RELEASE AND SETTLEMENT AGREEMENT

This Release and Settlement Agreement ("Agreement") is entered between Participating States, VietNow National Headquarters, Inc. ("VietNow"), and Individual Directors and Officers of VietNow as listed in Paragraph F of the Recitals.

RECITALS

- A. VietNow is an Illinois nonprofit corporation with 501(c)(19) tax-exempt status. Its address is 1835 Broadway, Rockford, IL 61104. It solicits donations in many states and is registered under the respective charitable solicitation laws of many states.
- B. On or about February 24, 2017, the Michigan Department of Attorney General issued a Notice of Intended Action against VietNow alleging that VietNow violated Michigan's Charitable Organizations and Solicitations Act by using false and misleading telemarketing solicitation scripts, diverting charitable funds donated for a specific purpose, and submitting false and inaccurate financial statements. The Notice of Intended Action alleged 16,422 violations with civil penalties of up to \$10,000 per violation.
- C. On or about April 27, 2017, the California Attorney General issued an Order to Cease and Desist and Notice of Assessment of Penalties against VietNow. Among other things, the Order required that VietNow immediately cease and desist from all operations in California, including solicitation for charitable purposes. VietNow was also ordered to provide an accounting, documents and other

information. VietNow was assessed penalties of \$67,000 for violation of the California Supervision of Trustees and Fundraisers for Charitable Purposes Act.

- D. The Illinois and Minnesota Attorneys General are also investigating VietNow.
- E. The following twenty-seven states ("Participating States"), including those above-mentioned, have all expressed interest in VietNow's solicitation activities in their respective states:
 - a. Michigan
 - b. California
 - c. Illinois
 - d. Minnesota
 - e. Ohio
 - f. Maryland
 - g. Wisconsin
 - h. Nevada
 - i. Oregon
 - j. New Hampshire
 - k. Oklahoma
 - l. Hawaii
 - m. Iowa
 - n. Maine
 - o. North Dakota
 - p. Connecticut
 - q. Louisiana
 - r. South Carolina
 - s. Kansas
 - t. Missouri
 - u. Virginia
 - v. Kentucky
 - w. New Mexico
 - x. Arizona
 - y. Tennessee
 - z. New York
 - aa. Washington

The Agreement is only binding on those Participating States that have signed the Agreement. For convenience, a complete list of states that have signed the Agreement will be appended to the Agreement.

- F. VietNow and its past and present individual directors and officers ("Individual Directors and Officers") desire to resolve the allegations of Michigan and California, the pending investigations, and any other potential liability with the Participating States. For the purpose of this agreement, VietNow's Individual Directors and Officers are the following:
 - a. Joseph Lewis
 - b. Steven Rucki
 - c. Darrell Gilgan
 - d. John W. Bates
 - e. Michael V. Boorsma
 - f. John A. Davis
 - g. Bernard Spencer
 - h. Edward Banach, Jr.
 - i. Rich Sanders
 - j. James M. Stepanek
 - k. Terry Buscher
 - 1. John C. Augustynowicz
 - m. Gary Eisenhower, Sr.
 - n. Herbert L. Holderman
- G. Concurrent with this Agreement, VietNow and its Individual Directors and Officers and the State of Illinois will enter an Agreed Order that will be filed in court in the State of Illinois, attached hereto as Exhibit A and incorporated herein by reference. The Agreed Order includes other relief against VietNow and its Individual Directors and Officers, including the appointment of a receiver to wind down the affairs of VietNow and ultimately, to dissolve it. Upon dissolution,

VietNow's remaining funds will be paid pursuant to *cy pres* to a national veterans charity or charities.

