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SUPERIOR COURT
COUNTY OF SAN BERNARDINO
RANCHO CUCAMONGA DISTRICT

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BY ~~Cherasha Hanks Mancini~~
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 9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 10 COUNTY OF SAN BERNARDINO
 11 RANCHO CUCAMONGA DISTRICT
 12

13 THE PEOPLE OF THE STATE OF
 CALIFORNIA EX REL. EDMUND G.
 14 BROWN JR., ATTORNEY GENERAL OF
 THE STATE OF CALIFORNIA,

Case No. CIVRS 905865

CONSENT JUDGMENT

Plaintiff,

v.

18 CALIFORNIA ORGANIZATION OF
 POLICE AND SHERIFFS, A MUTUAL
 19 BENEFIT NONPROFIT CORPORATION;
 CIVIC DEVELOPMENT GROUP, LLC, A
 20 LIMITED LIABILITY CORPORATION;
 RAMBRET, INC., A CORPORATION;
 21 GREG F. SAWTELLE, INDIVIDUALLY
 AND AS OWNER OF RAMBRET INC.;
 22 MONTY D. HOLDEN; ED GRAY;
 GREGG PASSAMA; SCOTT PASCH,
 23 INDIVIDUALLY AND AS CORPORATE
 OFFICE OF CIVIC DEVELOPMENT
 24 GROUP; LLC; DAVID KEEZER,
 INDIVIDUALLY AND AS CORPORATE
 25 OFFICER OF CIVIC DEVELOPMENT
 GROUP, LLC; DOES 1-100, INCLUSIVE.,

Defendants.

1 The parties, plaintiff People of the State of California, and defendants Civic Development
2 Group, LLC ("hereinafter CDG"), and Financial Processing Services, LLC ("hereinafter FPS"),
3 having stipulated that this Judgment could be issued by a Judge of the San Bernardino Superior
4 Court without the taking of evidence and without trial, and the Court having considered the
5 Stipulation executed by the parties and good cause appearing therefore:

6 ~~IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:~~

- 7 1. The Court has jurisdiction of the parties hereto and subject matter hereof.
- 8 2. Plaintiff is the People of the State of California ("the People").
- 9 3. Defendants are CDG and FPS, both entities are New Jersey limited liability
10 companies with principal place of business formerly located in Edison, New Jersey. CDG and
11 FPS filed petitions for relief under Chapter 7 of the United States Bankruptcy Code in Trenton,
12 New Jersey on March 1, 2010 and March 2, 2010, respectively. The Case Numbers are 10-15894
13 and 10-15927. From 2004 to 2008, CDG and FPS conducted business in California.

14 4. The Attorney General is charged with the general supervision of all charitable
15 organizations within California and with the enforcement and supervision over trustees;
16 commercial fundraisers, and fiduciaries who hold or control property in trust for charitable and
17 eleemosynary purposes. The Attorney General is authorized to enforce, in the name of the
18 People, the provisions of the California Supervision of Trustees and Fundraisers for Charitable
19 Purposes Act (Gov. Code, § 12580), the Nonprofit Corporations Law (Corp. Code, § 5000 et
20 seq.), and those provisions of the Business and Professions Code that prohibit unlawful, unfair,
21 and fraudulent business practices (Bus & Prof. Code, § 17200 et seq.) The Attorney General
22 represents the beneficiaries of charity and is responsible for protecting charitable gifts in the
23 interest of the public. (*Estate of Ventura* (1963) 217 Cal.App.2d 50, 57; Gov. Code § 12598.)

24 5. This Consent Judgment applies to and is binding upon Plaintiff, the People of the
25 State of California, represented by the California Attorney General, and Defendants CDG and
26 FPS. Any change in ownership or corporate status of CDG and FPS, including, but not limited
27 to, any transfer of assets or real or personal property, shall in no way alter CDG's and FPS'
28 obligations under the Consent Judgment. Nothing contained herein shall be construed as

1 providing Plaintiff with any rights in the Debtor Estate property, or restrict the Trustee from
2 disposing of the Debtor Estate property. All issues concerning the Debtor Estate property are
3 within the exclusive jurisdiction of the United States Bankruptcy Court, Trenton, New Jersey.

