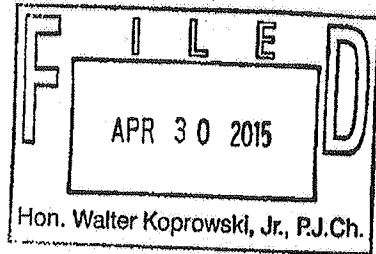


JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101  
Attorney for Plaintiffs



By: Natalie A. Serock (040892010)  
Deputy Attorney General  
[REDACTED]

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION  
ESSEX COUNTY  
DOCKET NO.: ESX-C-245-14

JOHN J. HOFFMAN, Acting Attorney General of  
the State of New Jersey, and STEVE C. LEE,  
Acting Director of the New Jersey Division of  
Consumer Affairs

Plaintiffs,

v.

NEW JERSEY YOUTH CLUB, INC.; NEW  
JERSEY YOUTH CLUB OF AMERICA A NJ  
NONPROFIT CORPORATION; JANE AND  
JOHN DOES 1-20, individually and as owners,  
officers, directors, shareholders, founders,  
managers, agents, servants, employees,  
representatives and/or independent contractors of  
NEW JERSEY YOUTH CLUB, INC. and/or NEW  
JERSEY YOUTH CLUB OF AMERICA A NJ  
NONPROFIT CORPORATION; and XYZ  
CORPORATIONS 1-20,

Defendants.

Civil Action

**FINAL CONSENT JUDGMENT**

The Parties to this Action and Final Consent Judgment ("Consent Judgment") are  
plaintiffs John J. Hoffinan, Acting Attorney General of the State of New Jersey, and Steve C.

Lee, Acting Director of the New Jersey Division of Consumer Affairs ("Division") (collectively, "Plaintiffs"), and defendants New Jersey Youth Club, Inc. ("NJYC") and New Jersey Youth Club of America a NJ Nonprofit Corporation ("NJYC of America") (collectively, "Defendants"). As evidenced by their signatures below, the Parties consent to entry of this Consent Judgment and its provisions without trial or adjudication of any issue of fact or law, and without an admission of any liability or wrongdoing of any kind.

### **PRELIMINARY STATEMENT**

On December 15, 2014, Plaintiffs commenced this action by Order to Show Cause, alleging that NJYC violated the New Jersey Charitable Registration and Investigation Act, N.J.S.A. 45:17A-18 et seq. ("CRIA"), the regulations promulgated thereunder, N.J.A.C. 13:48-1.1 et seq. ("Charities Regulations"), the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. ("CFA"), and the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:1-1 et seq. ("Act") through its Solicitation of contributions as a non-exempt Charitable Organization and purportedly for the benefit of underprivileged youth within New Jersey despite having failed to register with the Division. On March 17, 2015, Plaintiffs filed a First Amended Verified Complaint adding NJYC of America as a Defendant. Defendants deny the allegations.

### **IT IS HEREBY ORDERED, ADJUDGED AND AGREED AS FOLLOWS:**

#### **1. JURISDICTION**

1.1 The Parties admit jurisdiction of this Court over the subject matter and over the Parties for the purpose of entering into this Consent Judgment. The Court retains jurisdiction for the purpose of enabling the Parties to apply to the Court at any time for such further orders and

relief as may be necessary for the construction, modification, enforcement, execution or satisfaction of this Consent Judgment.

## 2. VENUE

2.1 Pursuant to N.J.S.A. 56:8-8, venue as to all matters between the Parties hereto relating to or arising out of this Consent Judgment shall lie exclusively in the Superior Court of New Jersey, Chancery Division, Essex County.

## 3. EFFECTIVE DATE

3.1 This Consent Judgment shall be effective on the date that it is entered with the Court ("Effective Date").

## 4. DEFINITIONS

As used in this Consent Judgment, the following capitalized words or terms shall have the following meanings, which meanings shall apply wherever the words and terms appear in this Consent Judgment:

4.1 "Action" shall refer to the action titled John J. Hoffman, Acting Attorney General of the State of New Jersey, and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs v. New Jersey Youth Club, Inc. and New Jersey Youth Club of America A NJ Nonprofit Corporation, Superior Court of New Jersey, Chancery Division, Essex County, Docket No. ESX-C-245-14, and all pleadings and proceedings related thereto, including the Verified Complaint, filed on December 15, 2014, and the First Amended Verified Complaint, filed on March 17, 2015.

