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

Commonwealth of Pennsylvania,
Bureau of Corporations and
Charitable Organizations

vs.

2nd Chance 4 Life Rescue,
Respondent

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Docket No. 0016 -98-14

File No. 13-98-11464

CONSENT AGREEMENT AND ORDER

PARTIES

The Commonwealth of Pennsylvania, Department of State, Bureau of Corporations and Charitable Organizations (“Bureau”) and 2nd Chance 4 Life Rescue (“Respondent”) stipulate as follows in settlement of the above-captioned matter:

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.

LICENSE AND REGISTRATION STATUS

2. Respondent does not deny the truth of the following averments regarding its status as an organization:

- a. At all relevant times, Respondent operated as a charitable organization in the Commonwealth of Pennsylvania.
- b. Respondent became registered in the Commonwealth for 2013 under registration number 101052 by providing to the Bureau of Corporations and

Charitable Organizations (Bureau) information required by the Act, together with financial information for fiscal year ending December 31, 2012.

c. Respondent is registered in the Commonwealth for 2014, since it has provided to the Bureau the financial information for fiscal year ending 2013.

d. The last known mailing address for the Respondent is: 2nd Chance 4 Life Rescue, 636 Mulberry Street, P.O. Box 549, Elizabethtown, PA 17022.

e. Lynn Leach serves as Respondent's executive director.

FACTUAL ALLEGATIONS

3. The Respondent admits that the following allegations are true:

a. On or about July 29, 2013, an auditor with the Bureau of Corporations and Charitable Organizations (Bureau) requested that the Respondent organization provide the following information within 30 days:

(1) A copy of the organization's IRS determination letter;

(2) A copy of the organization's IRS Form 990, 990EZ or 990N;

(3) A copy of the organization's audited, reviewed, or compiled financial statements (if unavailable, the organization was to supply their internal financial statements);

(4) A copy of the organization's detailed general ledger;

(5) A complete list of all accounts with banks or other financial institutions, together with copies of all original bank statements, canceled checks (front and back), and deposit slips;

(6) A copy of all solicitation material distributed by the organization; and

(7) A complete list of all fundraising events, including the date and location, and a detailed breakdown of all income and expenses associated with the event.

b. On or about August 16, 2013, Ms. Molly L. Ramos, C.P.A., provided an email response on behalf of Respondent organization in which she advised that:

(1) A copy of the organization's IRS determination letter was attached to the email;

(2) A copy of the organization's IRS Form 990EZ was being prepared for the year 2012 and a search was being conducted to locate the IRS Form 990EZ filed by the organization in 2011;

(3) Financial statements for the organization were being prepared and would be provided;

(4) No general ledger was prepared but a summary of income for and expenses for 2012, as reconstructed from bank statements, was attached to the email;

(5) 2012 bank statements from Union Community Bank and 2012 PayPal account statements were attached to the email;

(6) A copy of all solicitation material distributed by the organization would be provided as soon as possible; and

(7) A complete list of all fundraising events, including the date and location, and a detailed breakdown of all income and expenses associated with each event, would be provided as soon as possible.

c. On or about September 12, 2013, Ms. Molly L. Ramos, C.P.A., provided financial statements and on or about September 17, 2013, Ms. Ramos provided the BCO-10; the IRS Form 990EZ for 2012; the Schedule G; and financial records; as well as a registration form and fee to register the Respondent organization;

d. Subsequent discussions regarding the content of the financial information included Sara McKillip, a Board Member of the Respondent.

e. Requests for a specific explanation as to how adoption fees were determined, charged and accounted for; how money paid in addition to adoption fees was accounted for; and, the identification of the specific income and expenses for fundraising events in 2012, resulted in Ms. McKillip advising the Bureau that the Respondent used PayPal for general donations, event registrations and sponsorship, and that the information that was previously provided was the extent of the financial records held by the Respondent.

f. PayPal did not identify purposes for which the funds were received and recorded.

g. The records and information received from Respondent did not reflect an accurate record of income received from contributions in that it did not provide information regarding from whom or from where contributions were received.

h. Specific information regarding donations and income received by the Respondent was not available and was unable to be provided by the Respondent in response to a request for same.

i. Respondent was unable to provide sufficient information to distinguish between fees and income received for service provided and contributions or donations made to the organization.

j. Respondent, through its Executive Director and Board members, was unable to truly and accurately account for its financial condition.

k. Respondent solicited charitable donations in the Commonwealth from September 2010 until the organization became registered in 2013, while it was not registered as required by the Act.

