COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF STATE

BEFORE THE SECRETARY OF THE COMMONWEALTH

Commonwealth of Pennsylvania,

Bureau of Charitable Organizations,

VS.

The Jerusalem Foundation, Inc.,

Respondent

Docket No.: 0008-98-02

File No.: 02-98-00898

PROTHUNIOTAL Int size 18 48 9 5 Department of State

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Bureau of Charitable Organizations ("Bureau") and The Jerusalem Foundation, Inc., ("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. §§ 162.1-162.24.
- 2. At all relevant and material times, Respondent did not hold a registration to solicit charitable contributions within the Commonwealth of Pennsylvania.

STIPULATED FACTS

- 3. The Respondent admits that the following allegations are true:
- a. Respondent's last known business address, as on file with the Department of State is 60 East 42nd Street, Suite 1936, New York, NY 10165.
 - b. On December 20, 1999, Respondent attempted for the first time to

register with the Bureau as a charitable organization, even though Respondent advised the Bureau that it had been soliciting charitable contributions from Pennsylvania residents since 1989.

- On December 23, 1999, the Bureau assessed a \$1,000 administrative fine against Respondent for failing to register as a charitable organization within thirty days of having gross contributions exceeding \$25,000 and advised Respondent that its registration would not be approved until the fine was paid. A true and correct copy of the Bureau's December 23, 1999 letter to Respondent is attached as Exhibit "1" and incorporated by reference.
- d. Respondent never paid the fine, so the Bureau never formally approved its registration for the fiscal year ending December 31, 1998.
- e. On November 22, 2000, Respondent again attempted to register with the Bureau as a charitable organization.
- f. On December 5, 2000, the Bureau assessed an additional \$1,000 administrative fine against Respondent for failing to register within thirty days of having gross contributions exceeding \$25,000 and advised Respondent that its registration would not be approved until all fines were paid. A true and correct copy of the Bureau's December 5, 2000 letter is attached as Exhibit "2" and incorporated by reference.
- g. Once again, Respondent failed to perfect its registration for the fiscal year ending December 31, 1999 by paying the fines assessed against it.
 - h. Respondent never submitted any registration materials to the Bureau

after November 22, 2000.

- i. In October 2001, the Bureau received information that Respondent was actively soliciting charitable contributions from Pennsylvania residents through the use of a professional solicitor.
- j. On December 12, 2001, the Secretary issued a Cease and Desist Order against Respondent. A true and correct copy of the Cease and Desist Order is attached as Exhibit "3" and incorporated by reference.
- k. On December 12, 2001, the Bureau issued an Investigative Subpoena against Respondent. A true and correct copy of the Investigative Subpoena is attached as Exhibit "4" and incorporated by reference.
- On January 25, 2002, the Bureau received Respondent's answer to the Investigative Subpoena.
- m. In response to the subpoena, Respondent indicated that it had received 6,129 contributions from Pennsylvania residents since 1989 totaling \$189,495.26.

AGREED VIOLATIONS

4. Respondent agrees that by engaging in the foregoing activities it committed multiple violations of the Act at 10 P.S. § 162.15(a)(1) by soliciting charitable contributions in the Commonwealth of Pennsylvania from 1990 to 2001 without being properly registered under the Act.

PROPOSED ORDER

- 5. The parties consent to the issuance of the following Order in settlement of this matter:
- a. Respondent committed multiple violations of the Act at 10 P.S. § 162.15(a)(1) by soliciting charitable contributions in the Commonwealth of Pennsylvania from 1990 to 2001 without being properly registered under the Act.
- b. Respondent shall register with the Bureau prior to the commencement of any charitable solicitations in Pennsylvania, and shall otherwise comply with the requirements of the Act.
- c. Respondent shall not represent directly or indirectly that by this Consent Agreement the Attorney General or Bureau of Charitable Organizations has sanctioned, condoned or approved any part or aspect of Respondent's activities.
- d. Respondent is permanently enjoined from directly or indirectly participating in any activities within the Commonwealth of Pennsylvania in violation of the Act.

