

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

IN THE MATTER OF :)	
)	
CJW, INCORPORATED)	Administrative Proceeding
Post Office Box 812)	Number: <u>C-09-0038</u>
Port Clinton, Ohio 43452)	
)	
<i>Respondent</i>)	

**SUMMARY CEASE AND DESIST ORDER AND NOTICE OF INTENT TO IMPOSE
ADMINISTRATIVE PENALTY AND REVOKE REGISTRATION**

COMES NOW Melanie Thomas, Senior Attorney for the Securities and Charities Division of the Mississippi Office of the Secretary of State (“Division”), on behalf of Secretary of State Delbert Hosemann, and issues this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty and Revoke Registration against Respondent CJW Incorporated (“CJW”), for violating provisions of the Mississippi Charitable Solicitations Act (“Act”), Miss. Code Ann. Sections 79-11-501 *et seq.* In support thereof the Division respectfully submits as follows:

JURISDICTION

1. The Act gives authority to the Secretary of State to regulate “professional fundraisers” that solicit donations, in the State of Mississippi, on behalf of charitable organizations. CJW is a professional fundraiser, as that term is defined in Miss. Code Ann. Section 79-11-513. CJW also has registered with the Division as a professional fundraiser and, therefore, has voluntarily submitted to jurisdiction and subjected itself to the regulatory authority of the Secretary of State.
2. On September 25, 2008, CJW entered into a contract (“Contract”) with the Hinds County Fraternal Order of Police Lodge #20 (“FOP”), a registered charitable organization in

Mississippi, to serve as the charity's professional fundraiser. Pursuant to the Contract, CJW would promote on behalf of FOP, "the Fund Raising Project and/or production of a Shop with a Cop Program." FOP agreed to pay CJW a twenty-five percent (25%) commission of gross monies collected, in exchange for CJW's fund-raising efforts. CJW personally interacted with at least five Mississippi citizens in an effort to solicit donations for FOP.

3. The Division has the power to administer and regulate charities, professional fund-raisers and professional solicitors pursuant to the Act. As solicitation within the State of Mississippi is confirmed, the Division has jurisdiction over CJW.

FINDINGS OF FACT

4. CJW (EIN # 31-1336942) is an Ohio corporation located at 102 West Perry Street, Post Office Box 812, Port Clinton, Ohio 43452. CJW is registered with the Division to conduct its affairs in the State of Mississippi.
5. On September 25, 2008, CJW executed a contract with FOP, a registered charitable organization operating in Mississippi, in which CJW agreed to act as a professional fundraiser on behalf of FOP. In turn, FOP would pay CJW a 25% commission for its fund-raising efforts.
6. Pursuant to the agreement with FOP, CJW employees were required to identify themselves in the following manner: "This is _____ with CJW, Inc., a paid solicitor which has been retained by Hinds Co. F.O.P. Lodge #20."
7. During the contract period, as CJW was engaged in the act of soliciting donations on behalf of FOP, CJW and its employees improperly solicited charitable donations in

Mississippi by identifying themselves to potential donors as police or law enforcement officers when, in fact, they were not.

8. In late October, 2008, CJW solicited, via telephone, Dr. John Henson at his office in Jackson, Mississippi. CJW's solicitor first spoke to Dr. Henson's Assistant, Tammy Wilson; the solicitor informed Ms. Wilson that he was "with the Hinds County Sheriff's Department" and needed to speak to Dr. Henson on a "personal matter".
9. On October 16, 2008, CJW solicited, via telephone, Skipper Westbrook at his office in Jackson, Mississippi. CJW's employed solicitor first spoke to Mr. Westbrook's employee, Tim English; the solicitor informed Mr. English that he was "from the Clinton Police Department" and was trying to reach Mr. Westbrook "on an urgent matter".
10. Mr. English contacted his employer, Skipper Westbrook, who immediately returned the telephone call. Mr. Westbrook spoke with a man who identified himself as "Logan with the Clinton Police Department." Unbeknownst to Mr. Westbrook, "Logan" was a representative of CJW. After Logan began to solicit for donations to the FOP, Mr. Westbrook became suspicious and questioned Logan further. At this point Logan confessed that he was, in fact, not a police officer, but a fundraiser.
11. On October 30, 2008, during the Contract period between CJW and FOP, Glenda Barner was solicited at her office in Jackson, Mississippi, by an individual identifying himself as "with the Hinds County Sheriff's Department". This individual informed Ms. Barner that the Sheriff's department was raising money to buy Christmas toys for children.
12. These violations indicate a pattern of improper and unlawful business activities engaged in by CJW, further evidenced by the following prior history. On September 8, 2008, CJW entered into a Consent Agreement with the Division which resolved numerous

