

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

PROTHONOTARY  
2006 DEC 22 AM 9:34  
Department of State

Commonwealth of Pennsylvania,  
Bureau of Charitable Organizations

vs.

HSP Direct, LLC,  
Respondent

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:  
: Docket No. 0023 -98-06  
: File No. 2006-98-02811  
:  
:  
:

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, Bureau of Charitable Organizations ("Bureau") and HSP Direct, LLC ("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.
2. Respondent initially registered with the Bureau as a professional fundraising counsel, registration number 28968, from December 5, 2002 through December 5, 2003.
3. Respondent's registration expired on December 6, 2003 and was not renewed until February 23, 2005.
4. Respondent is currently registered with the Bureau through February 24, 2007.

### STIPULATED FACTS

5. Respondent's last known business address on file with the Bureau is 2325 Dulles Corner Blvd., Suite 470, Herndon, VA 20171.

6. American Conservative Union ("ACU") is a charitable organization that has not been registered with the Bureau since November 11, 2002.

7. The Bureau issued a Cease and Desist Order against ACU on June 16, 2003, based upon unregistered activity.

8. The Bureau entered into a Consent Agreement and Order with ACU dated September 19, 2003, based upon ACU's continued unregistered activity in spite of the Cease and Desist Order.

9. The Bureau received evidence that Respondent performed professional fundraising counsel services for ACU pursuant to a written contract between Respondent and ACU beginning on or before August 5, 2005.

10. There is no approved contract on file with the Bureau between Respondent and ACU.

11. Respondent failed to verify whether ACU was registered with the Bureau before entering into the written contract with ACU.

12. Respondent printed the disclosure statement set forth in Section 13(c) on pledge reminder notices sent on behalf of ACU when ACU was not registered with the Bureau; and therefore, not permitted to use the disclosure statement.

13. From August-5, 2005 through February 16, 2006, Respondent mailed 158 charitable solicitations on behalf of ACU to Pennsylvania residents, and ACU received contributions from 151 Pennsylvania donors totaling \$2,074.00.

14. The Patrick Henry Center for Individual Liberty ("Patrick Henry Center") is a charitable organization that has never been registered with the Bureau.

15. The Bureau received evidence that Respondent performed professional fundraising counsel services for Patrick Henry Center pursuant to a written contract between Respondent and Patrick Henry Center.

16. There is no approved contract on file with the Bureau between Respondent and Patrick Henry Center.

17. Respondent failed to verify whether Patrick Henry Center was registered with the Bureau before entering into the written contract with Patrick Henry Center.

18. From 2002 through March 27, 2006, Respondent mailed 229,052 charitable solicitations on behalf of Patrick Henry Center to Pennsylvania residents, and Patrick Henry Center received 4,352 Pennsylvania donations totaling \$116,610.78.

#### **AGREED VIOLATIONS**

19. 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), in that Respondent failed to submit contracts with ACU and Patrick Henry Center to the Bureau for review and approval at least ten (10) working days prior to performing services under these contracts, and performed professional fundraising counsel services for ACU and Patrick Henry Center without approved contracts.

20. 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)(1), by failing to verify whether ACU and Patrick Henry Center were registered with the Bureau before entering into the contracts with ACU and Patrick Henry Center.

21. The parties agree that by engaging in the foregoing activities, Respondent violated the Act at 10 P.S. §162.15(a)(2), by mailing pledge reminder notices containing the disclosure statement sent on behalf of ACU, a charitable organization that is not permitted to print the disclosure notice because it was not registered with the Bureau.

22. 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 Patrick Henry Center in the Commonwealth of Pennsylvania from December 6, 2003 through February 22, 2005, a time period when Respondent's registration had expired.

#### **PROPOSED ORDER**

23. 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 of the following Order in settlement of this matter:

- a. Respondent violated the Act at 10 P.S. §§ 162.15(a)(1) and (2).

#### **ADMINISTRATIVE FINE**

- b. An **ADMINISTRATIVE FINE** of ten thousand dollars (\$10,000) is levied upon Respondent. Respondent shall tender the full sum of ten thousand dollars (\$10,000) 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."

**CASE SETTLED AND DISCONTINUED**

24. 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**

25. 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**

26. 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**

27. 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**

28. 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**

29. 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

30. 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.

HSP DIRECT, LLC



Tracy L. McCurdy, Esquire  
Prosecuting Attorney  
Department of State

DATED: 12-20-06

By:   
Title: President  
Respondent

DATED:

11/30/2006



IN THE MATTER OF  
HSP DIRECT, LLC  
FILE NO. 2006-98-02811

ORDER

AND NOW, this 20<sup>th</sup> day of December 2006, the terms of Paragraph 23 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