ADMINISTRATIVE FINE

e. An ADMINISTRATIVE FINE of six thousand dollars (\$6,000) is levied upon Respondent. Respondent shall tender the full sum of six thousand dollars (\$6,000) with this executed Consent Agreement which shall be paid by certified check, cashier's check, attorney's check, or U.S. Postal money order made payable to the "Commonwealth of Pennsylvania."

VIOLATION OF THE SECRETARY'S ORDER

- f Notification of a violation of the terms or conditions of this Consent

 Agreement and Order shall result in the imposition of additional penalties as follows:
 - (1) The prosecuting attorney for the Bureau shall file with the Secretary a Petition which indicates that Respondent has violated the terms or conditions of this Consent Agreement and Order.
 - (2) Upon a probable cause determination that Respondent has violated the terms and conditions of this Consent Agreement and Order, the Secretary, or his designee, shall, without holding a formal hearing, issue a Preliminary Order, effective thirty (30) days after its mailing, which imposes a sixty (60) day period of suspension on Respondent's registration to solicit charitable contributions.
 - (3) Respondent shall be notified of the Preliminary Order within three (3) days of its issuance by certified mail and first class mail postage prepaid, sent to the last registered address on file with the Bureau, together with a copy to Respondent's attorneys by facsimile or first class mail.
 - (4) Within fifteen (15) days of mailing of the notification of the Preliminary Order, Respondent may answer the Commonwealth's petition, request that a formal hearing be convened concerning Respondent's alleged violation of the conditions of probation, and move that the period of suspension be stayed until the

Secretary or his designee issues a final order. Respondent shall file all answers and subsequent filings with the Prothonotary for the Department of State, 124 Pine Street, Suite 200, Harrisburg, PA 17101. Respondent shall serve the prosecuting attorney for the Bureau with a copy of the answer and all subsequent filings in this matter.

- (5) If the Respondent moves for a stay of the period of suspension, Respondent shall set forth properly verified facts and/or state concisely the matter of law which the Respondent believes justifies a stay of the period of suspension. The Secretary or his designee shall issue a ruling on the Respondent's motion within fifteen (15) days from the date of the mailing of the notification of the Preliminary Order. If the Secretary or his designee makes no ruling on the Respondent's motion within the fifteen (15) days from mailing of the notification of the Preliminary Order, the Respondent's motion shall be deemed denied.
- (6) If a request for a formal hearing is received from Respondent, a formal hearing shall be convened within forty-five (45) days from the date of filing of Respondent's request for a formal heating.
- (7) The facts and averments in this Consent Agreement and Order shall be deemed admitted and uncontested at this hearing.

- (8) If the Secretary, or his designee, after such hearing makes a determination adverse to Respondent, the Secretary or his designee will issue a Final Order imposing any disciplinary measures she deems appropriate. The Secretary or her designee may, but is not required to, take into account any period of active suspension already served by the Respondent pursuant to the Preliminary Order.
- (9) If a request for a formal hearing is not received from Respondent within the prescribed fifteen (15) day period, the Preliminary Order shall become a Final Order.
- shall still comply with all terms and conditions of probation during any active period of suspension, other than those terms and conditions pertaining to the active solicitation of funds for charitable purposes. Continued failure by Respondent to comply with the unaffected terms and conditions of shall result in further disciplinary action against Respondent.
- g. Nothing in this Order shall preclude the Prosecuting Attorney for the Bureau from filing charges or the Secretary from imposing disciplinary or corrective measures for violations or facts not contained in this Consent Agreement; provided, however, the Bureau agrees to not re-open its investigation as of the date of this Consent Agreement and Order unless the Bureau becomes aware of material facts or omission of material facts which

have previously not been disclosed to it and would give it probable cause that other violations existed during such period of time which it failed to uncover in its previous investigation.

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

ACKNOWLEDGMENT OF NOTICE AND WAIVER OF HEARING

6. Respondent acknowledges 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; the right 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 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.A. §4904 relating to unsworn falsification to authorities.