violations of the Act by CJW. These included violations of Miss. Code Ann. Section 79-11-519(3)(k), (l) and (n), which violations occurred when CJW's solicitors called potential donors and incorrectly and untruthfully stated that they were police officers. For these and other violations, pursuant to the September 8, 2008 Consent Agreement CJW agreed to pay an administrative penalty of Seven Thousand Five Hundred Dollars (\$7500.00); CJW also agreed to "comply with the provisions of the Mississippi Charitable Solicitations Act as currently in effect or as may be subsequently amended." CJW is currently in violation of that Consent Agreement.

APPLICABLE LAW

13. Pursuant to Miss. Code Ann. Section 79-11-501(j) solicitation is defined as the request for "money, credit, property, financial assistance or any other thing of value" on the representation that such item (or any portion thereof) "will be used for a charitable purpose or will benefit a charitable organization."
14. Section 79-11-501(g) of the Act defines a professional fund-raiser as a person, who for compensation or other consideration is retained by a charitable organization to solicit in or from this state contributions for charitable purposes directly or in the form of payment for goods, services or admission to fund-raising events, whether such solicitation is performed personally or through his agents, servants or employees or through agents, servants or employees especially employed by or for a charitable organization who are engaged in the solicitation of contributions, the sale of goods or services or the production of events under the direction of such person, or a person who plans, conducts, manages, carries on, advises or consults, whether directly or indirectly, in connection with the solicitation of contributions, sale of goods or services or the production of events for or on behalf of any charitable organization, but does not qualify as a counsel within the meaning of Sections 79-11-501 through 79-11-529, or who engaged in the business of or holds himself out as independently engaged in the business of soliciting contributions for such purposes [...]
15. It is a violation of the Act for any person to commit any unfair or deceptive act or practice; to make any false or misleading statements in the solicitation of contributions in

this State or to omit to state any fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person. Miss. Code Ann. § 79-11-519(3)(h), (k), (l).

16. Pursuant to Miss. Code Ann. § 79-11-529, any person who, in connection with any solicitation, engages in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person, or obtaining money or property by means of any false pretense, shall be punished by a fine not exceeding Twenty-Five Thousand (\$25,000.00) upon conviction.
17. Miss. Code Ann. Section 79-11-509(1) mandates the denial, suspension or revocation of CJW's registration if it violates or fails to comply with any provisions of the Act (or Rules promulgated thereunder); or if it engages in the use or employment of dishonesty, fraud, deception, misrepresentation, false promise or false pretense. Miss. Code Ann. § 79-11-509(1)(e), (g). Additionally, violations of the Act authorize the Secretary of State, at his discretion, to direct CJW to cease and desist from further illegal activity, and to impose administrative penalties upon Respondent. Miss. Code Ann. § 79-11-509(4).

CONCLUSIONS OF LAW

18. The previous paragraphs are incorporated herein by reference.
19. FOP is a charity as defined by Miss. Code Ann. Section 79-11-501(a).
20. CJW is a professional fund-raiser as defined by Miss. Code Ann. Section 79-11-501(g).
21. CJW has violated the Act by informing potential Mississippi donors—during the course of the solicitation—that CJW's solicitors are police officers when, in fact, they are not.