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, the Participating States, VietNow, and VietNow's Individual Directors and Officers agree as follows:

- 1. **Recitals**. The Recitals are incorporated herein by reference.
- 2. Cooperation. VietNow and its Individual Directors and Officers of VietNow will fully cooperate with the Participating States in any present or future investigation and/or litigation regarding any professional fund raiser(s) employed and/or otherwise retained by VietNow during the period 2011 through the present. VietNow and its Individual Directors and Officers waive any and all protections each may have under the attorney-client privilege and/or the work-product doctrine only with respect to any materials or information that the Participating States may seek regarding any professional fund raiser(s) employed and/or otherwise retained by VietNow during the period 2011 through the present.
- 3. Resignation of Directors and Officers. All Individual Directors and Officers of VietNow either have already resigned or will resign in cooperation with the Participating States and the receiver to be appointed under the Agreed Order.

¹ The State of Illinois is not a signatory to this Agreement as it is filing a separate Agreed Order in the courts of Illinois resolving Illinois's claims against VietNow.

- 4. <u>Injunctive Relief Against Directors and Officers</u>. Individual Directors and Officers Lewis, Rucki, Sanders, and Buscher are permanently enjoined from:
 - a. Being employed by any charitable organization in any fiduciary capacity with respect to any charitable asset(s) and/or otherwise having any direct or indirect custody or control with respect to any charitable asset(s);
 - b. Holding any fiduciary position or office in any charitable organization with respect to any charitable asset(s) and/or otherwise having any direct or indirect custody or control with respect to any charitable asset(s);
 - c. Acting as a professional fundraiser as the term is defined under the laws of the Participating States;
 - d. Acting as a professional solicitor as the term is defined under the laws of the Participating States;
 - e. Serving as a co-owner, co-partner, officer, director, or agent of a professional fundraiser; and/or
 - f. Directly or indirectly soliciting, receiving or holding assets for any charitable or ostensibly charitable purpose and from acting in any fiduciary capacity with respect to charitable assets.
- 5. Permitted Activities of the Individual Directors and Officers.

 The injunctions set forth in paragraph 4 above shall not prevent

 Individual Directors and Officers Lewis, Rucki, Sanders, and Buscher

from participating as a volunteer for and/or on behalf of any separate and independent not-for-profit corporation that was commonly referred to as a local chapter of VietNow prior to the entry of this Agreed Order or for any other charitable organization and/or any charitable cause provided that, in any such role, Individual Directors and Officers Lewis, Rucki, Sanders, and Buscher shall not have any direct or indirect custody or control of charitable assets at any time.

- 6. <u>Cessation of Solicitations</u>. VietNow has ceased or, upon execution of this Agreement, the Receiver will cease all solicitations.
- 7. Payment of Investigative Costs. The Receiver on behalf of VietNow will pay \$30,000 ("Settlement Amount") upon execution of this Agreement.
 - a. Of the Settlement Amount, \$20,000 is to be paid to the Michigan Department of Attorney General as reimbursement for the Department's litigation expenses, including attorney fees, personnel costs, and investigative costs; payment to the Department shall be made to the State of Michigan and shall be sent c/o William R. Bloomfield, Assistant Attorney General, Michigan Department of Attorney General, Corporate Oversight Division, 6th Floor, G. Mennen Williams Bldg., 525 W. Ottawa St., Lansing, MI 48933.
 - b. Of the Settlement Amount, \$10,000 is to be paid to the California
 Attorney General as reimbursement for the California Attorney

General's litigation expenses, including attorney fees, personnel costs, and investigative costs; payment to the California Attorney General shall be mailed to California Department of Justice, Attn: Deputy Attorney General Joseph Zimring, 300 S. Spring Street, Suite 1702, Los Angeles, CA 90013.

