

IN THE COURT OF COMMON PLEAS
COLUMBIANA COUNTY, OHIO

STATE OF OHIO, ex rel.
DAVE YOST, OHIO ATTORNEY
GENERAL

Plaintiff,

vs.

OHIO CLEAN WATER FUND, LLC, *et al.*

Defendants.

FILED

COLUMBIANA COUNTY
COURT OF COMMON PLEAS

AUG 10 2023

ANTHONY J. DATTILIO
CLERK

CASE NO.: 23CV162

JUDGE: SCOTT WASHAM

**AGREED JUDGMENT
AND FINAL ORDER**

This matter came before the Court for a non-oral hearing on a proposed Agreed Judgment Entry and Final Order, and upon Ohio Attorney General Dave Yost (the "Attorney General") reporting to the Court that he has obtained settlement with all parties.

This case was initiated upon the filing of the Attorney General's Complaint on April 10, 2023, against Ohio Clean Water Fund, LLC ("Ohio Clean Water Fund") and Michael Peppel ("Mr. Peppel"). During a June 28, 2023 status conference, the Attorney General informed the Court that he had reached an agreement with Ohio Clean Water Fund. And as the Attorney General reported via a June 7, 2023 news release, that agreement provided, among other terms that:

- "The Ohio Clean Water Fund must pay \$131,904.88, including \$116,904.88 in restitution and \$15,000 in civil penalties."
- "The Ohio Clean Water Fund must dissolve."
- Former Ohio Clean Water Fund member Patrick Lee "is barred from being a board member of or soliciting money for a charity in the future."
- In return, the Attorney General would dismiss his claims in this litigation against Ohio Clean Water Fund.

Ohio Clean Water Fund and Defendant Michael Peppel have separate legal counsel. And the Court finds that Mr. Peppel filed an Answer to the Attorney General's Complaint on July 10, 2023.

As stated in the Attorney General's Complaint, the Attorney General determined that Mr. Peppel and Ohio Clean Water Fund engaged in charitable solicitation for the purported benefit of the East Palestine, Ohio community following the February 3, 2023 Norfolk Southern train derailment. The Attorney General further found that Mr. Peppel falsely advertised Ohio Clean Water Fund as being in a partnership with the Second Harvest Food Bank of Mahoning Valley ("Second Harvest"). Initially, the Attorney General alleged Mr. Peppel reported that Ohio Clean Water Fund had collected more than \$141,000 from donors nationwide, while paying Second Harvest only \$10,000 prior to the filing of this lawsuit.

Upon review of a motion and supporting evidence filed by the Attorney General, the Court issued a Preliminary Injunction against Mr. Peppel on May 1, 2023, and found that the total amount raised through Ohio Clean Water Fund's fundraising activity "exceeds the \$141,183.48 amount specified in the Attorney General's April 10, 2023 Complaint." Additionally, following the accounting ordered by the Court and a review of Ohio Clean Water Fund's bank records, invoices, payment records, and other financial documents, the Attorney General represents that Ohio Clean Water Fund and its fundraisers, including WAMA Strategies, LLC ("WAMA"), actually raised a total of nearly \$149,000.

Mr. Peppel disputes the allegations in the Complaint but agreed nevertheless to resolve all of the Attorney General's claims against Mr. Peppel in this case. The Attorney General and Mr. Peppel represent that such a resolution will avoid the long and costly litigation process while also honoring the intentions of the citizens who donated to help the East Palestine community.

In addition to resolving the matter with Mr. Peppel on the terms set forth in more detail below in this Agreed Judgment, the Attorney General represents to this Court that he has also entered into a settlement agreement with WAMA.¹

Under the settlements with Mr. Peppel and WAMA:

- Mr. Peppel must pay \$25,000 in civil penalties and is permanently banned from incorporating, operating or soliciting for any charity in Ohio.
- WAMA and its owners, Isaiah Wartman and Luke Mahoney, must pay \$22,077.48 in restitution to Second Harvest, allowing the Attorney General to distribute to Second Harvest 100% of the donations raised in its name.
- WAMA and its owners must also pay \$3,000 in investigative costs and fees to the Attorney General.
- WAMA is prohibited for four years from soliciting for a charity in Ohio, and Mahoney is prohibited for four years from incorporating, operating or soliciting for a charity in Ohio.

By signing this Agreed Judgment and Final Order ("Agreed Judgment"), Mr. Peppel knowingly and voluntarily consents and agrees to the terms and entry of this Agreed Judgment.

After considering the foregoing, and for good cause, it is hereby ORDERED, ADJUDGED and DECREED as follows:

1. Within three days of the filing of this Agreed Judgment, Mr. Peppel must pay the Attorney General a total of \$25,000.00 (the "Civil Penalties"). The Civil Penalties shall be paid by wire transfer (pursuant to instructions previously provided by the Attorney

¹ Since WAMA is not a party to this lawsuit, the Attorney General and Mr. Peppel did not submit a copy of the settlement with WAMA to this Court in connection with the proposed Agreed Judgment Entry and Final Order.