4.2 "Attorney General" shall refer to the Acting Attorney General of the State of New Jersey and the Office of the Attorney General of the State of New Jersey.

- 4.3 "Charitable Organization" shall be defined in accordance with N.J.S.A. 45:17A-20 and N.J.A.C. 13:48-1.3.
- 4.4 "Charitable Purpose" shall be defined in accordance with N.J.S.A. 45:17A-20 and N.J.A.C. 13:48-1.3.
- 4.5 "Consumer" shall refer to any Person who is offered Merchandise for Sale.
- 4.6 "Contribution" shall be defined in accordance with N.J.S.A. 45:17A-20 and N.J.A.C. 13:48-1.3.
- 4.7 "Division" and "Division of Consumer Affairs" shall refer to the New Jersey Division of Consumer Affairs.
- 4.8 "Merchandise" shall be defined in accordance with N.J.S.A. 56:8-1(c) and includes the perishable and non-perishable items, such as cookies and candy, offered for Sale and/or sold by NJYC Youth Members.
- 4.9 "New Jersey" and "State" shall refer to the State of New Jersey.
- 4.10 "NJYC Website" shall refer to the NJYC website located at [www.njyc.org](http://www.njyc.org) as well as any other website maintained by or on behalf of Defendants.
- 4.11 "NJYC Youth Members" shall refer to the teenagers who Solicit for Contributions in the State on behalf of the Defendants.
- 4.12 "Parties" refer to Plaintiffs and Defendants.
- 4.13 "Person[s]" shall be defined in accordance with N.J.S.A. 56:8-1(d).
- 4.14 "Represent" shall mean to state or imply through claims, statements, questions, conduct, graphics, symbols, lettering, formats, devices, language, documents, messages or any other manner or means by which meaning might be conveyed.

4.15 "Sale" shall be defined in accordance with N.J.S.A. 56:8-1(d).

4.16 "Solicitation" or "Solicit" shall be defined in accordance with N.J.S.A. 47:17A-20 and N.J.A.C. 13:48-1.3.

4.17 "1 & 1 Internet Inc." shall refer to the web hosting company located at 701 Lee Road, Suite 300, Chesterbrook, Pennsylvania 19087.

### **5. INJUNCTIVE RELIEF AND BUSINESS PRACTICES**

5.1 Defendants shall not engage in any unfair or deceptive acts or practices in the conduct of any business in the State and shall comply with such State and/or Federal laws, rules and regulations as now constituted or as may hereafter be amended including, but not limited to, the CRIA, the Charities Regulations, the CFA and the Act.

5.2 Defendants shall not directly or indirectly act as a Charitable Organizations, or hold themselves out as Charitable Organizations or as entities having a Charitable Purpose, from or within the State.

5.3 Defendants shall not engage in the Solicitation of Contributions within the State through door-to-door Solicitations and/or any other method of Solicitation, including the NJYC Website.

5.4 Defendants shall ensure that all statements made by them or on their behalf are truthful, in accordance with N.J.S.A. 45:17A-32(a) and N.J.A.C. 13:48-11.2(b).

5.5 Defendants shall not Represent that Contributions will be applied toward the benefit of underprivileged youth within New Jersey, when such is not the case.

5.6 Defendants shall not offer for Sale and/or sell Merchandise while leading Consumers to believe that they are making Contributions, in violation of N.J.S.A. 56:8-2.7 and N.J.A.C. 13:48-13.2(a)(3).

5.7 Defendants, in their Solicitation of Contributions or otherwise, shall not Represent that they have 501(c)(3) tax-exempt status, when such is not the case (e.g., “[NJYC] is a state and federally registered not-for-profit, self-sustaining charity”).

5.8 Defendants, in their Solicitation of Contributions or otherwise, shall not Represent that they are registered as Charitable Organizations with the Charities Registration Section of the Division, when such is not the case (e.g., “[NJYC is a] state-sanctioned, not-for-profit agency;” and “[NJYC is a] state-recognized Non-Profit Organization”).

5.9 In their Solicitation of Contributions, Defendants shall not Represent that Contributions will be applied to a Charitable Purpose and then fail to do so.

5.10 Defendants shall not expend Contributions in a manner inconsistent with their Charitable Purpose set forth in Defendants’ Certificates of Incorporation, in violation of N.J.S.A. 45:17A-32(c)(1), N.J.A.C. 13.2(a), and N.J.S.A. 15A-14-2.

