

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

PROTHONOTARY
2015 DEC -7 AM 11:41
Department of State

Commonwealth of Pennsylvania,
Bureau of Corporations and
Charitable Organizations

vs.

Russ Reid Company, Inc.,
Respondent

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Docket No. *98-15* -98-15

File No. 11-98-09032

CONSENT AGREEMENT AND ORDER

PARTIES

The Commonwealth of Pennsylvania, Department of State, Bureau of Corporations and Charitable Organizations (“Bureau”) and **Russ Reid Company, Inc.** (“Respondent”), stipulate as follows in settlement of the above-captioned matter:

JURISDICTION

a. 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. 12000, No. 202, *as amended* (here and after referred to as ‘Act’), 10 P.S. §§ 162.1-162.24.

REGISTRATION STATUS

2. Respondent does not deny the truth of the following averments regarding registration as a charitable organization in the Commonwealth of Pennsylvania:

a. Respondent is registered with the Commonwealth of Pennsylvania, Department of State, Bureau of Corporations and Charitable Organizations (here

and after referred to as 'Bureau') as a professional fundraising counsel, having registration no. 10670, which registration is current.

b. The Respondent first became registered with the Bureau on April 29, 1992, and thereafter, more or less, maintained an annual registration with the Bureau until the registration expired on July 18, 2009, becoming inactive.

c. The registration held by the Respondent remained inactive and in an expired status until it was renewed with the Bureau on or about September 22, 2011.

d. The last known business address for the Respondent on file with the Department of State is 2 N. Lake Avenue, Ste. 600, Pasadena, CA 91101-1868.

STIPULATED FACTS

3. Respondent admits that the following allegations are true:

a. On or about March 21, 2011, the Secretary of the Commonwealth issued an Order directing the Respondent to Cease and Desist from providing professional fundraising counsel services in the Commonwealth until it became duly registered or provided information that it was excluded or exempt from registration.

b. Respondent continued to provide services as a professional fundraising counsel to various charities registered in the Commonwealth between March 21, 2011, and September 22, 2011.

c. Light of Life Ministries, Inc. is registered with the Bureau as a charitable organization, certificate number 8389.

1) Beginning on or about February 1, 2007, and continuing through at least September 21, 2011, Respondent provided professional fundraising counsel services to Light of Life Ministries,

Inc., pursuant to a written contract between Respondent and Light of Life Ministries, Inc.

2) At all relevant and material times, there was no contract on file with the Bureau, nor approved by the Bureau, for professional fundraising counsel services to be provided by Respondent to Light of Life Ministries, Inc.

d. Operation Smile, Inc., is registered with the Bureau as a charitable organization, certificate number 7614.

1) Beginning on or about July 1, 2008, Respondent performed professional fundraising counsel services for Operation Smile, Inc., pursuant to a written contract between Respondent and Operation Smile, Inc.

2) At all relevant and material times, there was no contract on file with the Bureau, nor approved by the Bureau, for professional fundraising counsel services to be provided by Respondent to Operation Smile, Inc.

e. World Vision, Inc. is a charitable organization that is registered with the Bureau, certificate number 13289.

1) Beginning on or about October 1, 2007, Respondent performed professional fundraising counsel services for World Vision, Inc., pursuant to a written contract between Respondent and World Vision, Inc.

2) Beginning on or about October 1, 2010, Respondent performed professional fundraising counsel services for World Vision,

Inc., pursuant to a second written contract between Respondent and World Visions, Inc.

3) At all relevant and material times, there was no contract on file with the Bureau, nor approved by the Bureau, for professional fundraising counsel services to be provided by Respondent to World Vision, Inc.

f. American Lebanese Syrian Associated Charities, Inc., is a charitable organization that is registered with the Bureau, certificate number 26.

1) Beginning on or about March 1, 2009, Respondent performed professional fundraising counsel services for American Lebanese Syrian Associated Charities, Inc., pursuant to a written contract between Respondent and American Lebanese Syrian Associated Charities, Inc.

