

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
CHARITIES DIVISION**

IN THE MATTER OF:)	
)	
American Legion, Post 112)	Administrative Proceeding
Post Office Box 6598)	Number: <u>LC-13-0851</u>
Jackson, Mississippi 39212)	
)	
<i>Respondent</i>)	

CONSENT AGREEMENT

The Charities Division of the Mississippi Secretary of State's Office ("Division"), having the authority to administer and to provide for the enforcement of all provisions of the Mississippi Charitable Solicitations Act ("Act"), and Respondent do hereby enter into this Consent Agreement in resolution of the following allegations by the Division of violations of certain provisions of the Act:

I. JURISDICTION

The Division has the power to regulate charitable solicitations under the Act codified at Miss. Code Ann. Section 79-11-501, *et. seq.* Respondent admit to the jurisdiction of the Division as to all matters contained herein under the authority of the Act.

II. FINDINGS

A. Respondent American Legion, Post 112 ("Post") is currently exempted from registration with the Division. As a result, it is not required to submit an annual registration form or financial information to the Division.

B. The Post was the subject of an examination by the Division, commencing December 3, 2013. During the course of that investigation, the following determinations were made:

1. The Post failed to keep accurate books and records of all of its solicitation activities. When initially requested, the Post was unable to produce several documents requested by the Division, including but not limited to, board minutes, signed employment agreements, I.R.S. Form 990s, W2s, Board members' contact information, amended bylaws, and bank statements. In addition, the Post had no adequate system for documenting expenses that it incurred. Therefore, the Post violated Section 79-11-518 of the Act and Rule 2.13 of the Mississippi Charities Act Rules.

2. After more than one request, the Post has failed to submit all of the requested board minutes, amended bylaws, and bank statements. The Post's failure to submit these requested records are in violation of Section 79-11-519 (3)(i).

3. The Division determined that the Post failed to use all of the contributions it received for its charitable purpose in violation of Section 79-11-509(1)(d) by paying for bingo supplies in 2012 and 2013 in the amount of approximately \$1,309.70. Records further revealed that the Post approved and used charity funds to pay "bonuses" to the Commander, the Commander's wife, and to the Ladies Auxiliary's officers in the amount of \$1,600.00.

4. The Post engaged in dishonesty, deception, and misrepresentation when it allowed others to commit forgery by signing Jim Green's (former Board member/officer), and Randall Jordan's (Bingo Supervisor) names on checks. In addition, the Post allowed Patricia Allred to sign checks on behalf of the Post. Ms. Allred is not an officer or director of the Post. During the time of Mr. Green's forged signatures, he was ill and in a nursing home. During the time Ms. Allred was signing checks, she wasn't an authorized signer and had no authority to be signing checks on

behalf of the Post. Checks with forged signatures containing Mr. Jordan's name amounted to \$77,345.72. Checks with forged signatures containing Mr. Green's name or checks signed with an unauthorized signature of Ms. Allred's amounted to \$92,341.00. These acts committed by the Post and its officers and directors are a violation of Section 79-11-509(1)(g).

5. In addition to the acts above, the Post further failed to timely issue 1099s or W2s to all of the required persons. Based on these actions, the Post has failed its fiduciary duty, and is therefore in violation of Section 79-11-525.

III. STIPULATIONS

NOW, THEREFORE, it is hereby agreed as follows:

C. Respondent admits to the jurisdiction of the Division as to all matters herein.

D. Respondent neither admits nor denies that its conduct was in violation of the Act.

E. Respondent consents to the payment of Five Thousand Dollars (\$5,000.00) to be paid upon the execution of this Consent Agreement. Payment shall be remitted to the "Mississippi Secretary of State" upon execution of this Agreement.

F. Respondent agrees that it will immediately implement a record keeping system. Specifically, Respondent will document every expense incurred by the Post. All receipts and invoices will be forwarded to the Post's CPA on a weekly basis for reconciliation. These records should be kept separate from any bingo records. In addition, Respondent agrees to keep more accurately documented minutes of its board meetings to reflect sufficiently actions taken therein. Respondent also agrees to submit to the Division a copy of its amended bylaws upon execution of this Agreement.

G. Respondent agrees to timely provide 1099s or W2s for all employees and contract workers as required by law.

H. Respondent agrees that it will no longer allow an officer, director, and/or employee to sign checks made payable to themselves. The payee of the check shall not be the signer of the check under any circumstances.

I. The Post agrees to get reimbursement for the funds that it used to pay bingo expenses from the Bingo in the amount of \$1,309.70.

J. The Post agrees that only active members, directors, and officers will be authorized signers on the Post's bank accounts. As a result, the Post agrees to immediately remove Patricia Allred (non-member or officer), Jim Green (nursing home member), and G A Waltman (newly added unidentified person) as authorized signers on the Post accounts.

K. The Division acknowledges that all checks written using forged signatures or signed by an unauthorized person were for legitimate expenses incurred by the Post.

L. A willful failure to comply with any of the terms, conditions or obligations of this Agreement will result in Respondent being deemed to be in violation of a lawful order made pursuant to the Act and, therefore, subject to the penalties available under the Act.

M. Respondent is aware of its right to a hearing on the matters set forth in the Agreement, at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent hereby irrevocably waives its right to such a hearing.

N. The entry of this Agreement represents the settlement of regulatory claims by the Division against Respondent only and does not, in any way, restrict or affect the rights or causes of action, if any, of any individual or entity.

O. Respondent acknowledges that it has read this Consent Agreement in its entirety and fully understands the rights, terms, and obligations contained therein.

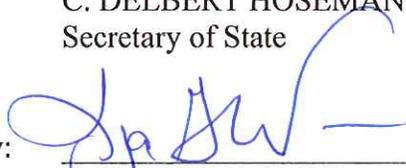
IV. OTHER MATTERS

P. In the event that Respondent fails to comply with the provisions of this Agreement, the Division may, without notice to the Respondent, unilaterally rescind this Agreement and institute any legal or administrative proceedings it deems appropriate including, but not limited to, proceedings to address the matters set forth herein.

WHEREFORE, the undersigned hereby acknowledges and agrees to the terms and conditions of the foregoing Agreement by written consent.

C. DELBERT HOSEMANN, JR.
Secretary of State

By:



TANYA G. WEBBER
Assistant Secretary of State
Charities Division

Date:

6/6/2014

The undersigned agent for the American Legion, Post 112 acknowledges that he/she has been lawfully vested with the authority to enter into this Consent Agreement on behalf of the Respondent.

AMERICAN LEGION, POST 112

By: R.V. Martin
Sign Name

R.V. MARTIN
Print Name

COMMANDER
Title

Date: 06-19-2014