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SUPERIOR COURT, STATE OF WASHINGTON, COUNTY OF SPOKANE

ROBERT LEE, an individual, individually
and derivatively on behalf of
REFLECTION LAKE COMMUNITY
ASSOCIATION, a Washington non-profit
corporation;

Plaintiff,

v.

GARY LONG, an individual; GERALD
PARKER, an individual; ABRAM
COSBY, an individual; JAMES "JIM"
BOOTHBY, an individual;

Defendants,

-and-

REFLECTION LAKE COMMUNITY
ASSOCIATION, a Washington non-profit
corporation.

Nominal Defendant.

Case No. **25201872-32**

**VERIFIED SHAREHOLDER
DERIVATIVE COMPLAINT**

Plaintiff Robert Lee brings this derivative action on behalf of Reflection Lake Community Association ("RLCA") against certain current and/or former officers and directors of RLCA based upon the unlawful course of conduct by Defendants.

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I. PARTIES, JURISDICTION, AND VENUE

1. Plaintiff Robert Lee is an individual who, at all material times relevant herein, was a resident of Spokane County, Washington.

2. Reflection Lake Community Association is a non-profit corporation organized under the laws of Washington, with its principal place of business in Spokane County, Washington.

3. Defendant Gary Long is an individual who, at all material times relevant herein, was a resident of Spokane County, Washington.

4. Defendant Gerald Parker is an individual who, at all material times relevant herein, was a resident of Spokane County, Washington.

5. Defendant Abram Cosby is an individual who, at all material times relevant herein, was a resident of Spokane County, Washington.

6. Defendant James "Jim" Boothby is an individual who, at all material times relevant herein, was a resident of Spokane County, Washington.

7. All individual Defendants named in this case were Board Members of RLCA ("The Board") at all material relevant times herein.

8. All acts alleged occurred in Spokane County, Washington.

9. Jurisdiction and venue are proper in this Court.

II. FACTS

10. On or about November 9, 2021, members of RLCA, homeowners, and The Board entered into a mediated settlement agreement ("Settlement Agreement" or "Agreement").

11. The Board at that time consisted of four (4) Board Members and five (5) Directors: Charlie Bennett, Angela Ward, Jim Boothby, Sandi Bennett, Gary Long, Bill Pease, Jeff Toffer,

1 Joe Dickinson, and Robert Syverson.

2 12. Pursuant to the Agreement, The Board was given responsibilities, including but
3 not limited to establishing a 'Road Committee', which was to be tasked with overseeing road
4 maintenance and reallocating fees for the east side of the lake to those lots fronting the road.

5 13. The Board was also required, by this Agreement, to amend the bylaws as necessary
6 to reflect and clarify RLCA's obligations to provide necessary road maintenance.

7 14. The Board was also required, by this Agreement, to be transparent with all
8 members of the RLCA concerning all financial matters, including posting the receipts for all
9 expenses over \$100 posted on the RLCA website monthly.

10 15. The Board was also required, by this Agreement, to audio record and make
11 available to all members the Board Minutes and strictly follow the bylaws as were currently
12 comprised and as amended.

13 16. The Board was also required, by the Agreement, to obtain and maintain D&O
14 insurance to cover, among other things, breach of fiduciary duties by individual RLCA Board
15 Members.

16 17. The Board was also required with RWA, by the Agreement, to transfer ownership
17 or operation of the Reflection Lake east water system to a third party.

18 18. The Defendants have refused to comply with nearly all responsibilities in the
19 Settlement Agreement.

20 19. The Board's Road Committee did not adequately oversee road maintenance or
21 reallocation of fees as required by the agreement.

22 20. The Defendants have not amended the bylaws to reflect the Agreement as required.

23 21. The Defendants have not audio-recorded all meetings or strictly followed the
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1 bylaws as they were comprised or amended as required by the agreement.

2 22. The Defendants have not obtained any D&O insurance as required by the
3 agreement and have not transferred the ownership or operation of the Reflection Lake east water
4 system to a third party.

5 23. On April 1, 2022, members of the RLCA, including Mr. Lee, filed a Motion to
6 Compel Arbitration and for Attorney Fees, pursuant to CR 2A to mediate the dispute over the
7 enforceability of the Settlement Agreement.

8 24. On May 13, 2022, Mr. Lee and other members of the RLCA filed a second Motion
9 to Enforce the Settlement Agreement, and on June 1, 2022, the Court deemed the Settlement
10 Agreement to be an enforceable Agreement with the parties bound by its terms.

