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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF STATE  
BEFORE THE SECRETARY OF THE COMMONWEALTH

Department of State

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PROTHONOTARY

Commonwealth of Pennsylvania,  
Bureau of Charitable Organizations,

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Docket No. 0915-98-10

Vs.

File No. 10-98-03153

Gladys Kleinfelter  
Respondent

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Bureau of Charitable Organizations ("Bureau") and the Gladys Kleinfelter, ("Respondent") stipulate as follows in settlement of the above-captioned case.

JURISDICTION

1. This matter is before the Secretary of the Commonwealth ("Secretary") pursuant to the Solicitation of Funds for Charitable Purposes Act, Act of December 19, 1990, P.L. 1200, No. 202, *as amended* ("Act"), 10 P.S. §§162.1, *et seq.*

STIPULATED FACTS

- 2. Respondent admits that the following allegations are true:
  - a. Respondent's last known address is 705 Maple Road, Middletown, PA 17057.
  - b. The Middletown Volunteer Fire Department Auxiliary (hereinafter "Auxiliary") operates as a nonprofit organization.

- c. The Auxiliary conducts business as a charitable organization as defined by the Act.
- d. Between on or about January 2005 through on or about December 2007, Respondent served as the treasurer of the Auxiliary.
- e. Respondent, as treasurer, owed the Auxiliary fiduciary duties.
- f. On or about January 22, 2008, the Bureau sent an investigative subpoena to Respondent and the President of the Auxiliary, requesting financial information for the Auxiliary for the period from January 1, 2005 to December 31, 2007.
- g. On April 24, 2008, after an extension had been granted to allow Respondent to compile the requested financial documents, the Bureau met with Respondent to obtain and review Respondent's response to the Bureau's Investigative Subpoena.
- h. After the Bureau's review of Respondent's records, it was determined that Respondent failed to maintain complete financial records for fiscal years ending December 31, 2005, December 31, 2006 and December 31, 2007.
- i. Despite attempts to obtain the requested financial documents, the Bureau has not been supplied the requested documents.
- j. The Auxiliary's President also submitted a letter, dated April 23, 2008, that included an admission that receipts were not obtained and that records were not kept for cash purchases.

k. After the Bureau's review of the Auxiliary's records it was determined that Respondent received no-interest loans made from the Auxiliary's funds without the knowledge or consent of Respondent's Board of Directors, when she placed personal checks as "I.O.U.'s" in the Auxiliary's funds and using the Auxiliary's money, and then depositing the checks in the Auxiliary's account several months later.

l. After the Bureau's review of the Auxiliary's records it was determined that Respondent failed to make timely deposits of the Auxiliary's gaming proceeds.

### **AGREED VIOLATIONS**

3. Respondent admits and agrees that by engaging in the foregoing activities, Respondent has committed multiple violations of the Act by:

a. Respondent violated the Act at 10 P.S. § 162.15(a)(1), by and through 10 P.S. § 162.21, in that when Respondent, as treasurer, used the Auxiliary's funds for her own use and benefit without the knowledge or consent of the Auxiliary's Board of Directors, she breached the fiduciary duty she owed to the Auxiliary; and

b. Respondent violated the Act at 10 P.S. 162.15(a)(1), by and through 10 P.S. § 162.21 in that when Respondent failed to make timely deposits of the Auxiliary's gaming proceeds, she breached the fiduciary duty she owed to the Auxiliary; and

c. Respondent violated the Act at 10 P.S. 162.15(a)(1), by and through 10 P.S. § 162.21 failing to keep true and accurate financial records for the Auxiliary for fiscal years ending December 31, 2005, December 31, 2006 and December 31, 2007.

**PROPOSED ORDER**

4. The participants, intending to be legally bound, consent to issuance of the following Order in settlement of this matter:

a. Respondent repeatedly violated the Act at 10 P.S. 162.15(a)(1), by and through 10 P.S. § 162.21.

**PUBLIC REPRIMAND**

b. A **PUBLIC REPRIMAND** is hereby issued to Respondent.