- 8. <u>Life Members and Associates</u>. The \$32,000 held in the Life Membership Restricted Fund, shall be divided pro rata by the 617 Life Members and distributed to the respective local chapter of each Life Member.
- 9. **Enforcement**. Violations of this Agreement are enforceable by each of the Participating States in their chosen forum and under their choice of law.
- 10. **Enforcement Costs**. Should any of the Participating States incur any costs after the execution of this Release and Settlement Agreement in requiring VietNow's and its Individual Directors' and Officers' compliance with this Agreement, the noncompliant person or entity shall be required to pay the costs of the Participating State or States.
- 11. Release. Conditioned upon compliance with the above terms, the Participating States, along with their agents, employees, members, officers, principals, successors, affiliates, representatives and assigns, hereby release, acquit and forever discharge VietNow, its Individual Directors and Officers, and VietNow's respective agents, employees, shareholders, members, principals, successors, affiliates, heirs,

representatives and assigns (collectively, "Released Parties"), of and from any and all claims, demands, actions, lawsuits, or causes of action (i) arising under the charitable solicitations laws of the Participating States or (ii) relating to transactions or occurrences which have or could have given rise to the violations alleged by Michigan and California, including without limitation, any and all Claims against any of the Released Parties actually asserted by Michigan and California, and any and all Claims against VietNow and its Individual Directors and Officers which could have been asserted (all such claims, demands, actions, lawsuits, or causes of action collectively being the "Released Claims"). Released Claims are limited to the Individual Officers' and Directors' work with VietNow National Headquarters, Inc., and do not include any claims known or unknown arising from the participation of the Individual Directors and Officers with any other charity. Notwithstanding the preceding release provisions, nothing in this Agreement shall release any claims, known or unknown, against any third parties retained by VietNow, including without limitation professional fundraisers, professional fundraising counsel, third party consultants, accountants, auditors, and outside counsel excluding the Law Offices of David R. Gervais.

12. **Addresses**. Contact information for VietNow follows.

a. VietNow National Headquarters, 1835 Broadway, Rockford, IL
 61104.

- b. David R. Gervais and Carl E. Metz II, Law Offices of David R. Gervais, 4 East Terra Cotta Avenue, Crystal Lake, Illinois. Contact information for the Individual Directors and Officers is indicated by their respective signature line.
- 13. <u>Publication</u>. VietNow National Headquarters shall be given the opportunity to inform its membership of the appointment of a Receiver and dissolution of VietNow, prior to the entry of the Agreed Order and Interested States making public this Agreement.

14. <u>Miscellaneous Provisions</u>

- a) The parties represent and warrant that each has the full legal right and authority to execute this Agreement and that no party has made an assignment or transfer of any claim or any right arising out of the transactions and/or occurrences relating to the claims of the Participating States.
- b) The parties agree that any modification or revision to this Agreement must be in writing and signed by all parties to be enforceable.
- c) The parties agree that this Agreement contains the entire agreement with regard to the matters set forth herein and that it supersedes all oral agreements, promises, warranties, representations, or understandings, if any, between the parties relating to the subject matter of this Agreement.

- d) This Agreement may be executed in counterparts, each of which shall constitute an original agreement.
- e) This Agreement shall be construed and enforced in accordance with the laws of the enforcing state.
- f) The parties agree that, upon request, they will promptly execute any additional documents necessary to effectuate the intent of the parties as set forth herein.
- g) The effective date of this Agreement shall be the last date of the signatures below.
- h) The parties agree that they have read the Agreement carefully and understand all of its terms.
- i) The parties understand and agree that they should consult with an attorney before executing this Agreement.
- j) In agreeing to sign this Agreement, the parties are doing so voluntarily and have not relied on any oral statements or explanations.

Signatures continue on following pages.

