This agreement shall bind and inure to the benefit of the parties and their respective receivers, trustees, insurers, successors, subrogees, transferees and assigns.
8. *Effective Date.* This agreement shall become effective as of the date it is fully executed below.

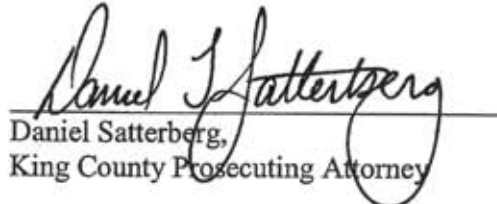
KING COUNTY, a Washington municipal corporation

DATE: 24 July 2007



Ron Sims,
King County Executive

DATE: 20 July 2007



Daniel Satterberg,
King County Prosecuting Attorney

Association of Community Organizations for Reform Now

DATE: _____

Pursuant to paragraph 2.d, this agreement becomes effective throughout the State of Washington if it is signed by the Washington Secretary of State, or his lawful designee, by July 27, 2007.

DATE: July 25, 2007



Sam Reed,
Washington Secretary of State

Reviewed and Approved as to Form:

DATE: _____