**ADDITIONAL PROVISIONS**

c. Respondent shall not represent, either directly or indirectly, that by this Consent Agreement the Bureau of Charitable Organizations has sanctioned, condoned or approved any part or aspect of Respondent's activities.

d. Respondent shall not, either directly or indirectly, participate in any activities within the Commonwealth of Pennsylvania in violation of the Act.

e. Respondent shall not assume any position, whether voluntary or paid, in any charitable organization, which involves the solicitation, collection, or expenditure of contributions.

**CASE SETTLED AND DISCONTINUED**

5. This case shall be deemed settled and discontinued upon the Secretary issuing an Order adopting this Consent Agreement and the Respondent's successful completion of any ordered discipline.

**ACKNOWLEDGEMENT OF NOTICE AND WAIVER OF HEARING**

6. Respondent waives the filing of an Order to Show Cause in this matter. Respondent knowingly and voluntarily waives the right to an administrative hearing in this matter, and to the following rights related to that hearing: to be represented by counsel at the hearing; to present witnesses and testimony in defense or in mitigation of any sanction that may be imposed for a violation; to cross-examine witnesses and to challenge evidence presented by the Bureau; to present legal arguments by means of a brief; and to take an appeal from any final adverse decision.

**AGREEMENT NOT BINDING ON OTHER PARTIES**

7. This Consent Agreement is between the Bureau and Respondent only. It does not bind any other administrative or governmental entity of the Commonwealth of Pennsylvania, including any other bureau within the Department of State. Except as otherwise noted, this Agreement is to have no legal effect if (a) the Office of General Counsel expresses an objection to the Agreement's form or legality and/or (b) unless and until the Secretary issues the stipulated Order.

**EFFECT OF SECRETARY'S REJECTION**

8. Should the Secretary not approve this Consent Agreement, presentation to and consideration of this Consent Agreement and other documents and matters by the Secretary shall not prejudice the Secretary from further participation in the adjudication of this matter. This paragraph is binding on the participants even if the Secretary does not approve this Consent Agreement.

**ENTIRE AGREEMENT**

9. This Agreement contains the whole agreement between the parties; provided, however, that the captions printed in the various provisions of this agreement are for ease of reading only and are not to be interpreted as forming any part of this agreement. There are no other terms,

obligations, covenants, representations, statements or conditions, or otherwise, of any kind whatsoever, concerning this Agreement.

**AGREEMENT DOES NOT PREVENT REFERRAL TO OTHER AGENCIES**

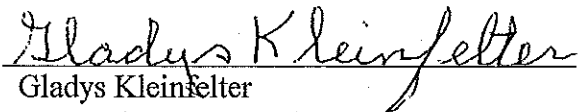
10. The parties acknowledge that other federal, state, and/or local agencies may have jurisdiction over the activities of, or representations made by, Respondent and its officers, directors, agents, employees or independent contractors. Nothing in this Consent Agreement or the Order based upon this Consent Agreement shall preclude representatives of the Bureau from referring any information or data produced as a result of this matter to any federal, state, or local agency or governmental unit having jurisdiction over the activities of Respondent or any officer, director, agent, employee or independent contractor of the Respondent.

**VERIFICATION OF FACTS AND STATEMENTS**

11. Respondent verifies that the facts and statements set forth in this Agreement are true and correct to the best of Respondent's knowledge, information and belief. Respondent understands that statements in this Agreement are made subject to the criminal penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



Jacquelyn E. Pfursich, Esquire  
Prosecuting Attorney  
Department of State



Gladys Kleinfelter  
Respondent

DATED:

4/13/10

DATED:



**IN THE MATTER OF THE  
Gladys Kleinfelter  
FILE NO. 10-98-03153  
ORDER**

AND NOW, to wit, on this 19<sup>th</sup> day of April 2010, the terms of paragraph 4 of the foregoing Consent Agreement are hereby adopted and incorporated as the Order of the Secretary of the Commonwealth in resolution of this matter. This Order shall take effect immediately.

BY ORDER

Pedro A. Cortés

Pedro A. Cortés  
Secretary of the Commonwealth