5.11 Defendants shall not dispatch NJYC Youth Members into municipalities throughout the State for the purpose of engaging in door-to-door Solicitations on their behalf.

5.12 On or before the Effective Date, NJYC, or any third party receiving a copy of this Consent Judgment on its behalf, shall arrange for the shutdown of the NJYC Website including, but not limited to, cancelling NJYC’s account with 1 & 1 Internet Inc., or any other web hosting company, and relinquishing the domain name to the NJYC Website.

5.13 Within three (3) months of the Effective Date, Defendants shall arrange for the dissolution of NJYC including, but not limited to, payment of creditors, liquidation of assets, winding down of its affairs and filing a certificate of dissolution with the State of New Jersey Department of Treasury, Division of Revenue and Enterprise Services, as authorized by N.J.S.A. 14A:12-11.

5.14 Within three (3) months of the Effective Date, Defendants shall arrange for the dissolution of NJYC of America including, but not limited to, payment of creditors, liquidation of assets, winding down of its affairs and filing a certificate of dissolution with the State of New Jersey Department of Treasury, Division of Revenue and Enterprise Services, as authorized by N.J.S.A. 14A:12-11.

5.15 Sections 5.1 through 5.14 shall apply to NJYC and NJYC of America, as well as their officers, directors, owners, trustees, supervisors, independent contractors and managers.

5.16 Within thirty (30) days of the Effective Date, Defendants shall submit a copy of the Consent Judgment to each of their officers, directors, owners, trustees, supervisors, independent contractors and managers. Within forty-five (45) days of the Effective Date, Defendants shall provide Plaintiffs with an acknowledgment that the above-referenced Persons have been supplied with a copy of the Consent Judgment along with an alphabetical list of the names, titles and business addresses of such Persons.

## **6. DEFENDANTS' TURNOVER OF FUNDS**

6.1 On or before the Effective Date, Defendants shall turn over to Plaintiffs the \$1,111.85 in check Contributions collected on behalf of Defendants on January 4, 2015 in Ramsey, New Jersey.

6.2 On or before the Effective Date, Defendants shall turn over to Plaintiffs any other Contributions made by check or cash to NJYC and/or NJYC of America.

6.3 On or before the Effective Date, Defendants shall identify any accounts at banks or other financial institutions maintained by or on behalf of NJYC and/or NJYC of America, and shall turn over to Plaintiffs any remaining balances in any identified account[s].

6.4 Plaintiffs shall make all reasonable efforts to return the Contributions made by check referenced in Sections 6.1 and 6.2 to the Consumers who made the Contributions.

6.5 Sections 6.1 through 6.3 shall apply to NJYC and NJYC of America, as well as their officers, directors, owners, trustees, supervisors, independent contractors and managers.

6.6 Upon forwarding to Plaintiffs any Contributions by cash or check or other identified funds pursuant to Sections 6.1, 6.2 and/or 6.3, Defendants shall immediately be divested of any interest in, or ownership of, the monies paid and all interest in the monies, and any subsequent interest or income derived therefrom shall inure entirely to the benefit of the Division.

## **7. SETTLEMENT AMOUNT**

7.1 The Parties have agreed to a settlement of the Action in the amount of Fifty-Two Thousand Six Hundred Twenty and 31/100 Dollars (\$52,620.31) ("Settlement Amount").

7.2 The Settlement Amount comprises Forty-Three Thousand One Hundred Thirty-Two and 00/100 Dollars (\$43,132.00) in reimbursement of Plaintiffs' attorneys' fees and Nine Thousand Four Hundred Eighty-Eight and 31/100 Dollars (\$9,488.31) in reimbursement of Plaintiffs' investigative costs, pursuant to N.J.S.A. 45:17A-33(d), N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19.



7.3 Based upon Defendants' prior representations as to their financial status and inability to pay, the Settlement Amount shall be suspended for a period of two (2) years from the Effective Date and automatically vacated at the end of that period, provided that Defendants comply in all material respects with the injunctive relief and business practices set forth in Section 5.