22. CJW, a registered professional fundraiser, has persistently and consistently violated the Act by making false and misleading statements (impersonating Mississippi law enforcement officers) in the solicitation of contributions for FOP.
23. Compounding CJW's current unlawful activity is the fact that such activity comes on the heels of a Consent Agreement which attempted to resolve the exact same problem: CJW's impersonation of law enforcement officers during its charitable solicitations. The Division entered into the September 8, 2008, Consent Agreement with CJW in good faith; within a month of signing that Consent Agreement CJW had solicited five more Mississippians using the "police impersonation" tactic. That CJW resumed its unlawful activity almost before the ink was dry on the Consent Agreement clearly indicates CJW's deliberate and obstinate refusal to abide by the Act.

NOTICE OF INTENDED ACTION

24. The previous paragraphs are incorporated herein by reference. As provided in Miss. Code Ann. Sections 79-11-509(1)(c) and (4), the Secretary of State intends to take the following action:
 - a. Order Respondent to Cease and Desist from further illegal activity in the State of Mississippi.
 - b. Impose an administrative penalty of up to Twenty-Five Thousand Dollars (\$25,000.00) for each offense against Respondent—with each violation to be considered a separate offense in a single proceeding—taken in violation of Miss. Code Ann. Sections 79-11-501 *et seq.* In that there are five known instances of impersonating a police officer, and especially in light of CJW's pattern of abuse,

the administrative penalty sought will be no less than One Hundred Twenty-Five Thousand Dollars (\$125,000.00).

c. Revoke CJW's registration as a professional fundraiser.

25. This order shall remain in effect until further directive of the Secretary of State.

PUBLIC INTEREST

26. The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set forth in Miss. Code Ann. Sections 79-11-501, *et seq.*

AMENDMENTS

27. The Division reserves the right to amend this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty and Revoke Registration.

RIGHT TO AN ADMINISTRATIVE HEARING

28. An administrative hearing may be requested in this matter. NOTICE is hereby given that CJW has thirty (30) days from the date of receipt of this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty and Revoke Registration to provide written notice of their request for an administrative hearing to Melanie Thomas, Senior Attorney for the Securities and Charities Division, Office of the Secretary of State, Post Office Box 136, 700 North Street, Jackson, Mississippi 39205-0136.

29. If such hearing is requested, written notice of the date, time and place of such hearing, as well as a designation of the Hearing Officer, will be provided to all parties via certified mail, return receipt requested. Respondent may appear at the hearing with or without the assistance of counsel. Respondent will have the right to cross-examine witnesses and present testimony, evidence and argument relating to the matters contained herein. Upon

request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on Respondent's behalf.

30. In the event such written notice for a hearing is not received within thirty (30) days, a FINAL CEASE AND DESIST ORDER REVOKING REGISTRATION AND IMPOSING ADMINISTRATIVE PENALTY may be entered in this proceeding without further notice.

ORDER

IT IS, THEREFORE, ORDERED AND ADJUDGED, pursuant to the authority set forth in Miss. Code Ann. Sections 79-11-501 *et seq.*, that Respondent CJW shall immediately CEASE AND DESIST FROM ANY FURTHER ILLEGAL ACTIVITY IN, OR ORIGINATING FROM, the State of Mississippi in connection with solicitations of charitable contributions.

Respectfully submitted this the 8th day of April, 2009.

DELBERT HOSEMANN
Secretary of State
State of Mississippi

By: 
MELANIE THOMAS
Senior Attorney
Securities and Charities Division

Melanie Thomas, MSB #101016
Mississippi Secretary of State's Office
P.O. Box 136
700 North Street
Jackson, MS 39205-0136
(601) 359-6366

CERTIFICATE OF SERVICE

I, Melanie Thomas, do hereby certify that I have this day mailed a true and correct copy of the above and foregoing document, via certified mail postage pre-paid, to the following:

Laura Swope
CJW, Incorporated
Post Office Box 812
Port Clinton, Ohio 43452

Nathan Thomas
Copilevitz & Canter, LLC
310 W. 20th Street, Suite 300
Kansas City, Missouri 64108

This the 8th day of April, 2009.



MELANIE THOMAS
Senior Attorney