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

JUL 23 2007

Department of State  
Prothonotary

Commonwealth of Pennsylvania,  
Bureau of Charitable Organizations

Docket No. 0004-98-2007

vs.

File No. 07-98-06200

The Pocono Equestrian Center,  
Respondent

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Bureau of Charitable Organizations ("Bureau"), and The Pocono Equestrian Center ("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. Respondent solicited charitable contributions from Pennsylvania residents.
3. At all relevant and material times, Respondent held a current registration to solicit charitable contributions within the Commonwealth of Pennsylvania, certificate # 31911.

STIPULATED FACTS

4. Respondent admits that the following allegations are true:
  - a. Respondent's last known address, as registered with the Bureau, is 210 North Lincoln Avenue, Scranton, Pennsylvania 18504.
  - b. Respondent is a 501(c)(3) organization that provides therapeutic horseback riding to children and equine therapy for the benefit of both horse and child.
  - c. Respondent solicited donations through its website.
  - d. Prior to September 2004, Respondent's website did not include the disclosure statement required by 10 P. S. § 162.13(c).

e. Respondent filed documents with the Bureau that contained material false statements as follows:

i. For fiscal years 2004 and 2005, Respondent failed to report related-party transactions on Part IV, Lines 50 and 63 of the IRS 990 in that Respondent did not report that officers Frank and Beverly Peffer made loans to the organization and the organization received loans from the Peffers. Respondent did, however, report those items on Line 66.

ii. For fiscal year 2006, Respondent failed to report a related-party transaction on question 24 of the registration form (BCO-10) in that Respondent did not report that officers Frank and Beverly Peffer entered into a *Horse Free Lease* with the organization, whereby the Peffers provided two horses to the organization in exchange for the organization's agreement to provide all regular and special care for the horses. Additionally, Respondent made material misrepresentations by failing to disclose the transaction on Schedule A, Part III, Line 2c of its IRS Form 990, which requires disclosure of transactions in which officers are providing goods or services.

iii. For fiscal year 2006, Respondent failed to disclose that it made payments for compensation or payment or reimbursement of expenses in excess of \$1,000.00 to its officers on Schedule A, Part III, Line 2c of its IRS Form 990. Specifically, officers Frank and Beverly Peffer used the organization's bank card to make purchases for fuel for their personal vehicles, purchase food and pay utility bills that are not in the organization's name. In 2006, such transactions totaled \$2,776.86.

#### **AGREED VIOLATIONS**

5. Respondent agrees that by engaging in the foregoing activities it violated the Act at:

a. 10 P.S. § 162.15(a)(1), by and through 10 P.S. § 162.13(c), by soliciting charitable contributions in Pennsylvania without including the disclosure statement required by § 162.13(c); and

b. 10 P.S. § 162.17(a)(3) by making material false statements on the IRS Form 990 and the BCO-10.

## **PROPOSED ORDER**

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

- a. Respondent violated the Act at 10 P.S. § 162.15(a)(1), by and through 10 P.S. § 162.13(c); and
- b. Respondent violated the Act at 10 P.S. § 162.17(a)(3).

### **ADMINISTRATIVE FINE**

c. An **ADMINISTRATIVE FINE** of one thousand dollars (\$1,000.00) is levied upon Respondent. Respondent shall tender the full sum of one thousand dollars (\$1,000.00) on or before January 31, 2008. An installment payment of at least two hundred dollars (\$200.00) shall be submitted with this executed Consent Agreement. All payments shall be made by **certified check, cashiers check, attorney's check, or U.S. Postal money order made payable to the "Commonwealth of Pennsylvania."** Failure to make payment in full by January 31, 2008 shall (1) render this Agreement null and void; (2) constitute a forfeiture by Respondent of any payments made pursuant to this Agreement; and (3) result in the initiation of formal administrative proceedings in this matter.

### **COMPLIANCE WITH LAW**

d. Respondent agrees to include the disclosure statement set forth in 10 P.S. § 162.13(c) on all solicitations.

### **AMEND REGISTRATION FORMS**

e. Within thirty (30) days of the date the Secretary signs the Order adopting the terms of this Consent Agreement, Respondent shall file an amended BCO-10 with the Bureau correcting the misrepresentations identified above in paragraph 4(e). In addition, Respondent shall file an amended Form 990 with the IRS correcting the misrepresentations identified above in paragraph 4(e) and shall provide a copy of the amended filing to the Bureau.

### **CASE SETTLED AND DISCONTINUED**

7. 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. However, nothing in this Consent Agreement and Order shall preclude the Prosecution 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 and Order.

**ACKNOWLEDGEMENT OF NOTICE AND WAIVER OF HEARING**

8. 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 the 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**

9. 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**

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.

**ENTIRE AGREEMENT**

11. 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**

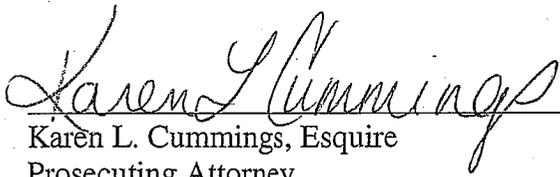
12. The parties acknowledge that other federal, state, and/or local agencies may have jurisdiction over the activities of, or representations made by, Respondent and its officers, directors, agents, employees or independent contractors. Nothing in this Consent Agreement or

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.

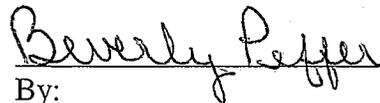
**VERIFICATION OF FACTS AND STATEMENTS**

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.

THE POCONO EQUESTRIAN CENTER



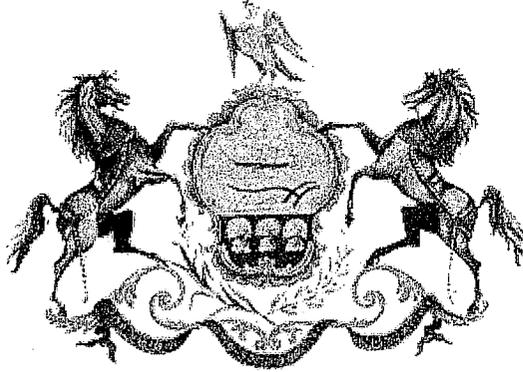
Karen L. Cummings, Esquire  
Prosecuting Attorney  
Department of State



By:  
Title:  
Respondent

DATED: 7/20/07

DATED: 7-16-07



**IN THE MATTER OF  
THE POCONO EQUESTRIAN CENTER  
FILE NO. 07-98-06200**

**ORDER**

AND NOW, to wit, on this 23<sup>rd</sup> day of July 2007, the terms of paragraph 6 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