Address:

VIETNOW	NATIONAL	HEADQUARTERS,	INC.,	an	Illinois	nonprofit
corporation						
By: Joseph	neph ().	Zan				
Its: Presid	lent					
Date: <u>3/-</u>	DCTOBER-	-2017				
Address: 19	Ocroser-2	EYROCK BLUD				
STEVEN R	UCKI					:
Date:						·

VIET	NOW	NATIONAL	HEAL	DQUARTERS,	INC.,	an	Illinois	nonprofit
corpor	ation							
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Date: 19/3/2017 Address: 61/ So. G-2021/NG ST WINNERAGO Le 61088
JOHN W. BATES
Date:
Address:
MICHAEL V. BOORSMA
Date:
Address:
JOHN A. DAVIS
Date:
Address:

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DARRELL GILGAN
Date:
Address:
JOHN W. BATES
Ja Con
Date: 30 Oct 2017
Address: 2287 Merick Do Caledonin, IL 6/0/
CAledonia, IL 6/01
MICHAEL V. BOORSMA
Date:
Address:
JOHN A. DAVIS
Date:
Address:

DARRELL GILGAN
Date:
Address:
JOHN W. BATES
Date:
Address:
MICHAEL V. BOORSMA Michael V. BOORSMA Date: Nov 2, 2017 Address: 921 State 5t. Defall 60115
JOHN A. DAVIS
Date:
Address:

DARRELL GILGAN
Date:
Address:
JOHN W. BATES
Date:
Address:
MICHAEL V. BOORSMA
Date:
Address:
John A. Davis
Date:
Address: 126 W. TAYLOR ST
DEKALB IL. 60115

BERNARD SPENCER
Benedit
Date: 1 = \31\Z\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
Address: 1669 White Oak Tol.
Cherry Valley, IL
EDWARD BANACH, JR.
Date:
Address:
RICH SANDERS
Date:
Address:
<u></u>
JAMES M. STEPANEK
Date:
Address:

BERNARD SPENCER
Date:
Address:
Edward Banach, JR. Edward Banach & Date: 31007 2017
Address: 3021 John ST
EASTON, PA 18045
RICH SANDERS
Date:
Address:
JAMES M. STEPANEK
Date:
Address:

BERNARD SPENCER
Date:
Address:
EDWARD BANACH, JR.
Date:
Address:
RICH SANDERS Sul Ambles Date: 10/30/2017 Address: 1811 Hickory La Dixon, IL 61021
JAMES M. STEPANEK
Date:
Address:

BERNARD SPENCER	
Date:	
Address:	-
EDWARD BANACH, JR.	
Date:	
Address:	-
RICH SANDERS	
Date:	
Address:	_
JAMES M. STEPANEK	_
Date: 10/31/17	
Address: 1111 W HALPOW,	= 0 100 -
BITAUS SPRINGS FL 34	454

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Execu	เวกท	Vei	'sion
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TERRY BUSCHER
Teny Busch
1ery Busch Date: 10-3-17
Address: 1035 WENDRAH AFE.
JOHN C. AUGUSTYNOWICZ
Date:
Address:
GARY EISENHOWER, SR.
Date:
Address:
HERBERT L. HOLDERMAN
Date:
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TERRY BUSCHER	
Date:	•
Address:	
JOHN C. AUGUSTYNOWICZ	
Date:	
Address:	
GARY EISENHOWER, SR. Say Foundaries A Date: 1/3/20/7 Address: 46.3 N. TRUNCK/ FREEPORT, TL 6/0 HERBERT L. HOLDERMAN	que.
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TERRY BUSCHER
Date:
Address:
JOHN C. AUGUSTYNOWICZ
Date:
Address:
GARY EISENHOWER, SR.
Date:
Address:
HERBERT L. HOLDERMAN
Herlut L. Holden
Date: 10/30/2017
Address: 608 Zagreb Avenue Sucamore, Z 60178
SUPAMONO, 4 100118

FOR THE STATE OF MICHIGAN

By:

William R. Bloomfield (P68515 Michigan)

Assistant Attorney General

Michigan Department of Attorney General Corporate Oversight Division Charitable Trust Attorney 6th Floor, G. Mennen Williams Bldg. 525 W. Ottawa St., Lansing, MI 48933 bloomfieldw@michigan.gov (517) 373-1160

Signed October 23, 2017

FOR THE	STATEOF	CALIFORNIA
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By:

