

COPY

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

SECRETARY
7001
-2
Department of State

Commonwealth of Pennsylvania,
Bureau of Charitable Organizations

vs.

The Stone Group, Inc.,
Respondent

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Docket No. 0013 -98-04
File No. 04-98-01546

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Bureau of Charitable Organizations ("Bureau") and The Stone Group, 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 ("the Act"), Act of December 19, 1990, P.L. 1200, No. 202, *as amended*, 10 P.S. §§162.1-162.24.

STIPULATED FACTS

2. Respondent's last known business address on file with the Bureau is 2760 Eisenhower Avenue, Suite 250, Alexandria, VA 22314.

3. Respondent was registered as a professional fundraising counsel, number 25954.

4. Respondent's registration as a professional fundraising counsel expired on July 7, 2001, and was not renewed thereafter.

5. Respondent has never had an approved contract on file with the Bureau for services it provides to charitable organizations soliciting contributions in Pennsylvania.

6. On October 31, 2003, the Bureau issued a subpoena to Respondent demanding that it provide the Bureau with the date it first solicited contributions or provided counsel services on behalf of charitable organizations in Pennsylvania; all current contracts it has with organizations that are soliciting contributions in Pennsylvania; all expired contracts it has had with organizations which have solicited contributions in Pennsylvania.

7. In response to the subpoena, Respondent provided copies of contracts that Respondent has had with charitable organizations which have solicited contributions in Pennsylvania.

8. Based on Respondent's response to the subpoena, it provided professional fundraising counsel services in Pennsylvania to Challenger Center for Space Science Education ("Challenger Center") during the period of July 1, 2000 through at least August 17, 2002.

9. There are no approved contracts on file between Respondent and the Challenger Center.

10. In June 2000, the Bureau had previously imposed an administrative fine of \$750 against Respondent for providing professional fundraising counsel services to the Challenger Center without being registered and in the absence of an approved contract.

11. The Bureau waived the \$750 fine when Respondent presented special circumstances for why it provided professional fundraising counsel services without being registered and in absence of an approved contract and gave Respondent the opportunity to forward an appropriate contract with the Challenger Center to the Bureau.

12. On or about May 22, 2000, Respondent submitted a contract for professional fundraising counsel services between Respondent and the Challenger Center; however, the contract was not approved because it did not comply with the requirements of the Act.

AGREED VIOLATIONS

13. The parties agree that by engaging in the foregoing activities, Respondent violated the Act at 10 P.S. §162.15(a)(1), by and through 10 P.S. §162.8(a), by providing services as a professional fundraising counsel for the Challenger Center in the Commonwealth of Pennsylvania without first being registered.

14. The parties agree that by engaging in the foregoing activities, Respondent violated the Act at 10 P.S. §162.15(a)(1), by and through 10 P.S. §162.8(d), by failing to submit the contract with Challenger Center to the Bureau for review and approval at least ten (10) days prior to performing services under that contract.

PROPOSED ORDER

15. To address concerns raised by the Commonwealth and to resolve this matter on a compromise basis, the Commonwealth and the Respondent agree to the 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. §§162.8(a) and (d).

ADMINISTRATIVE FINE

b. An **ADMINISTRATIVE FINE** of two thousand five hundred dollars (\$2,500.00) is levied upon Respondent. The full sum of two thousand five hundred dollars (\$2,500) 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," as follows:

- (1) One thousand five hundred dollars (\$1,500) shall be tendered with this executed Consent Agreement; and
- (2) One thousand dollars (\$1,000) within thirty (30) days after the execution of this Consent Agreement.

Failure to make any of the foregoing payments 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 filing of formal charges.

FILING OF REGISTRATION DOCUMENTS

c. Respondent shall submit to the Bureau all unapproved contracts within fifteen (15) days of the date of the Secretary's Order adopting this Consent Agreement.

16. This case shall be deemed settled and discontinued upon the Secretary issuing an Order adopting this Consent Agreement.

ACKNOWLEDGEMENT OF NOTICE AND WAIVER OF HEARING

16. 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

18. 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

19. 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

20. 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

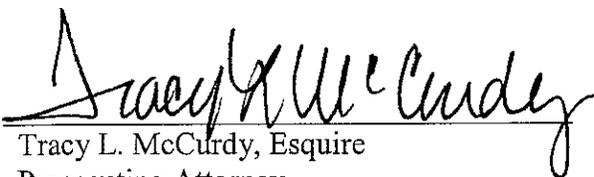
21. The parties acknowledge that other federal, state, and/or local agencies may have jurisdiction over the activities of, or representations made by, Respondent and its officers, directors, agents, employees or independent contractors. Nothing in this Consent Agreement or the Order based upon this Consent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

22. 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 STONE GROUP



Tracy L. McCurdy, Esquire
Prosecuting Attorney
Department of State

DATED: 12-2-04

By: 

Title: President
Respondent

DATED: November 23, 2004

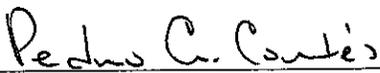


IN THE MATTER OF
THE STONE GROUP, INC.
FILE NO. 04-98-01546

ORDER

AND NOW, this 2 day of December 2004, the terms of Paragraph 15 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
Secretary of the Commonwealth