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7 STATE OF WASHINGTON
8 SNOHOMISH COUNTY SUPERIOR COURT

NO. 09 2 06827 3

9 In re:

NO.

10 BURNED CHILDREN RECOVERY
11 FOUNDATION, a Washington non-profit
corporation; and MICHAEL T. MATHIS,

ASSURANCE OF
DISCONTINUANCE

12 Respondents.

13 The State of Washington, by and through its attorneys, Robert M. McKenna, Attorney
14 General, and Shannon E. Smith, Assistant Attorney General, files this Assurance of
15 Discontinuance pursuant to RCW 19.86.100.

16 I. INVESTIGATION

17 1.1 The Attorney General initiated an investigation into the charitable solicitation
18 activities of the Respondents Burned Children Recovery Foundation (BCRF), and its Director,
19 Michael T. Mathis, (collectively, "Respondents"). Respondents solicited and accepted charitable
20 contributions from the general public for the purpose of providing counseling and advice to
21 burned children and their families; fire prevention education; and a summer camp for burn
22 victims.

23 1.2 Respondents failed to adequately supervise an employee who was making
24 personal purchases using BCRF's funds for the employee's sole benefit.

25 1.3 Respondents failed to timely submit all required forms and reports to the
26 Washington Secretary of State regarding BCRF as required by RCW 19.09.

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1 **1.4** Respondents failed to provide accurate financial and other reports to the
2 Washington Secretary of State as required by RCW 19.09.

3 **1.5** From approximately September 1, 2008, until December 15, 2008, Respondents
4 solicited or collected charitable contributions from the general public while BCRF was not
5 properly registered as a charitable organization with the Washington Secretary of State.

6 **1.6** Respondents failed to identify its commercial fundraiser in registration materials
7 submitted to the Washington Secretary of State and failed to provide commercial fundraiser
8 contracts to the Washington Secretary of State.

9 **1.7** Respondents failed to maintain readily available books and records for at least
10 three years from the effective period to which the records relate.

11 **1.8** Respondents misrepresented the number of children and families helped by
12 BCRF's activities and the percentage of charitable donations that were used toward the charitable
13 purpose.

14 **1.9** The Attorney General deems the following to constitute unfair or deceptive acts or
15 practices in violation of RCW 19.86.020 and RCW 19.09:

16 (a) Failing to submit all required filings with the Washington Secretary of State in
17 a timely and accurate manner as required by RCW 19.09 and WAC 434-120, including but not
18 limited to registration and renewal forms, financial reporting forms, and commercial fundraiser
19 contracts.

20 (b) Soliciting and collecting charitable contributions from the general public
21 without being properly registered as a charitable organization with the Washington Secretary of
22 State as required by RCW 19.09.065.

23 (c) Failing to adequately supervise staff to assure that funds donated for a
24 charitable purpose are properly accounted for and used for the charitable or other permissible
25 purpose.

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1 (d) Failing to maintain readily available books and records for at least three years
2 from the effective period to which the records relate.

3 (e) Making any misrepresentations in the context of soliciting charitable
4 contributions from the general public.

5 **1.10** Respondents have cooperated with the investigation and have taken steps to
6 comply with the terms of this AOD prior to its entry.

7 **II. ASSURANCE OF DISCONTINUANCE**

8 **2.1** Respondents will not engage in any practices described in Section 1.9.

9 **III. COSTS**

10 **3.1** The Respondents agree to pay the amount of \$2,500 toward the costs and
11 reasonable attorney's fees incurred by the Attorney General in pursuing this matter, which is
12 payable in full on August 1, 2009. Payment shall be made by valid cashier's check, paid to the
13 order of "Attorney General—State of Washington." Respondent shall send the cashier's check
14 to the Office of the Attorney General, Attention: Cynthia Lockridge, Consumer Protection
15 Division, 800 Fifth Avenue, Suite 2000, Seattle, Washington, 98104-3188.

16 **IV. ADDITIONAL PROVISIONS**

17 **4.1** This Assurance of Discontinuance shall not be considered an admission of
18 violation of the Consumer Protection Act or the Charitable Solicitations Act for any purposes, but
19 failure to comply with this Assurance of Discontinuance shall be *prima facie* evidence of
20 violations of RCW 19.86.020, thereby placing upon the violators, Burned Children Recovery
21 Foundation, and its officers, directors, and principals, and Michael T. Mathis, the burden of
22 defending against imposition by the Court of damages, injunctions, restitution, and civil penalties
23 of up to \$2,000 per violation and costs, including reasonable attorney's fees, including the costs
24 and attorney's fees incurred by the Attorney General in the foregoing investigation and in
25 preparing this Assurance of Discontinuance.