AGREED VIOLATIONS

4. The parties agree that by engaging in the foregoing activities, Respondent committed multiple violations of the Act, 10 P.S. § 162.1 *et seq.* by:

a. failing to keep and maintain an accurate record of contribution income in violation of Section 12 of the Act, 10 P.S. § 162.12;

b. failing to report all donations or income received in violation of Section 17(a)(2) of the Act, 10 P.S. § 162.17(a)(2);

c. the officers and directors of the organization failing in their fiduciary capacities as required by Section 21 of the Act, 10 P.S. § 162.21, to assure that records and reports of the organization contained true and accurate financial statements, in violation of the Act; and

d. soliciting charitable contributions in the Commonwealth while not being registered or exempted from registration in violation of Section 5(a) of the Act, 10 P.S. § 162.5(a).

TERMS OF BOARD ORDER

5. To address concerns raised by the Commonwealth and to resolve this matter on a compromise basis, the Commonwealth and the Respondent, intending to be legally bound, agree to the issuance by the Secretary of the following Order in settlement of this matter:

a. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), by and through the violation of Section 12 of the Act, 10 P.S.

§ 162.12, in that Respondent failed to maintain true and accurate financial records of contribution income.

b. Respondent violated Section 17(a)(2) of the Act, 10 P.S. § 162.17(a)(2), in that Respondent failed to produce complete records or disclose information required to be disclosed under the Act.

c. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), by and through the violation of Section 21 of the Act, 10 P.S. § 162.21, in that the officers and directors of the organization failed in their fiduciary capacities to assure that records and reports of the organization contained true and accurate financial statements.

d. Respondent violated Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), by and through the violation of Section 5(a) of the Act, 10 P.S. § 162.5(a), in that Respondent solicited charitable contributions in Pennsylvania without first being registered.

ADMINISTRATIVE FINE

e. An **ADMINISTRATIVE FINE** in the amount of **TWO-THOUSAND-DOLLARS (\$2,000.00)** is hereby levied upon Respondent.

(1) Respondent shall tender the full sum of the **ADMINISTRATIVE FINE** with the return of this executed Consent Agreement;

(2) Payment of the **ADMINISTRATIVE FINE** shall be 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.).

(3) 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.

FILING OF REGISTRATION DOCUMENTS

f. Respondent agrees not to solicit charitable contributions in the Commonwealth of Pennsylvania without being properly registered with the Bureau in accordance with Section 162.5 of the Act, 10 P.S. § 162.5.

g. Respondent acknowledges that failure to maintain its registration with the Bureau when required to do so, may result in an administrative fine of \$1,000.00, and an additional penalty of \$100.00 for each day the violations continue.

h. Respondent acknowledges that failing to maintain its registration with the Bureau when required to do so may result in subsequent registrations being automatically suspended until fines are paid or until the normal expiration date of the registration in accordance with Section 17(b) of the Act, 10 P.S. § 162.17(b).

i. Respondent acknowledges that no subsequent registration shall be renewed until the fine set forth herein has been paid.

j. Respondent shall not enter into any contract or agreement or employ any professional fundraising counsel or professional solicitor unless that professional fundraising counsel or professional solicitor is registered with the Bureau.

CASE SETTLED AND DISCONTINUED

k. This case shall be deemed settled and discontinued upon the Secretary issuing an Order approving and adopting this Consent Agreement and upon the Respondent's successful completion of the requirements of this Order.