11 25. Since the time the Settlement Agreement was deemed enforceable by the Court,
12 just shy of three (3) years ago, the Defendants have not complied with many Terms of the
13 Agreement, including but not limited to the responsibilities listed above.

14 26. In addition to not complying with the Agreement, Mr. Lee requested mediation
15 multiple times pursuant to the Agreement, all of which were ignored by the Defendants.

16 27. On March 13, 2024, Mr. Lee filed a Motion to Compel and for Contempt,
17 attempting once again to comply with the enforceable Agreement and undergo mediation.

18 28. On May 7, 2024, the Board approved the 'East Side Road Maintenance Policy'
19 ('Policy').

20 29. The Policy authorized a Satellite Management Agency ('SMA'), through the
21 Washington State Department of Health, to manage and operate the water system at issue,
22 including but not limited to creating and maintaining a budget, rate setting, billing and collections,
23 taxes, grant applications, and engineering.
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1 30. The Defendants went against this Policy by using an unapproved SMA, KARE
2 Solutions LLC and Mr. Klempel, who did not **fully** operate and manage the eastside water system
3 as required, and further, neither were listed on the Operating Permit issued to RWA.

4 31. On August 6, 2024, Defendant Cosby was elected as the RLCA President,
5 Defendant Gary Long was elected as RLCA Vice President, and Gerald Parker was elected as
6 RLCA Treasurer.

7 32. On October 1, 2024, the parties were ordered by the Court to schedule a mediation
8 to address the water association, including who was responsible for operation, the D&O insurance
9 issues that flowed from that, and changes to the bylaws related to the management of the water
10 system.

11 33. During the October RLCA Board Meeting, acting President Abram Cosby limited
12 the board members participating in the ordered mediation to himself and **two** others, Gary Long
13 and Keith Cox, despite RLCA bylaws and covenants requiring **five** Board Members for quorum
14 to make any decisions, and Mr. Jim Markley, a member of the RLCA, informing Cosby of this
15 fact.
16

17 34. The October RLCA Board Meeting minutes clearly reflect Mr. Cosby's intentions
18 of mediating in bad faith, leaving no possibility of resolution if the requisite number of Board
19 Members were **not** going to be present for quorum, and despite positive knowledge of that
20 decision-making requirement.

21 35. On November 20, 2024, from approximately 9:00AM until noon, the ordered
22 mediation took place, unsuccessfully, until it was terminated unilaterally by the attending Board
23 Members.
24

25 36. The individuals present at this mediation were: Plaintiff Robert Lee and his

1 Counsel Kevin Roberts, Abram Cosby, Gary Long, Keith Cox, and RLCA's Counsel Paul
2 Stewart.

3 37. Mr. Lee entered mediation in **good faith**, hoping to resolve **all** claims as provided
4 for in the Order.

5 38. Since this **bad faith attempt** at mediation by Defendants, if we can go as far to
6 call it an attempt, the Defendants have refused to fix **any** bylaws or covenants that cause confusion
7 or comply with current bylaws or covenants despite **numerous** requests.

8 39. There were member dues collected and billed on July 27, 2024, which are still
9 incorrectly labelled, and the 2024-2025 dues have remained unfixed and set by resolution as
10 required by Board Members.

11 40. The Defendants, as a group and individually as Board Members, had **no intention**
12 of complying with the Court Ordered mediation, but instead attended in bad faith— in hopes of
13 'checking a box' and getting the lawsuit dismissed.

14 41. After mediation, Defendants moved to dismiss Plaintiff's lawsuit that was brought
15 to enforce the Settlement Agreement.

16 42. In its pleadings, the Defendants argued that they had complied with the Settlement
17 Agreement to the fullest extent possible, but that they were prohibited from fully complying due
18 to RWA not agreeing to transfer the water operation.

19 43. The Defendants further argued that they did not have the power to force RWA to
20 comply.

21 44. However, the Defendants knew that there was an agreement between RLCA and
22 RWA providing that RWA disclaimed the rights to the Water System and to convey it to RLCA.
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24 45. This agreement was entered into on or around October 11, 2022.
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1 46. Additionally, the Settlement Agreement included that RLCA may act as RWA's
2 agent in managing the Water System.

3 47. The Defendants failed to mention this agreement with RWA and falsely blamed
4 RWA for RLCA's failure to comply with the Agreement.

5 48. The Defendants breached their fiduciary duties.

6 49. Robert Lee sent a derivative suit demand to RLCA on March 19, 2024.

7 50. To date, no response has been provided to the demand by Robert Lee for a
8 derivative suit, and no action has been taken.