4 6. As to CDG, the People of the State of California contend that CDG has operated as a
5 commercial fundraiser in California since 1996 and contracted to conduct COPS' telemarketing
6 solicitation since 1997. From 1997 to 2008, CDG was registered with the Attorney General's
7 Registry of Charitable Trusts ("Registry") as a commercial fundraiser, as defined by Government
8 Code section 12599. The People of the State of California further contend that in 2004, CDG
9 proposed a consulting model to the California Organization of Police and Sheriffs ("COPS"), a
10 mutual benefit nonprofit, by which CDG would become a fundraising consultant, instead of a
11 commercial fundraiser. Pursuant to the consulting model, COPS would solicit donations in-house
12 using its own personnel, and CDG would lend its expertise to COPS and manage the solicitation
13 campaign. COPS agreed to the proposed consulting model with CDG and entered into a
14 consulting contract in 2004. The People of the State of California also contend that the consulting
15 model proposed by CDG to COPS allowed for the continued violation of disclosure requirements
16 under California law from 2004 to 2008.

17 7. As to FPS, the People of the State of California contend that from 2004 to 2008, FPS
18 was compensated by CDG and COPS to receive and control funds solicited for charitable
19 purposes by COPS. The People of the State of California further contend that because FPS
20 controlled funds received as a result of charitable solicitation, FPS acted as a commercial
21 fundraiser as defined by Government Code section 12599, that FPS failed to register as a
22 commercial fundraiser from 2004 to 2008, FPS violated Government Code sections 12599, and
23 12599.6, subdivision (f)(1), and otherwise failed to comply with the registration and annual
24 financial reporting statutory requirements is grounds for an injunctive relief, civil remedies, and
25 penalties. (Gov. Code, §§ 12599, subd. (f), 12599.6, subd. (f)(1), 12591.1.)

26 8. CDG and FPS dispute that they have committed any of the alleged statutory
27 violations or any wrongdoing whatsoever. It is agreed and acknowledged that CDG and FPS are
28 entering into this Consent Judgment without making any factual admissions of any kind.

1 9. The CDG and FPS shall cooperate in the continued prosecution of this case by
2 Plaintiff against all Defendants who are not parties to this Consent Judgment. Such cooperation
3 includes providing truthful testimony, affidavits, declarations or other documents under penalty of
4 perjury, upon the request of the Plaintiff. Nothing contained herein shall require the Trustee in
5 Bankruptcy for CDG or FPS to testify, submit affidavits or produce any documents. Any and all
6 cooperation shall solely be the obligation of the members of the limited liability company, and
7 Plaintiff will be required to obtain a separate agreement from those members.

8 10. Each party to this Consent Judgment shall bear its own respective costs and attorneys'
9 fees in connection with this matter, including costs and fees associated with negotiating and
10 seeking court approval of this Consent Judgment.

11 11. This Consent Judgment is made for the sole benefit of the parties, and no other person
12 or entity shall have any rights or remedies under or by reason of this Consent Judgment, unless
13 otherwise expressly provided for herein.

14 12. This Consent Judgment contains all of the terms and conditions agreed upon by the
15 settling parties as to the matters covered by this Consent Judgment, and supersedes any and all
16 prior and contemporaneous agreements, negotiations, correspondence, understandings, and
17 communications of the parties, whether oral or written, respecting the matters covered by this
18 Consent Judgment.

19 13. To the extent that any provision of this Consent Judgment is determined to be void or
20 unenforceable as to any defendant, then as to that defendant that provision shall be deemed
21 severable from the remaining provisions of this Consent Judgment, which shall remain in full
22 force and effect.

23 14. The Consent Judgment shall be deemed to have been drafted equally by the parties,
24 and shall not be interpreted for or against either party on the ground that any such party drafted it.

25 15. Defendants waive the right to appeal, to attempt to set aside or vacate, or otherwise
26 attack this Judgment.