1. Nothing in this Consent Agreement and 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 and Order.

ADMISSIBILITY OF CONSENT AGREEMENT IN FUTURE PROCEEDINGS

6. Respondent agrees that, if Respondent is charged with a violation of the Act in the future, this Consent Agreement and Order shall be admitted into evidence without objection in that proceeding.

ACKNOWLEDGMENT 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: 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 Commonwealth; to present legal arguments by means of a brief; and to take an appeal from any final adverse decision.

ACKNOWLEDGMENT OF RIGHT TO ATTORNEY

9. Respondent acknowledges that it is aware that it has the right to consult with, and be represented by, private legal counsel of Respondent's choosing and at Respondent's expense when reviewing, considering and accepting the terms of this Consent Agreement.

10. To the extent that Respondent is not represented by legal counsel, Respondent has knowingly elected to proceed in this matter without the assistance of legal counsel.

WAIVER OF CLAIM OF COMMINGLING AND OTHER CONSTITUTIONAL CLAIMS

11. Respondent expressly waives any constitutional rights and issues, such as commingling of prosecutorial and adjudicative functions by the Secretary or her counsel, which may arise or have arisen during the negotiation, preparation and/or presentation of this Consent Agreement. This paragraph is binding on the participants even if the Secretary does not approve this Consent Agreement.

NO MODIFICATION OF ORDER

12. Respondent agrees, as a condition of entering into this Consent Agreement, not to seek modification at a later date of the Stipulated Order adopting and implementing this Consent Agreement without first obtaining the express written concurrence of the Prosecution Division.

AGREEMENT NOT BINDING ON OTHER PARTIES

13. This Consent Agreement is between the Bureau and Respondent only. It does not bind any other governmental or administrative entity of the Commonwealth of Pennsylvania, including any other bureau within the Department of State.

14. The Office of General Counsel has approved this Consent Agreement as to form and legality; however, this Consent Agreement shall have no legal effect unless and until the Secretary issues an Order approving and adopting this Consent Agreement.

EFFECT OF SECRETARY'S REJECTION OF CONSENT AGREEMENT

15. 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

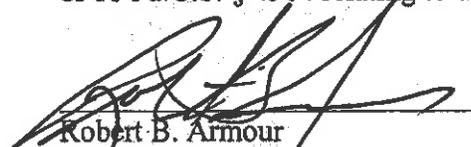
16. The parties acknowledge that other federal, state, and/or local agencies may have jurisdiction over the activities of, or representations made by, Respondent and its officers, directors, agents, employees or independent contractors. Nothing in this Consent Agreement or the Order based upon this Consent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

ENTIRE AGREEMENT

17. This agreement contains the whole agreement between the participants; 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

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

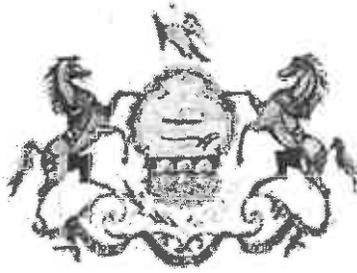

Robert B. Armour
Prosecuting Attorney
Department of State

DATED: 02/25/15



Respondent

DATED: 1/23/15



2ND CHANCE 4 LIFE RESCUE

DOCKET NO. 0016-98-14

FILE NO. 13-98-11464

ORDER

AND NOW, this 9th day of March, 2015 the foregoing Consent Agreement is approved and the terms set forth in paragraph 5 are hereby adopted and incorporated herein as the Order of the Secretary of the Commonwealth issued in resolution of this matter.

THIS ORDER shall take effect immediately.

BY ORDER

Pedro A. Cortés

Pedro A. Cortés
Acting Secretary of the Commonwealth

For the Commonwealth:

Robert B. Armour, Esquire
2601 North Third Street
P. O. Box 2649
Harrisburg, PA 17105-2649

For the Respondent:

Jeffrey A. Conrad, Esquire
Clymer, Musser & Conrad, P.C.
408 W. Chestnut Street
Lancaster, PA 17603

Date of mailing:

03/10/15