General) or by cashier's check or money order payable to "Treasurer, State of Ohio" and mailed to:

Ohio Attorney General
Finance Department - CL
30 East Broad Street, 15th Floor
Columbus, Ohio 43215
RE: Peppel Settlement/Charitable Law

The Civil Penalties shall be deposited into the Attorney General's charitable law fund established under R.C. 109.32.

2. If Mr. Peppel fails to comply with any of the payment requirements contained herein, the Attorney General may, in the Attorney General's sole discretion, certify any and all unpaid balances of the Settlement Amount to the Ohio Attorney General's Collections Enforcement Section ("Collections") for collection. In the event of certification, Mr. Peppel agrees to pay additional collection costs assessed by Collections in accordance with R.C. 131.02(A) equal to the amounts charged pursuant to R.C. 109.08 and 109.081 for the cost of certification and the use of Special Counsel for the collection of the debt. Interest shall also be charged upon certification in accordance with R.C. 131.02(D). Nothing in this paragraph should be construed to limit the Attorney General's discretion to pursue any other available remedy to obtain any unpaid balances of the Settlement Amount.
3. Mr. Peppel agrees that he will never form, or participate in the formation of, any Ohio charitable trust or charitable organization.
4. Mr. Peppel shall not hold any position as a board member, trustee, officer, director, member, employee, independent contractor, agent, or volunteer of any charitable trust or charitable organization in the State of Ohio, with the exception that he may volunteer

with a charitable trust or charitable organization as long as he does not have any involvement with or responsibility concerning any charitable funds.

5. Mr. Peppel shall not participate in solicitations in the State of Ohio for charitable purposes or on behalf of any charitable organization or charitable trust, nor shall he maintain custody of contributions from any charitable solicitations in Ohio, including, but not limited to, as a board member, trustee, officer, director, member, employee, independent contractor, agent, or volunteer; or as a professional solicitor, fund-raising counsel, or commercial coventurer, as those terms are defined in R.C. Chapter 1716, or as a person employed or otherwise engaged by a professional solicitor, fund-raising counsel, or commercial coventurer.
6. Mr. Peppel shall cooperate, reasonably and promptly, with the Attorney General regarding the ongoing and potential future investigation(s) and/or litigation related to the solicitation of contributions on behalf of Ohio Clean Water Fund and/or Second Harvest. Such cooperation shall include, but is not necessarily limited to:
 - a. For a period of not less than three (3) years following the dissolution of Ohio Clean Water Fund, maintaining custody of and/or refraining from destroying any documents or records pertaining to Ohio Clean Water Fund, including, but not limited to, emails, text messages, all other digital communications, phone records, bank records, invoices, and all other records documenting financial activity. Upon signing this Agreed Judgment, Mr. Peppel also represents that he has previously provided the Attorney General with all known documents and records pertaining to Ohio Clean Water Fund, to the extent within Mr. Peppel's possession, custody, and/or control;

- b. Voluntarily and without service of subpoena or investigative demand, authorizing any third-party to release documents and records to the Attorney General;
 - c. Fully, fairly, and truthfully identifying, disclosing, and/or producing, voluntarily and without service of subpoena or investigative demand, all non-privileged information and all non-privileged documents, records, or other tangible evidence requested by the Attorney General, to the extent within Mr. Peppel's knowledge, possession, custody, or control. Upon signing this Agreed Judgment, Mr. Peppel also represents that he has previously provided all known documents and records pertaining to Ohio Clean Water Fund within his possession, custody, and/or control to the Attorney General; and
 - d. Upon reasonable notice, attending, appearing and/or participating, voluntarily and without service of subpoena or investigative demand, at any discussions or interviews and answering questions that may be put forth by the Attorney General, provided that the Attorney General will reasonably accommodate Mr. Peppel's requests for videoconference or telephone communications and the schedule of his counsel. Nothing in this paragraph shall be construed as Mr. Peppel's waiver of any valid claim to attorney-client privilege.
7. Mr. Peppel and the Attorney General have agreed to settle claims asserted against Mr. Peppel in above-captioned case in order to avoid protracted and expensive litigation. Mr. Peppel, by executing this Agreement, does not admit, and expressly denies, the validity of or responsibility for the factual or legal determinations asserted in the lawsuit and/or having violated any contract, rule or law with respect to the lawsuit.

8. The matter in the above captioned case will be and is hereby dismissed with prejudice as to Mr. Peppel.
9. Mr. Peppel shall be responsible for all court costs and fees associated with this case.
10. The Court shall retain jurisdiction of this case to enforce the terms of this order.


It is so **ORDERED**.



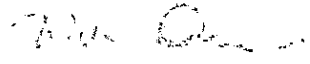
JUDGE SCOTT WASHAM

8/10/23

Agreed,
DAVE YOST,
ATTORNEY GENERAL

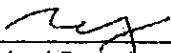


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