

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

IN THE MATTER OF:)	
)	
AMERICAN LEGION, MISSISSIPPI POST 1776)	File Number C-12-0436
Post Office Box 1101)	
Cleveland, Mississippi 38732)	
)	
MORGAN SHANDS)	
)	
RESPONDENTS)	

CONSENT ORDER

I.

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

1. American Legion, Mississippi Delta Post, 1776 (hereinafter "Post") is a Mississippi non-profit organization whose stated purpose on file during the relevant period was to "advocate for and support veterans and American legion programs".
2. The Post is currently exempted with the Division under Section 79-11-505 (1)(b) of the Act.
3. The Division performed an examination on the Post and notated several violations regarding the Post's maintenance of its books and records in violation of Rule 2.13 of the Mississippi Charities Act Rules and Miss. Code Ann. Section 79-11-518. Respondent Post was not able to submit all of the required books and records outlined in Rule 2.13 to the Division.
4. The Division also determined that the Post and its employees failed to use all of the funds it received for its stated charitable purpose. In particular, the Division alleges the

following violations of Miss. Code Ann. Section 79-11-509(1)(d).

- a. Allowing Morgan Shands, its prior Adjutant, to use charity funds that were designated for the Saint Ambrose Leadership College project for his personal benefit from 2008 to 2012 in the amount of \$198,480.54. As a result, these funds were not used for the charitable purpose;
 - b. Allowing its prior Adjutant to use Post funds for his personal benefit from 2011 to 2012 in the amount of \$56,966.61. As a result, these funds were not used for the charitable purpose;
 - c. Allowing its prior Adjutant to use charity funds that were designated for the St. Anthony's project for his personal benefit from 2010 to 2011 in the amount of \$6,500.00. As a result, these funds were not used for charitable purpose;
 - d. Paying \$104,893.86 to the prior Adjutant's wife from 2009 to 2010 to be a 24 hours/7 days a week school nurse for Saint Stanislaus College even though Saint Stanislaus confirmed to the Division that they never knew that this person was on call 24/7 and neither did they need a nurse 24/7. Further, Saint Stanislaus was already paying this person during this time to be a part-time nurse for the school. As a result, these funds were not used for the charitable purpose; and
 - e. Paying Maverick Political Solution \$3,275.93. No documentation has been submitted to the Division confirming that these funds were used in the furtherance of the Post's charitable purpose.
5. The Post's officers, board of directors, and employees failed to abide by the Act and the charity rules in violation of Miss. Code Ann. Section 79-11-525 by failing to provide oversight over the expenses listed in Item #4 above.

II.

Respondents, under the terms of this Consent Order and solely for the purpose of resolving the foregoing allegations, stipulate without a hearing to the matters set forth above in Paragraph I and hereby consent to the issuance of this Consent Order and further consent to and agree to the undertakings contained herein, with no formal administrative hearing.

III.

THEREFORE, in consideration of a final resolution of the matters set forth herein, the Division and Respondents hereby agree and stipulate as follows:

1. Respondents stipulate to the jurisdiction of the Division as to all matters contained herein under the authority of the Act and acknowledge the issuance of this Consent Order is solely for the purpose of resolving the matters contained in this Consent Order.
2. Respondents neither admit, nor deny that their conduct was in violation of the Act.
3. Respondent, the Post, will collect reimbursement from Respondent Shands in the amount of Three Hundred Seventy Thousand, One Hundred Sixteen Dollars and Ninety-Four Cents (\$370,116.94) in accordance with the executed agreement between the two parties over the next ten (10) years. A copy of the agreement and confirmation of a Five Thousand Dollars (\$5,000.00) initial payment is to be submitted to the Division upon execution of this Order.
4. Respondent agrees to submit an audited financial statement to the Division each year for the next three (3) years.
5. The Division acknowledges that to assist in the reorganization of the Post, Respondent Post has re-written its Constitution and By-Laws, instituted a reimbursement and travel policy, indicated its ability to abide by the proper protocol in a transparent way, and is committed to fulfilling its stated mission and purpose.
6. The Division shall impose a penalty upon the Respondent, the Post, in the amount of Seventeen Thousand Dollars (\$17,000.00) for violating the Act. Respondent shall remit payment to the Division, payable to the "Mississippi Secretary of State" upon execution of this Agreement.

7. This Consent Order is in resolution of the matters contained herein. As a result of this Consent Order, the matters contained herein cannot be used as a basis for action by the Division except in determining any penalty as may be imposed by the Division for any future violations of the Act committed by the Respondents and as set forth below.

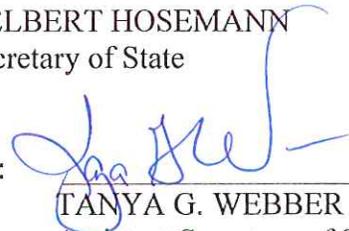
8. Respondents agree that it will comply with the provisions of the Mississippi Charitable Solicitations Act as currently in effect or as may be subsequently amended.

IV.

In the event Respondents fail or neglect to comply with any of the terms, stipulations or undertakings set forth in this Consent Order, the Division may, without notice to the Respondents and an opportunity to be heard by the Respondents, unilaterally rescind this Order and institute any legal or administrative proceedings it deems appropriate including, but not limited to, proceedings to address the matters set forth herein.

DELBERT HOSEMANN
Secretary of State

By:



TANYA G. WEBBER
Assistant Secretary of State
Charities Division

Date:

1/15/2014

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

AMERICAN LEGION, MISSISSIPPI DELTA POST 1776

By: Joseph D. Kersh
Signature

Joseph D. Kersh
Print Name

Adjutant
Title

Date: 2-6-14

Morgan Shands
MORGAN SHANDS

Date: Feb 5, 2014

012712

001103