Joseph N. Zimring (California SBN 185916)

Deputy Attorney General California Department of Justice 300 S. Spring Street, Suite 1702 Los Angeles, CA 90013 Joseph.Zimring@doj.ca.gov (213) 269-6563

Signed ______October 26 ____, 2017

FOR THE STATE OF OHIO

Peter M. Thomas (Ohio S.Ct. #0040887)

Section Chief

Office of the Ohio Attorney General Charitable Law Section 150 E. Gay St., 23rd Floor Columbus, Ohio 43215-3428 Peter. Thomas@OhioAttorneyGeneral.gov614-466-3181

Signed Ottober 23, 2017

FOR THE STATE OF MARYLAND .

By: Josephne B. Yuzuik

Josaphine B. Yuzuik

Assistant Attorney General

Maryland Office of the Attorney General Office of the Secretary of State Fred L. Wineland Building 16 Francis Street, Annapolis, MD 21401 josaphine.yuzuik@maryland.gov (410) 260-3855

Signed October 27th, 2017

Execution Version
FOR THE STATE OF WISCONSIN BRAD D. SCHIMEL
Wisconsin Attorney General
Ву:

LARA A. SUTHERLIN
Assistant Attorney General
State Bar No. 1057096

Wisconsin Department of Justice Post Office Box 7857 Madison, Wisconsin 53707-7857 v. (608) 267-7163 f. (608) 267-8906 e. sutherlinla@doj.state.wi.us

FOR THE STATE OF NEVADA
ADAM PAUL LAXALT
Attorney General
By: Joan Libba
JO ANN GIBBS (Bar No. 005324)
Chief Multistate Counsel

State of Nevada Office of the Attorney General 10791 W. Twain Avenue, #100 Las Vegas, Nevada 89135 702-486-3789 ph / 702-486-3283 fax jgibbs@ag.nv.gov

Signed 6ct 26 , 2017

FOR THE STATE OF OREGON

Mork Klayna (145004 Overan)

Mark Kleyna (145004 Oregon) Assistant Attorney General

Oregon Department of Justice Charitable Activities Section 100 SW Market Street Portland, OR 97201 mark.a.kleyna@doj.state.or.us (971) 673-1880

Signed October 27, 2017

FOR THE STATE OF NEW HAMPSHIRE

Thomas J. Donovan (No. 664 New Hampshire)

Director of Charitable Trusts and Senior Assistant Attorney General

New Hampshire Attorney General's Office 33 Capitol Street Concord, NH 03301 tom.donovan@doj.nh.gov 603-271-1288

Signed October 24, 2017

FOR THE STATE OF OKLAHOMA

Malisa McPherson, OBA #32070

Assistant Attorney General

Office of the Oklahoma Attorney General Consumer Protection Unit 313 NE 21st Street Oklahoma City, Oklahoma 73105 Malisa.mcpherson@oag.ok.gov 405-522-1015

Signed **Otolow** 27 , 2017

FOR THE STATE OF HAWAII

By:
Stacie M. Nakamura, 9573 Hawaii
Deputy Attorney General

Department of the Attorney General Tax & Charities Division 425 Queen Street Honolulu, HI 96813 Stacie.M.Nakamura@hawaii.gov (808) 586-1477

Signed October 27, 2017

FOR THE STATE OF JOWA

Steve St. Clair (Iowa Bar No. AT0007441)

Assistant Attorney General

Iowa Department of Justice Hoover Building, 2nd Floor 1305 East Walnut Des Moines, Iowa 50319 steve.stclair@iowa.gov (515) 281-3731

Signed October 23, 2017

FOR THE STATE OF MAINE

By: Mulla Conti, Maine Bar No. 3638

Assistant Attorney General

Office of the Attorney General 6 State House Station Augusta, Maine 04333-0006 Linda.conti@maine.gov 207-626-8591