Bridget K. Guilfoyle

Prosecuting Attorney

Bureau of Charitable Organizations

DATED: 08/14/02

The Jerusalem Foundation

Respondent

DATED:

8/9/02

andrakuben

Pennsylvania Department of a Bureau of Charitable Organizations 207 North Office Building Harrisburg, PA 17120 800-732-0999 (In PA) 717-783-1720

December 23, 1999

Approved:
Reg. Poe:
P/F:
Fee Regvid:

#25442 12/31/1998
THE JERUSALEM FOUNDATION, INC.
FDWARD N MATISIK, EXQ
60 EAST 42ND STREET, STE 1936
NEW YORK NY 10165

Dear Sir or Madam:

Your registration for 12/31/1998 cannot be approved for the following reason(s):

Registration indicates the organization violated the Act by failing to register within thirty (30) days after contributions in excess of \$25,000 were received. Violation of the Act can be settled by payment of an administrative fine of \$1,000.00.

Unless your current registration is still in effect or you have an approved extension, you cannot solicit contributions in Pennsylvania until all the reason(s) listed above are corrected.

If you correct the above deficiency(ies) immediately, your organization's registration can be completed and ADDITIONAL fines and penalties avoided. However, should you need to request an extension, you can forward it at this time. INCLUDE THIS LETTER WITH YOUR RESPONSE.

Should you have any further questions concerning these matters, please contact me at the number listed above.

Sincerely, Connie Martin

EXHIBIT

Pennsylvania Department of sa Bureau of Charitable Organizations 207 North Office Building Harrisburg, PA 17120 800-732-0999 (In PA)

Reg. Fee: P/F; Fee Recy'd;

Approved:

717-783-1720

December 5, 2000

#25442 12/31/1999 EDWARD N MATISIK, EXQ 4201 MASSACHUSETTS AVE., NW EUITE 5047 WASHINGTON, DC 20016

Dear Sir or Madam: RE: 25442 THE JERUSALEM FOUNDATION, INC.

Your registration for 12/31/1999 cannot be approved until you take action to correct the following deficiency (ies):

Registration indicates the organization violated the Act by failing to register within thirty (30) days after contributions in excess of \$25,000 were received. Violation of the Act can be settled by payment of an administrative fine's of \$1,000.00 for 12/31/98 and \$1,000.00 for 12/31/99.

Unless your current registration is still in effect or you have an approved extension, you cannot solicit contributions in Pennsylvania until all the reason(s) listed above are corrected.

If you correct the above deficiency(ies) immediately, your organization's registration can be completed and ADDITIONAL fines and penalties avoided. However, should you need to request an extension, you can forward it at this time. INCLUDE THIS LETTER WITH YOUR RESPONSE.

should you have any further questions concerning these matters, please contact me at the number listed above.

Sincerely, Connie Martin



COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF STATE HARRISBURG, PENNSYLVANIA 17120

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CERTIFIED MAIL #7000 0600 0024 1877 4040
RETURN RECEIPT REQUESTED

IN THE MATTER OF: THE JERUSALEM FOUNDATION

ORDER

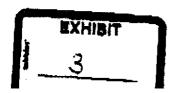
AND NOW, THIS 12TH DAY OF DECEMBER, 2001, THE SECRETARY OF THE COMMONWEALTH HAVING FOUND THAT THE JERUSALEM FOUNDATION HAS SOLICITED CONTRIBUTIONS IN PENNSYLVANIA WHILE IT WAS NOT REGISTERED: IN ACCORDANCE WITH THE PENNSYLVANIA SOLICITATION OF FUNDS FOR CHARITABLE PURPOSES ACT. 10 P.S. § 162,1 ET SEQ., HEREBY ORDERS THE JERUSALEM FOUNDATION TO CEASE AND DESIST FROM SOLICITING CONTRIBUTIONS IN PENNSYLVANIA UNTIL SUCH TIME AS THE JERUSALEM FOUNDATION HAS DULY REGISTERED. THIS ORDER SHALL TAKE EPFECT IMMEDIATELY.

BY ORDER: DEPARTMENT OF STATE

KIM PIZZINGRILLI

SECRETARY OF THE COMMONWEALTH

THIS ORDER MAY BE APPEALED BY REQUESTING A HEARING, IN WRITING, WITHIN TEN DAYS OF THE DATE OF THIS ORDER IN ACCORDANCE WITH 2 PA. C. S. § 501 ET SEQ. THE REQUEST MUST BE SENT TO: THE BUREAU OF CHARITABLE ORGANIZATIONS, 212 NORTH OFFICE BUILDING, HARRISBURG, PA 17120.