2) At all relevant and material times, there was no contract on file with the Bureau, nor approved by the Bureau, for professional fundraising counsel services to be provided by Respondent to American Lebanese Syrian Associated Charities, Inc.

g. In addition to the Respondent providing professional fundraising counsel services to the entities listed in subparagraphs c, d, e, and f, and their subparts above, without having filed contracts with the Bureau as required, Respondent provided professional fundraising counsel services to the charitable organizations during the period of time that the registration issued to the Respondent was inactive and in an expired status, and while the Cease and Desist Order was in effect.

AGREED VIOLATIONS

4. Respondent admits and agrees that by engaging in the foregoing activities:
 - a. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), by and through the violation of Section 8(a) of the Act, 10 P.S. § 162.8(a), in that Respondent provided services as a professional fundraising counsel to charitable organizations operating in the Commonwealth after the expiration of the registration held by the Respondent to provide such services;
 - b. Respondent acted in violation of Section 17(a) of the Act, 10 P.S. § 162.17(a), in that Respondent provided services as a professional fundraising counsel to charitable organizations operating in the Commonwealth in violation of an Order issued by the Secretary of the Commonwealth on March 21, 2011;
 - c. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), in that Respondent operated in violation of Section 8(d) of the Act, 10 P.S. § 162.8(d), by failing to file with the Department of State the written contract between the Respondent and Light of Life Ministries, Inc., for professional fundraising counsel services related to solicitations for charitable contributions within the Commonwealth; and for providing those services prior to the approval by the Department of the contract;
 - d. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), in that Respondent operated in violation of Section 8(d) of the Act, 10 P.S. § 162.8(d), by failing to file with the Department of State the written contract between the Respondent and Operation Smile, Inc. for professional fundraising counsel services related to solicitations for charitable contributions within the

Commonwealth; and for providing those services prior to the approval by the Department of the contract;

e. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), in that Respondent operated in violation of Section 8(d) of the Act, 10 P.S. § 162.8(d), by failing to file with the Department of State the written contract between the Respondent and World Vision, Inc. for professional fundraising counsel services related to solicitations for charitable contributions within the Commonwealth; and for providing those services prior to the approval by the Department of the contract;

f. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), in that Respondent operated in violation of Section 8(d) of the Act, 10 P.S. § 162.8(d), by failing to file with the Department of State the written contract between the Respondent and American Lebanese Syrian Associated Charities, Inc. for professional fundraising counsel services related to solicitations for charitable contributions within the Commonwealth; and for providing those services prior to the approval by the Department of the contract;

g. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), in that Respondent provided professional fundraising counsel services to at least four (4) clients in violation of an Order issued by the Secretary of the Commonwealth directing the Respondent to Cease and Desist from such activity.

MITIGATION OFFERED

5. Should this matter proceed to a hearing, the Respondent avers and the Commonwealth neither admits or denies the following:

a. Respondent delegated the registration work to an internal employee who represented to Respondent that he had the necessary skills and competence to perform the duties required to keep Respondent compliant with the registration requirements.

b. The employee regularly misrepresented to the responsible persons at Respondent organization that he was completing the tasks as required, including filing the necessary registration and contracts with the Commonwealth of Pennsylvania.

c. Respondent believed at all times that it was properly registered with the Commonwealth.

d. Respondent discovered the noncompliance through its internal procedures and immediately took steps to voluntarily submit all documents to come into compliance with the Bureau.

e. No investigation or enforcement efforts were needed in order for Russ Reid to come into compliance in the Commonwealth.

