OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
CHARITIES DIVISION

IN THE MATTER OF :	)	
	)	
LFB FOUNDATION, INC.	)	
142 Providence Church Road	)	
Collins, MS 39428	)	
	)	**Administrative Proceeding**
and	)	**Number: LC-13-0718**
	)	
TAMMY COATS	)	
	)	
Respondents	)	

CEASE AND DESIST ORDER AND NOTICE OF INTENDED ACTIONS

The SECRETARY OF STATE OF MISSISSIPPI, by and through the undersigned designated representative, hereby issues this Cease and Desist Order against the LFB FOUNDATION, INC. ("Respondent") and TAMMY COATS ("Coats") and further gives notice of his intent to impose an administrative penalty, deny registration, and administratively dissolve. In support thereof, he states the following:

I. FINDINGS OF FACT

1. During the examination of another charitable organization, the Division noticed funds going from the charitable organization to the Respondent.

2. The Respondent's Articles of Incorporation on file with the Secretary of State's Business Services Division states, "The specific purposes for which this corporation is organized are: *to help assists kids with there* [sic] *educational needs such as empowerment program*[sic] *for children and adults.*"

3. Tammy Coats is listed in the Articles of Incorporation as Registered Agent of the organization.

4. The examination uncovered additional donations to the Respondent.

5. The Division determined that the Respondent is a charitable organization soliciting charitable donations, but is not registered as such.

6. The Division mailed a letter to the Respondent through Coats requiring the organization to register as a charity in Mississippi.

7. Having received no registration materials from the Respondent, the Division sent another registration notification, again through Coats. This was sent via certified mail, return receipt requested to 156 Providence Church Road, Collins, Mississippi 39428. The certified mail was received by Coats.

8. When no response or registration material had been received by September 10, 2014, the Division proposed a Consent Agreement with an administrative penalty of Five Hundred Dollars ($500.00). The Consent Agreement was mailed to 156 Providence Church Road, Collins, Mississippi 39428 via certified mail, returned receipt requested. The certified mail was received by Coats on September 16, 2014.

9. Having still received no communication or correspondence from the Respondent, the Division issued a Cease and Desist Order and Notice of Intended Actions on November 12, 2014. Coats telephoned the Division on November 14, 2014 seeking resolution of the matter.

10. On November 20, 2014, the Division mailed a new Consent Agreement to the Respondent through Coats.

11. In the Consent Agreement, the Respondent agreed to a) pay an administrative penalty in the amount of Five Hundred Dollars ($500.00) remitted in monthly

installments with the entire balance due by February 27, 2015 and b) submit complete charity registration materials upon execution of the Agreement.

12. The Respondent, through authorized agent and Vice-President Coats, executed the Consent Agreement on November 28, 2014 and remitted One Hundred Twenty Five Dollars ($125.00).

13. On December 3, 2014, the Division sent a balance letter to the Respondent through Coats stating a Three Hundred Seventy Five Dollar ($375.00) balance remained on the penalty.

14. On January 5, 2015, the Division telephoned Coats requesting a status update on the registration packet and penalty. Coats informed the Division that the organization would be meeting on January 8, 2015 and the penalty would be sent on January 9, 2015.

15. On January 22, 2015, the Division emailed a reminder that the December payment had not been made and the January payment was due soon.

16. On February 2, 2015, the Division contacted Coats again. Coats stated payments would be mailed on February 4, 2015.

17. To date, no administrative penalty has been paid and no registration material has been submitted.

II. APPLICABLE LAW

18. Miss. Code Ann. § 79-11-501(a)(1) states:

> "Charitable organization" means either of the following:
>
> (A) Any person determined by the Internal Revenue Service to be a tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code; or
>
> (B) Any person actually or purporting to be established for any voluntary health and welfare, benevolent, philanthropic, patriotic, educational,

humane, scientific, public health, environmental conservation, civic, or other eleemosynary purpose or for the benefit of law enforcement personnel, fire fighters, or other public safety organizations, or any person employing in any manner a charitable appeal as the basis of any solicitation or an appeal that suggests that there is a charitable purpose to any solicitation and includes each local, county or area division within this state of such charitable organization, provided such local, county or area division has authority and discretion to disburse funds or property otherwise than by transfer to any parent organization.

