

COPY

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

PROthonotary
2019 MAR 13 PM 2:02
Department of State

**Commonwealth of Pennsylvania,
Bureau of Corporations and
Charitable Organizations**

v.

**The Character Lab, Inc.,
Respondent**

File No. 18-98-05899

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Bureau of Corporations and Charitable Organizations ("Bureau"), by and through its undersigned prosecuting attorney, Michael J. Gennett and The Character Lab, Inc. ("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, Act of December 19, 1990, P.L. 1200, No. 202, as amended ("Act"), 10 P.S. §§ 162.1 *et. seq.*
2. At all relevant and material times, Respondent acted as a charitable organization as defined by the Act.

STIPULATED FACTS

3. Respondent's last known address on file with the Bureau is 3401 Market Street, Philadelphia, PA 19104.

4. Respondent registered as a charitable organization with the Department of State, Bureau of Corporations and Charitable Organizations (Bureau) on September 11, 2018 and holds certificate of registration no.: 104918.

5. Respondent operated as an unregistered charitable organization from May 15, 2017 through September 10, 2018 while soliciting contributions.

6. During this unregistered period, Respondent received approximately \$1,823,033.00 in charitable contributions.

7. Respondent was not exempt from registration under 10 P.S. § 162.6(a)(8) since Respondent received contributions in excess of \$25,000.00 per annum.

8. Respondent was previously registered as a charitable organization with the Bureau for the reporting periods through May 15, 2016 and May 15, 2017.

9. On or around May 18, 2017, Respondent submitted its Charitable Organization Registration Statement (Form BCO-10) to the Bureau, including its 2015 Return of Organization Exempt From Income Tax form (Internal Revenue Service Form 990) and the registration fee.

10. On or around June 14, 2017, Respondent submitted additional information requested by the Bureau in a letter dated May 24, 2017 to address certain deficiencies in the BCO-10 form along with late fees totaling \$50.00.

11. In that June 14, 2017 submission, Respondent unintentionally omitted a copy of its audited financial statement, and inadvertently failed to remedy this omission in response to the Bureau's request in a timely manner.

12. Respondent has since instituted processes including an internal tracking system for timely submission of its charitable organization registrations in Pennsylvania, and has identified two potential vendors to ensure full compliance with states' charitable registration laws.

AGREED VIOLATIONS

13. Respondent admits and agrees that by engaging in the aforementioned activities, Respondent committed violations of the Act as follows:

- a. Violating Section 15(a)(1) of the Act, 10 P.S. § 162.15(a)(1), by and through 10 P.S. § 162.5(a), by soliciting contributions without the approved registration filed with the Bureau.

PROPOSED ORDER

14.. The participants, intending to be legally bound, consent to issuance 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 10 P.S. § 162.5(a), by soliciting contributions without the approved registration filed with the Bureau.

ADMINISTRATIVE PENALTIES

15. An **ADMINISTRATIVE FINE of Three Thousand Dollars (\$3,000.00)** is levied upon Respondent. Respondent shall tender the full sum of **Three Thousand Dollars (\$3,000.00)**, with this executed Consent Agreement. Payment shall be by certified check, cashier's check, attorney's check, or U.S. Postal money order. The instrument of payment shall be made payable to the "Commonwealth of Pennsylvania," and shall be valid for a period of at least one hundred eighty (180) days. Respondent agrees that payment will be made by one of the methods indicated in subparagraph (a) above and that payment by uncertified personal check, corporate check or cash will not be accepted.

CASE SETTLED AND DISCONTINUED

16. 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 the requirements of this Order. However, 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.

ACKNOWLEDGEMENT OF NOTICE AND WAIVER OF HEARING

17. 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

18. 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 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.



Michael J. Gennett
Prosecuting Attorney
Department of State
Commonwealth of Pennsylvania



The Character Lab, Inc.
Respondent

By: Michael Pih
Print
Title: Director of Operations & Finance
Print

DATE: 5 MAR 2019

DATE: March 1, 2019



**IN THE MATTER OF
The Character Lab, Inc.
File No.: 18-98-05899**

ORDER

AND NOW, this 13th day of March 2019, the foregoing Consent Agreement is hereby approved, and the terms set forth herein are hereby adopted and incorporated herein as the Order of the Acting Secretary of the Commonwealth, now issued in resolution of this matter.

THIS ORDER shall take effect immediately.

BY ORDER:

Kathy Boockvar

**Kathy Boockvar
Acting Secretary of the Commonwealth**

For the Commonwealth:

**Michael J. Gennett
Prosecuting Attorney
306 North Office Building
401 North Street
Harrisburg, PA 17120**

For Respondent:

**The Character Lab, Inc.
3401 Market Street
Philadelphia, PA 19104**