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

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DEPARTMENT OF STATE

Commonwealth of Pennsylvania,
Bureau of Charitable Organizations,

vs.

Materials Research Society, Inc.
Respondent

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: Docket No. 0008-98-04
: File No. 02-98-06866
:
:
:

CONSENT AGREEMENT AND ORDER

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

2. At all relevant and material times, Materials Research Society, Inc. ("Respondent") did not hold a registration to solicit charitable contributions within the Commonwealth of Pennsylvania.

STIPULATED FACTS

- 3. Respondent admits that the following allegations are true:
 - a. Respondent's last known business address is 506 Keystone Drive, Warrendale, PA, 15086-7573.

b. After receiving information alleging that Respondent was soliciting contributions from Pennsylvania residents without being properly registered, the Bureau sent letters to Respondent on July 28, 2000 and September 15, 2000, informing Respondent of its registration obligations under the Act and providing Respondent with an application packet to register as a charitable organization in the Commonwealth of Pennsylvania, to which Respondent failed to respond.

c. On March 27, 2001, a Bureau investigator personally delivered another letter to the Respondent informing Respondent of its registration requirements under the Act and providing Respondent with an application packet to register as a charitable organization in the Commonwealth of Pennsylvania.

d. On January 15, 2002, the Respondent contacted the Bureau requesting assistance with the registration process, after which another registration packet was sent to Respondent, at Respondent's request.

e. On July 1, 2002, having received no response from Respondent, the Secretary of the Commonwealth issued a Cease and Desist Order against Respondent.

f. On October 28, 2002, having no response or appeal from Respondent regarding the Cease and Desist Order, an investigative subpoena was issued against Respondent.

g. By letter dated September 16, 2003, Respondent, in response to the Bureau's Investigative Subpoena, stated that during its five most recently completed fiscal years (a period during which Respondent was not registered),

Respondent solicited 1,760 Pennsylvania individuals and received \$55,575 in contributions from Pennsylvania residents and businesses.

h. A review of Respondent's IRS Form 990s for its five most recently completed fiscal years as filed with the IRS (1998 through 2002), Respondent stated that it received direct public support in amounts ranging from a low of \$341,753 (1999) to a high of \$638,956 (2002).

AGREED VIOLATIONS

4. Respondent agrees that by engaging in the foregoing activities it violated the Act at 10 P.S. §162.15(a)(1) by and through §162.5(a), in that Respondent contacted Pennsylvania residents and businesses to request contributions and that it failed to register with the Bureau before contacting said residents and businesses.

MITIGATION

5. In mitigation of the foregoing, Respondent states, but the Commonwealth denies, that Respondent did not believe that registration was required because: (a) the payments referred to in paragraph 3(g) were primarily payments from corporations that were interested in participating in the activities of Respondent; and (b) approximately one-half of such payments were earmarked specifically to support symposia or particular meetings.

PROPOSED ORDER

6. The participants 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 §162.5(a).

ADMINISTRATIVE FINE

b. An **ADMINISTRATIVE FINE** of five thousand dollars (\$5,000.00) is levied upon Respondent. Respondent shall tender the full sum of five thousand dollars (\$5,000.00), 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."**

FILING OF REGISTRATION DOCUMENTS

c. Respondent shall submit to the Bureau all documents required to renew its registration within thirty (30) days of the date of the Secretary's Order adopting this Consent Agreement. Respondent is prohibited from soliciting contributions in Pennsylvania until such time as the Respondent becomes properly registered with the Bureau.

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.

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 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

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

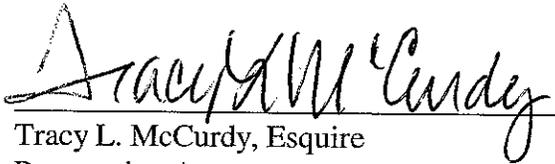
12. The parties acknowledge that other federal, state, and/or local agencies may have jurisdiction over the activities of, or representations made by, Respondent and its officers, directors, agents, employees or independent contractors. Nothing in this Consent Agreement or the Order based upon this Consent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

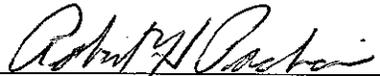
13. Respondent verifies that the facts and statements set forth in this Agreement are true and correct to the best of Respondent's knowledge, information and belief. Respondent understands that statements in this Agreement are made subject to the criminal penalties of 18 Pa.C.S. § 4904 relating to unsworn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

MATERIALS RESEARCH SOCIETY, INC.



Tracy L. McCurdy, Esquire
Prosecuting Attorney
Department of State

DATED: 7-7-04

By: 
Title: DIRECTOR OF FINANCE
Respondent

DATED: 6-11-04



**IN THE MATTER OF THE
MATERIALS RESEARCH SOCIETY, INC.**

FILE NO.: 02-98-06866 Docket NO 0008-98-04

ORDER

AND NOW, to wit, on this 8th day of July 2004, 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