19. Miss. Code Ann. § 79-11-501(d) states:

    (d) "Contribution" means the promise or grant of any money or property of any kind or value, including the promise to pay, except payments by members of an organization for membership fees, dues, fines, assessments or for services rendered to individual members, if membership in such organization confers a bona fide right, privilege, professional standing, honor or other direct benefit, other than the right to vote, elect officers or hold offices, and except money or property received from any governmental authority. Reference to the dollar amount of "contributions" in Sections 79-11-501 through 79-11-529 means in the case of promises to pay, or payments for merchandise or rights of any other description, the value of the total amount promised to be paid or paid for such merchandise or rights and not merely that portion of the purchase price to be applied to a charitable purpose.

20. Miss. Code Ann. § 79-11-501(j) states, in part:

    (j) "Solicitation" or "solicit" means the request, directly or indirectly, for money, credit, property, financial assistance, or any other thing of value on the plea or representation that such money, credit, property, financial assistance, or any other thing of value or a portion of it will be used for a charitable purpose or will benefit a charitable organization.

21. Miss. Code Ann. § 79-11-503(1) states:

    Except as otherwise provided in Section 79-11-505 and prior to any solicitation of contributions, every charitable organization as defined in Section 79-11-501 which solicits or intends to solicit contributions by any means whatsoever shall file a registration statement with, and pay a filing fee of Fifty Dollars ($50.00) to, the Secretary of State. A registration statement that contains false, misleading, deceptive or incomplete information or documentation shall not be considered sufficient.

22. Miss. Code Ann. § 79-11-509(1)(e) states, "The Secretary of State shall deny, suspend or revoke a registration or an exemption for the following reasons: . . . . (e) The applicant or registrant has violated or failed to comply with any provisions of this chapter or any rule or order thereunder."

23. Miss. Code Ann. § 79-11-509(2) states:

> The Secretary of State shall notify the applicant or licensee of his intent to deny, suspend or revoke a license. The notification shall contain the reasons for the action and shall inform him of his right to request an administrative hearing within thirty (30) days of receipt of the notification. The denial, suspension or revocation shall become effective thirty (30) days after receipt of the notification unless a request for an administrative hearing is received by the Secretary of State before the expiration of the thirty (30) days. If a hearing is requested and the denial, suspension or revocation is upheld, the denial, suspension or revocation shall become effective upon the service of the final administrative decision on the applicant or licensee.

24. Miss. Code Ann. § 79-11-509(4) states:

> (4) Whenever it appears to the Secretary of State that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order hereunder, he may, in his discretion, seek one or more of the following remedies in addition to other remedies authorized by law:
>
> > (a) Issue a cease and desist order, with or without a prior hearing against the person or persons engaged in the prohibited activities, directing them to cease and desist from further illegal activity;
> >
> > (b) Administratively dissolve or seek the judicial dissolution of a domestic corporation that is a charitable organization, or revoke the certificate of authority of a foreign corporation that is a charitable organization; or
> >
> > (c) Issue an order imposing an administrative penalty up to a maximum of Twenty-five Thousand Dollars ($25,000.00) for each offense, each violation to be considered as a separate offense in a single proceeding or a series of related proceedings;

25. Miss. Code Ann. § 79-11-519(3)(e) states, "It shall be a violation of Sections 79-11-501 through 79-11-529 for any person: . . . (e) to fail to comply with the requirements of Sections 79-11-501 through 79-11-529 or any rule or order thereunder;"

26. Miss. Code Ann. § 79-11-525 states:

> Every person who solicits, collects or expends contributions on behalf of a charitable organization or for a charitable purpose, or who conducts a charitable sales promotion, and every officer, director, trustee or employee of that person who is concerned with the solicitation, collection or expenditure of those contributions shall be considered a fiduciary and as acting in a fiduciary capacity. This section does not supersede or otherwise alter the standard of care or the limitations on the liability of volunteers.

III. CONCLUSIONS OF LAW

27. Respondent is a charitable organization as defined by the Act in Miss. Code Ann. § 79-11-501(a) as the organization purports to be established to "assist kids with there [sic] educational needs."

28. Pursuant to the Act, the Secretary of State has regulatory authority over the Respondent. The Secretary of State has jurisdiction over the subject matter and the parties.