9 **III. CAUSES OF ACTION**

10 **FIRST CAUSE OF ACTION**

11 **(Violation of RCW 24.03A - Washington Non-Profit Corporation Act)**

12 51. Plaintiff incorporates by reference all paragraphs of this Complaint as though fully
13 set forth herein.

14 52. RLCA was harmed when the Board failed to comply with the Settlement
15 Agreement.

16 53. The harm RLCA suffered was proximately caused by the Defendants' conduct.

17 54. The Board is liable for intentional misconduct.

18 55. The Board violated the company bylaws.

19 **SECOND CAUSE OF ACTION**
20 **(Breach of Fiduciary Duty; RCW 23B.08.300)**

21 56. Plaintiff incorporates by reference all paragraphs of this Complaint as though fully
22 set forth herein.

23 57. Defendants, as directors of the board of RLCA, owed a fiduciary duty to the
24 corporation and were required to act only in the corporation's interest.
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58. The fiduciary duties include the duty of good faith, duty of care, and duty of loyalty.

59. The Defendants breached their fiduciary duty when they engaged in self-dealing, deceit, and misrepresentations causing RLCA to incur attorney fees and costs for their own self interests.

60. There was no reasonable basis for the Defendants' actions.

61. The Defendants' actions were taken with a corrupt motive.

62. This breach proximately caused injury to the corporation.

63. As a direct result of Defendants Long, Parker, Boothby and Cosby's negligence, Plaintiff has suffered damages in an amount to be proven at trial.

THIRD CAUSE OF ACTION
(Violation of RCW 24.03A - Washington Non-Profit Corporation Act)

64. Plaintiff incorporates by reference all paragraphs of this Complaint as though fully set forth herein.

65. Robert Lee was harmed when the Defendants failed to comply with the Settlement Agreement.

66. The harm Robert Lee suffered was proximately caused by Defendants' conduct.

67. The Defendants are liable for knowingly inflicting harm on Robert Lee and violating the Washington Non-Profit Corporation Act.

FOURTH CAUSE OF ACTION
(Ultra Vires, RCW 24.03A.150)

68. Plaintiff incorporates by reference all paragraphs of this Complaint as though fully set forth herein.

69. The Defendants acted without legal authority when they failed to comply with the

1 Settlement Agreement and when they engaged in decision making outside of board meetings.

2 70. Defendants' ultra vires conduct resulted in RLCA suffering damages in an amount
3 to be proven at trial.

4 **FIFTH CAUSE OF ACTION**
5 **(Civil Conspiracy)**

6 71. Plaintiff incorporates by reference all paragraphs of this Complaint as though fully
7 set forth herein.

8 72. Defendants acted in concert for an unlawful purpose and/or combined to
9 accomplish a lawful purpose by unlawful means.

10 73. Specifically, Defendants conspired to fail to comply with the Settlement
11 Agreement.

12 74. Defendants entered into an agreement to establish the conspiracy.

13 75. As a direct result of the agreement entered into between Defendants, Plaintiff has
14 suffered damages in an amount to be proven at trial.

15 **IV. PRAYER FOR RELIEF**

16 Plaintiff incorporates by reference all paragraphs of this Complaint as though fully set
17 forth herein and requests the following relief:

18 1. Judgment against Defendants for the amount of damages sustained by RLCA as
19 a result of Defendants' breaches of fiduciary duties.

20 2. Directing RLCA to take all necessary actions to reform and improve its corporate
21 governance and internal procedures to comply with applicable laws and to protect the
22 corporation and its shareholders from a repeat of the damaging events described herein.

23 3. For judgment against Defendants in an amount to be proven at trial;

24 4. To enjoin the Defendants from performing any further ultra vires acts.
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2025.04.17 Complaint

Final Audit Report

2025-04-17

Created:	2025-04-17
By:	Lauren McVicker (laurenm@robertsfreebourn.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAkJZnD56nhDFoNyjFr8Q5d7D7ilfWWu-p

"2025.04.17 Complaint" History

-  Document created by Lauren McVicker (laurenm@robertsfreebourn.com)
2025-04-17 - 5:23:09 PM GMT
-  Document emailed to Robert Lee ([REDACTED]) for signature
2025-04-17 - 5:23:13 PM GMT
-  Email viewed by Robert Lee (doomhammerpow@gmail.com)
2025-04-17 - 5:47:27 PM GMT
-  Document e-signed by Robert Lee ([REDACTED])
Signature Date: 2025-04-17 - 5:49:49 PM GMT - Time Source: server
-  Agreement completed.
2025-04-17 - 5:49:49 PM GMT



Adobe Acrobat Sign