PROPOSED ORDER

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

a. The Secretary finds that Respondent acted in a manner prohibited under Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), in that:

1) Respondent provided services as a professional fundraising counsel to charitable organizations operating in the Commonwealth after the expiration of the registration held by the Respondent to provide such services, in violation of Section 8(a) of the Act, 10 P.S. § 162.8(a);

2) Respondent provided professional fundraising counsel services to at least four (4) clients in violation of an Order issued by the Secretary of the Commonwealth directing the Respondent to Cease and Desist from such activity; and,

3) Respondent failed to file with the Department of State written contracts between the Respondent and Light of Life Ministries, Inc.; Operation Smile, Inc.; World Vision, Inc.; and, American Lebanese Syrian Associated Charities, Inc., for professional fundraising counsel services related to solicitations by those charitable organizations for contributions within the Commonwealth; and provided those professional fundraising counsel services prior to the approval by the Department of the contract between the Respondent and the charitable organization for the provision of such services, in violation of Section 8(d) of the Act, 10 P.S. § 162.8(d).

ADMINISTRATIVE FINE

b. The Secretary finds in accordance with Section 17(a)(1) of the Act, 10 P.S. § 162.17(a)(1), that Respondent has violated or has operated in violation of the Act and of a lawful Order issued by the Secretary;

c. In accordance with Section 17(b) of the Act, 10 P.S. § 162.17(b), an **ADMINISTRATIVE FINE** in the amount of **FIVE-THOUSAND-DOLLARS (\$5,000)** is levied upon Respondent.

d. Respondent shall tender the full sum of **FIVE-THOUSAND-DOLLARS (\$5,000)**, with the return of this executed Consent Agreement

e. Payment shall be made by certified check, cashier's check, attorney's check, or money order issued by a usual, customary, and

reputable issuer (e.g. U.S. Postal Money Order, Western Union Money Order, etc.).

f. The instrument of payment shall be payable to the 'Commonwealth of Pennsylvania,' and shall be valid for a period of at least one hundred eighty (180) days.

g. The executed Consent Agreement and payment shall be returned to:

Comm. of PA, Dept. of State, Legal Office
Attn: Robert B. Armour
P.O. Box 69521
Harrisburg, PA 17106-9521

CASE SETTLED AND DISCONTINUED

h. 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 discipline imposed therein.

ACKNOWLEDGEMENT OF NOTICE AND WAIVER OF HEARING

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

AGREEMENT NOT BINDING ON OTHER PARTIES

9. 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 an Order approving this Consent Agreement and incorporating the terms in paragraph 5, above.

EFFECT OF SECRETARY'S REJECTION

10. 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.

AGREEMENT DOES NOT PREVENT REFERRAL TO OTHER AGENCIES

11. The parties acknowledge that other federal, state, and/or local agencies may have jurisdiction over the activities of, or representations made by, Respondent. 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.

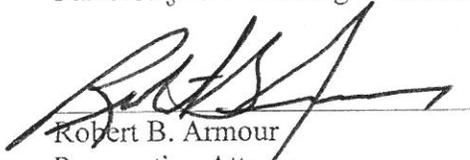
ENTIRE AGREEMENT

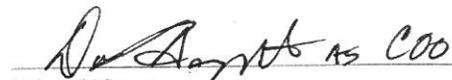
12. This Agreement contains the whole agreement between the parties; provided, however, that the captions printed in the various provisions of this agreement are for ease of reading only and are not to be interpreted as forming any part of this agreement. There are no

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

VERIFICATION OF FACTS AND STATEMENTS

13. 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.


Robert B. Armour
Prosecuting Attorney
Department of State


Printed Name:
For Russ Reid Company, Inc.
Respondent

DATED: 11/10/15

DATED: 10/29/15



**IN THE MATTER OF
COMMONWEALTH OF PENNSYLVANIA, BUREAU OF
CORPORATIONS AND CHARITABLE ORGANIZATIONS
VS
RUSS REID COMPANY, INC.
File No. 11-98-09032
Docket No. 0012-98-15**

ORDER

AND NOW, this 13th day of December 2015, the foregoing Consent Agreement is hereby approved and the terms of paragraph 6 of the Agreement are herein 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