27 16. The Office of the California Attorney General shall have the authority to enforce, or
28 seek sanctions for violations of the provisions of this Consent Judgment in this Court.

1 17. Pursuant to Code of Civil Procedure section 664.6, the Court shall retain jurisdiction
2 to enforce the Consent Judgment. This Court shall retain jurisdiction to interpret, modify and
3 enforce the terms and conditions of this Consent Judgment. This Consent Judgment shall be
4 governed by and construed in accordance with the laws of the State of California.

5 18. Defendants waive notice and service of this Consent Judgment.

6 19. This Judgment shall take effect immediately upon the entry thereof.

7 20. Nothing contained herein shall limit the Trustee's right to seek an order determining
8 that any proof of claim may be filed is tardy.

9 21. Judgment in the amount of five hundred thousand dollars (\$500,000) is hereby
10 entered against defendant CDG as a civil penalty. Any funds distributed by the Debtor Estate for
11 penalties shall be paid to the California Attorney General's Office.

12 22. Judgment in the amount of an additional five hundred dollars (\$500,000) is hereby
13 entered against defendant CDG as restitution. Any funds distributed to Plaintiff by the Trustee
14 from the Debtor Estate of CDG shall be paid to, and held in trust by California Attorney General,
15 to be used for the charitable purpose of providing bullet-proof vests to law enforcement agencies,
16 mentoring at-risk youth, providing assistance to officers killed or injured in the line of duty and
17 providing literature and other publications to schools to promote the use of seat belts.

18 23. Judgment in the amount of fifty thousand dollars (\$50,000) is hereby entered against
19 defendant FPS as a civil penalty. Any funds distributed to Plaintiff by the Trustee from the
20 Debtor Estate of FPS shall be paid to the California Attorney General's Office.

21 24. Judgment in the amount of fifty thousand dollars (\$50,000) is hereby entered against
22 defendant FPS as restitution. Any funds distributed to Plaintiff by the Trustee from the Debtor
23 Estate of FPS shall be paid to, and held in trust by the Attorney General to be used for the
24 charitable purpose of providing bullet-proof vests, mentoring at-risk youth, providing assistance
25 to officers killed or injured in the line of duty and providing literature and other publications to
26 schools to promote the use of seat belts.

27 25. Defendants CDG and FPS are permanently restrained and enjoined from engaging or
28 participating in charitable solicitation, directly or through any intermediary, including, but not

1 limited to, by consulting, brokering, investing, outsourcing, planning or managing. CDG and
2 FPS are permanently enjoined from, and will not engage in, any of the following activities:

- 3 a. acting as a commercial fundraiser for charitable purposes, fundraising counsel for
4 charitable purposes, or trustee or commercial coventurer as those terms are defined
5 in California Government Code sections 12599, 12599.1, 12582 and 12599.2;
6 b. acting as an officer, director, employee, or agent of any charitable organization in
7 California or any organization that solicits funds for charitable purposes in
8 California;
9 c. holding or controlling assets received for a charitable purpose received from
10 donors from California;
11 d. participating, directly or indirectly, in any solicitation which the defendant knows
12 or has reason to know will be used in connection with any charity or charitable
13 solicitation in California or which targets residents of California.

14 26. Defendants CDG and FPS are permanently banned from selling, leasing or giving
15 away their donor list of California individuals who previously donated to COPS.

16 27. Defendants CDG and FPS are permanently banned from using or benefitting from
17 customer information, including the name, address, telephone number, email address, social
18 security number, other identifying information, or any data that enables access to a customer's
19 account (including a credit card, bank account, or other financial account), of any person which
20 CDG and FPS obtained prior to the entry of this Consent Judgment in connection with any
21 charitable solicitation made on behalf of COPS.

22 LET JUDGMENT BE ENTERED ACCORDINGLY this MAR - 1 2011 day of _____, 2011.
23

24 Ben T. Kayashima

25 The Honorable Benjamin T. Kayashima
26 San Bernardino Superior Court
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