29. Respondent has solicited contributions, but has failed to file a registration statement in violation of Miss. Code Ann. § 79-11-503(1).

30. Tammy Coats is an officer of the Respondent in a fiduciary capacity. Coats, by her inaction, has failed in her fiduciary responsibility to the Respondent.

31. Having violated the provisions of the Act, the Secretary of State is authorized by the Act to issue a Cease and Desist Order, to administratively dissolve the organization, and impose an administrative penalty against the Respondent and Coats.

IV. CEASE AND DESIST

As provided in Miss. Code Ann. § 79-11-509(4) (Rev. 2009), the Secretary of State hereby orders Respondent to immediately **CEASE AND DESIST** soliciting charitable contributions in and from the State of Mississippi as defined by Miss. Code Ann. § 79-11-501 (Rev. 2009). This order shall remain in effect until further ordered by the Secretary of State.

V. NOTICE OF INTENDED ACTIONS

A. ADMINISTRATIVE PENALTY

Pursuant to Miss. Code Ann. § 79-11-509(4)(c) (Rev. 2009), the Secretary of State can impose up to Twenty-Five Thousand Dollars ($25,000.00) for each violation of Miss. Code Ann. § 79-11-501 (Rev. 2009) through § 79-11-529 (Rev. 2009).

1. The Secretary of State hereby imposes an administrative penalty in the amount of Two Hundred Fifty Dollars ($250.00) plus any additional costs of collection, including attorney's fees, against Tammy Coats as a fiduciary officer of Respondent. The administrative penalty shall be paid to the Secretary of State within thirty (30) days after receipt of this Cease and Desist Order unless a hearing is timely requested by Respondent.

2. The Secretary of State hereby imposes an administrative penalty in the amount of Three Hundred Seventy Five Dollars ($375.00) and any additional costs of collection, including attorney's fees, against Respondent. The administrative penalty shall be paid to the Secretary of State within thirty (30) days after receipt of this Cease and Desist Order unless a hearing is timely requested by Respondent.

B. DENY REGISTRATION

Pursuant to Miss. Code Ann. § 79-11-509 (1)(e) (Rev. 2009), the Secretary of State shall deny, suspend, or revoke a registration of a registrant that has violated or failed to comply with any provision of the chapter or rule thereunder. Upon receipt, the Secretary of State will therefore deny the registration of Respondent.

C. ADMINISTRATIVE DISSOULTION

Pursuant to Miss. Code Ann. § 79-11-509(4)(b) (Rev. 2009), the Secretary of State may administratively dissolve a domestic corporation that is a charitable organization. The Secretary of State therefore will administratively dissolve Respondent.

VI. RIGHT TO ADMINISTRATIVE HEARING

An administrative hearing may be requested in this matter. Any such request shall be made, *in writing*, to Jessica Leigh Long, Senior Attorney, Charities Division, Post Office Box 136, Jackson, MS 39205, within thirty (30) days from the date of receipt of this Order. If an administrative hearing is requested, written notice of the date, time, and place, will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. In the event such written notice is not received within said thirty (30) day period of time, the Cease and Desist Order and Notice of Intended Actions shall become effective.

VII. PUBLIC INTEREST

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 out in Miss. Code. Ann. § 79-11-501, *et seq*. (Rev. 2009).

VIII. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Cease and Desist Order.

SO ISSUED, this the 6th day of May 2015.

C. DELBERT HOSEMANN, Jr.
Secretary of State
State of Mississippi

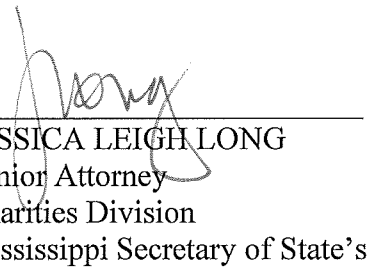
BY: _____
JESSICA LEIGH LONG
Senior Attorney
Charities Division
Mississippi Secretary of State's Office

CERTIFICATE OF SERVICE

I, Jessica Leigh Long, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Cease and Desist Order to the following:

LFB Foundation, Inc.
Attention: Tammy Coats
142 Providence Church Road
Collins, MS 39428

This the 6th day of May 2015.



JESSICA LEIGH LONG
Senior Attorney
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