Case No. 2001-98-00331



Commonwealth of Pennsylvania Department of State Bureau of Charitable Organizations P.O. Box 8723 Harrisburg, Pennsylvania 17105-2649

INVESTIGATIVE SUBPOENA

CERTIFIED MAIL #7000 0600 0024 1877 4040 RETURN RECEIPT REQUESTED

To: The Jerusalem Foundation 60 East 42nd Street, Suite 1936 New York, NY 10165

GREETINGS:

In accordance with the Pennsylvania Solicitation of Funds for Charitable Purposes Act, 10 P.S. § 162.1 et seq.:

You are hereby commanded, setting aside all manner of business and excuses whatsoever, to produce and tender to Special Investigator Drew A. Koser by December 31, 2001, the identified documents, which are relevant to the above matter presently under investigation and undetermined before the Bureau of Charitable Organizations:

- 1. The date your organization first solicited contributions in Pennsylvania;
- 2. A list of all Pennsylvania residents your organization has solicited, detailing the names, addresses, and dates solicited;
- 3. A list of all contributions your organization has received from Pennsylvania residents, detailing the names, addresses, amounts contributed, and dates the contributions were received, please include the total amount received from Pennsylvania residents for each year;
- 4. A list of all contributions your organization has received from Pennsylvania businesses, corporations, and foundations, detailing the names, addresses, the amounts contributed, and dates the contributions were received; and
- 5. Copies of all contracts between your organization and any professional solicitor or professional fundraising counsel with respect to solicitations conducted in Pennsylvania during the period May 8, 1998 to the present.

EXHIBIT 4

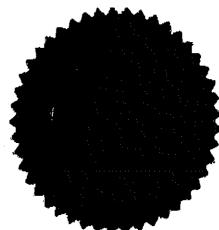
Investigative Sub. 1

-2-

Case No. 200 -98-00331

And this you are not to omit under penalty which may ensue.

WITNESS my hand and the official seal of the Secretary of the Commonwealth this 12th day of December, 2001.



Director, Bureau of Charitable Organizations

Counsel



COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF STATE

HARRISBURG, PENNSYLVANIA

17120

BEGRETARY OF THE COMMENTALTH

CERTIFIED MAIL #7000 0600 0024 1877 4040
RETURN RECEIPT REQUESTED

IN THE MATTER OF: THE JERUSALEM FOUNDATION

ORDER

AND NOW, THIS 12th DAY OF DECEMBER, 2001, THE SECRETARY OF THE COMMONWEALTH HAVING FOUND THAT THE JERUSALEM FOUNDATION HAS SOLICITED CONTRIBUTIONS IN PENNSYLVANIA WHILE IT WAS NOT REGISTERED; IN ACCORDANCE WITH THE PENNSYLVANIA SOLICITATION OF FUNDS FOR CHARITABLE PURPOSES ACT, 10 P.S. § 162.1 ET SEQ., HEREBY ORDERS THE JERUSALEM FOUNDATION TO CEASE AND DESIST FROM SOLICITING CONTRIBUTIONS IN PENNSYLVANIA UNTIL SUCH TIME AS THE JERUSALEM FOUNDATION HAS DULY REGISTERED. THIS ORDER SHALL TAKE EFFECT IMMEDIATELY.

BY ORDER: DEPARTMENT OF STATE

KIM PIZZINGRILLI

SECRETARY OF THE COMMONWEALTH

THIS ORDER MAY BE APPEALED BY REQUESTING A HEARING, IN WRITING, WITHIN TEN DAYS OF THE DATE OF THIS ORDER IN ACCORDANCE WITH 2 PA. C. S. § 501 ET SEQ. THE REQUEST MUST BE SENT TO: THE BUREAU OF CHARITABLE ORGANIZATIONS, 212 NORTH OFFICE BUILDING. HARRISBURG, PA 17120.



IN THE MATTER OF THE SOLICITATION OF FUNDS FOR CHARITABLE PURPOSES BY THE JERUSALEM FOUNDATION FILE NO.: 02-98-00898

ORDER

AND NOW, to wit, on this 32 day of 2002, the terms of Paragraph 5 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

C. Michael Weaver

Secretary of the Commonwealth