

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
BUSINESS REGULATION AND ENFORCEMENT DIVISION**

IN THE MATTER OF:)
)
YOUTH SOLUTIONS, INC.) **ADMINISTRATIVE PROCEEDING**
) **No: C-05-0482**
)
RESPONDENT)
)

**FINAL CEASE AND DESIST ORDER
AND ORDER IMPOSING ADMINISTRATIVE PENALTY**

COMES NOW, James O. Nelson, II, Assistant Secretary of State, on behalf of Eric Clark, Secretary of State for the State of Mississippi, after having issued and served a Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty on YOUTH SOLUTIONS, INC. (hereinafter "YSI"), who has wholly failed to respond within the time allowed by the applicable rules, and issues this Final Cease and Desist Order and Order Imposing Administrative Penalty regarding Respondent's violations of the Mississippi Regulation of Charitable Solicitations Act.

I. JURISDICTION

The Mississippi Charitable Solicitations Act, codified at Miss. Code Ann. Sections 79-11-501, *et. seq.* (hereinafter "Act"), empowers the Secretary of State to regulate charitable organizations that solicit donations in and from the State of Mississippi. Section 79-11-501(a)(i)(B) of the Act states the following:

(a)(i) "Charitable organization" means either of the following:

* * *

(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.

Because YSI employed a charitable appeal as the basis of solicitation, the entity falls within the definition of "charitable organization". Because YSI is a charitable organization as defined in Section 79-11-501(a)(i)(B) of the Act and solicited contributions in or from this state, YSI is subject to the Secretary of State's regulatory authority.

II. FINDINGS OF FACT

1. YSI can be served with this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty at 8125 Highway 78 West, Byhalia, Mississippi 38611-9466.
2. YSI is a corporation organized under the laws of the State of Missouri with a branch office in Byhalia, Mississippi.
3. YSI is an organization specializing in job/business training. Employees of YSI sell magazines door-to-door.
4. Employees of YSI are using a "charitable appeal" in their sales as a means to market the magazines.
5. YSI has not registered with the Division at any time prior to the issuing of this Order.
6. On November 22, 2005, Bill Wilkerson (hereinafter "Wilkerson"), Division Director, traveled to Byhalia, Mississippi to interview the branch manager regarding complaints about employees using a

charitable appeal as tactic to market the magazines. Employees were stating that a portion of the sales proceeds would aid victims of hurricane Katrina. At that time, YSI assured Wilkerson that the use of a charitable appeal to sell magazines was not part of the corporately approved marketing plan. The branch manager assured Wilkerson that YSI had corrected the sales approach of its representatives.

7. On December 21, 2006, Patricia Melvin sent a letter to YSI confirming that the charitable appeal was not part of YSI's approved marketing plan and that YSI had taken action to address the use of charitable appeals by its sales staff. The letter also notified YSI of the need to register with the Division should circumstances change and YSI elect to use a charitable appeal in its sales.

8. On June 29, 2006, the Division received another complaint that YSI representatives working in North Carolina were using a charitable appeal as a means to market the magazines. Employees were stating that a portion of the sales proceeds would aid hurricane Katrina victims.

III. APPLICABLE STATUTORY PROVISIONS

9. Miss. Code Ann. §79-11-501(a)(i)(B), cited above in paragraph I., defines a charitable organization as one “. . . 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.”

10. Miss. Code Ann. §79-11-501(j) defines a solicitation as follows:

“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. “Solicitation” or “solicit” includes, but is not limited to, the following methods of requesting or securing money, credit, property, financial assistance or any other thing of value: . . .

11. With respect to solicitation by charities, Miss. Code Ann. §79-11-503(1) states as follows:

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. . . (emphasis added).

III. CONCLUSIONS OF LAW

The previous paragraphs are incorporated herein by reference.

12. YSI is a charity as defined by Miss. Code Ann. § 79-11-501(a)(1)(B).
13. YSI has engaged in solicitation as defined by Miss. Code Ann. § 79-11-501(j).
14. YSI is soliciting in or from this state while unregistered in violation of Miss. Code Ann. § 79-11-503(1).

IV. 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. Section 79-11-501, *et. seq.*

V. ORDER

IT IS, THEREFORE ORDERED, pursuant to Miss. Code Ann. § 79-11-509(4), that YOUTH SOLUTIONS, INC. shall immediately **CEASE AND DESIST** from further illegal activity in and from the State of Mississippi.

IT IS FURTHER ORDERED, that a fine of Ten Thousand Dollars (\$10,000.00) is imposed upon YOUTH SOLUTIONS, INC.

BE ADVISED THAT, a willful violation of this Cease and Desist Order may be punishable upon conviction by a fine of not more than Twenty-five Thousand Dollars (\$25,000.00) or five (5) years imprisonment, or both, in addition to civil and administrative remedies available to the Division.

SO ISSUED, this, the 10th day of October, 2006.

ERIC CLARK
Secretary of State

BY: James O. Nelson II
JAMES O. NELSON, II
Assistant Secretary of State
Business Regulation and Enforcement *pm*

CERTIFICATE OF SERVICE

I, Patricia Melvin, do here by certify that I have this day mailed via Certified Mail, postage pre-paid, a true and correct copy of the Final Cease and Desist Order and Order Imposing Administrative Penalty to the following:

YOUTH SOLUTIONS, INC.
8125 Highway 78 West
Byhalia, MS 38611-9466

This, the 11th day of October, 2006.

Patricia Melvin
PATRICIA MELVIN
Senior Attorney
Business Regulation and Enforcement

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