Signed October 3, 2017

FOR THE STATE OF NORTH DAKOTA	
By:	andle D. I trom
Parrell D. (Grossman (ND ID 04684)
Assistant Attorney General	
Director	
Consumer Protection & Antitrust Division	
Office of At	torney General

Gateway Professional Center 1050 E. Interstate Ave., Suite 200 Bismarck, ND 58503-5574 pgrossman@nd.gov (701) 328-5570

FOR THE STATE OF CONNECTICUT

Ву ___

Gary W. Hawes, Juris # 415091

Assistant Attorney General

Office of the Connecticut Attorney General 55 Elm Street, P.O. Box 120 Hartford, CT 06141-0120 gary.hawes@ct.gov

T: 860-808-5020

Signed *October* 24, 2017

FOR THE SECRETARY OF STATE OF SOUTH CAROLINA

By: Shannon A. Wiley, South Carolina Bar No. 68906 General Counsel

Secretary of State Mark Hammond's Office 1205 Pendleton Street, Suite 525 Columbia, South Carolina 29201 swiley@sos.sc.gov (803) 734-0246

Signed October 30, 2017

FOR THE STATE OF KANSAS

By: Cynette R. Bakker (#22104 Kansas)

Assistant Attorney General

Office of the Kansas Attorney General Consumer Protection/Antitrust Division 120 S.W. 10th Avenue, 2nd Floor Topeka, KS 66612-1597 lynette.bakker@ag.ks.gov (785) 368-8451

Signed <u>October 24</u>, 2017

FOR THE STATE OF MISSOURI

Felicia Crawford-Rangle (Bar# 58297 Missouri) Assistant Attorney General

Consumer Protection Division Missouri Attorney General's Office P.O. Box 861 St. Louis, MO 63101 $\underline{felicia.craw for d\text{-}rand le@ago.mo.gov}$ (314) 340-7886; Fax (314) 340-7957

Signed October 26, 2017

FOR THE COMMONWEALTH OF KENTUCKY

By:

Leah Cooper Boggs (KY State Bar #83471)

Assistant Attorney General

Office of the Attorney General Andy Beshear 1024 Capital Center Drive, Suite 200

Frankfort, KY 40601

Email: leah.boggs@ky.gov Telephone: (502) 696-5389

Signed Outrou h 3, 201

FOR THE STATE OF NEW YORK

By:

Yael Fuchs No. 4542684 Assistant Attorney General

Office of the New York State Attorney General Charities Bureau Yael.fuchs@ag.ny.gov (212) 816-8391

Signed October 27, 2017

FOR THE STATE OF NEW MEXICO

By: Joshua A. Spencer (NM # 25897)

Assistant Attorney General

Consumer and Environmental Protection Division P.O. Drawer 1508 Santa Fe, NM 87504 jspencer@nmag.gov (505) 717-3530

Signed Otoler 26th, 2017

FOR THE STATE OF TENNESSEE

By: Janet M. Kleinfelter (TN State Bar # 13889)
Deputy Attorney General

Office of Tennessee Attorney General and Reporter 500 Charlotte Avenue P.O. Box 20207 Nashville, TN 37202 Janet.kleinfelter@ag.tn.gov (615) 741-7403

Signed Oct. 23, 2017

<u>List of Participating States Signing the Agreement</u>

- 1. Michigan
- 2. California
- 3. Ohio
- 4. Maryland
- 5. Wisconsin
- 6. Nevada
- 7. Oregon
- 8. New Hampshire
- 9. Oklahoma
- 10. Hawaii
- 11.Iowa
- 12.Maine
- 13. North Dakota
- 14. Connecticut
- 15. South Carolina
- 16. Kansas
- 17. Missouri
- 18. Kentucky
- 19. New Mexico
- 20. Tennessee
- 21. New York

Minnesota and Virginia are not signatories to this Settlement Agreement. Rather, they and VietNow have agreed, or will agree, to separate agreements containing similar terms that are being filed in the respective courts of each state.