7.4 In the event Defendants materially fail to comply with Section 7.3 and/or fail to turn over to Plaintiffs Contributions and/or funds as required by Section 6.2 and 6.3 and/or fail to disclose any material asset or source of income and/or misrepresent the value of any asset or source of income and/or make any other material misrepresentation in or omission from the financial information supplied to Plaintiffs, Plaintiffs shall provide Defendants with a written notice of default or noncompliance ("Notice of Noncompliance") seeking payment of the Settlement Amount. In any such Notice of Noncompliance, Plaintiffs shall provide Defendants with the specific details of the alleged default or noncompliance, as well as any supporting documents, and shall afford them a fifteen (15) day period from receipt of such Notice of Noncompliance within which to cure any such default or noncompliance.

7.5 In the event of Defendants' failure to cure any such default or noncompliance, Plaintiffs may move on notice or by Order to Show Cause to have a Judgment entered for the Settlement Amount. Defendants shall have a right to submit opposition to any motion or Order to Show Cause application filed by Plaintiffs and to contest same on any return date.

7.6 Upon entry by the Court of any such judgment, Plaintiffs shall then arrange for entry of such judgment upon the Statewide docket.

## **8. DISMISSAL OF ACTION**

8.1 The entry of this Consent Judgment constitutes a dismissal with prejudice of the Action.

## **9. GENERAL PROVISIONS**

9.1 This Consent Judgment is entered into by the Parties as their own free and voluntary act and with full knowledge and understanding of the obligations and duties imposed by this Consent Judgment.

9.2 This Consent Judgment shall be governed by, and construed and enforced in accordance with, the laws of the State.

9.3 The Parties have negotiated, jointly drafted and fully reviewed the terms of this Consent Judgment and the rule that uncertainty or ambiguity is to be construed against the drafter shall not apply to the construction or interpretation of this Consent Judgment.

9.4 This Consent Judgment contains the entire agreement among the Parties. Except as otherwise provided herein, this Consent Judgment shall be modified only by a written instrument signed by or on behalf of the Plaintiffs and Defendants.

9.5 Except as otherwise explicitly provided for in this Consent Judgment, nothing herein shall be construed to limit the authority of the Attorney General to protect the interests of the State or the people of the State.

9.6 If any portion of this Consent Judgment is held invalid or unenforceable by operation of law, the remaining terms of this Consent Judgment shall not be affected.

9.7 This Consent Judgment shall be binding upon the Parties and their successors in interest. In no event shall assignment of any right, power or authority under this Consent Judgment avoid compliance with this Consent Judgment.

9.8 This Consent Judgment is agreed to by the Parties and entered into for settlement purposes only. Neither the fact of, nor any provision contained in this Consent Judgment nor any action taken hereunder shall constitute, or be construed as: (a) an approval, sanction or authorization by the Attorney General, the Division or any other governmental unit of the State of any act or practice of the Defendants; and (b) an admission by the Defendants that any of their acts or practices described in or prohibited by this Consent Judgment are unfair or deceptive or violate any of the Consumer protection laws of the State. This Consent Judgment is not intended, and shall not be deemed, to constitute evidence or precedent of any kind except in: (a) any action or proceeding by one of the Parties to enforce, rescind or otherwise implement or affirm any or all of the terms of this Consent Judgment; or (b) any action or proceeding involving a Released Claim (as defined in Section 10) to support a defense of res judicata, collateral estoppel, release or other theory of claim preclusion, issue preclusion or similar defense.

9.9 Nothing contained in this Consent Judgment shall be construed to limit or otherwise affect the rights of any Persons who are not Parties to this Consent Judgment with respect to any of the matters contained herein.

9.10 The Parties Represent and warrant that their signatories to this Consent Judgment have authority to act for and bind the respective Parties.

9.11 Unless otherwise prohibited by law, any signatures by the Parties required for entry of this Consent Judgment may be executed in counterparts, each of which shall be deemed an original, but all of which shall together be one and the same Consent Judgment.

#### **10. RELEASE**

10.1 In consideration of the injunctive relief, payments, undertakings, mutual promises and obligations provided for in this Consent Judgment and conditioned on Defendants forwarding to Plaintiffs the Contributions and funds in accordance with Sections 6.1 through 6.3, Plaintiffs hereby agree to release Defendants from any and all civil claims or Consumer related administrative claims, to the extent permitted by State law, which the Plaintiffs could have brought prior to the Effective Date against Defendants for violations of the CRIA, the Charities Regulations, the CFA and the Act as alleged in the Action, as well as the matters specifically addressed in this Consent Judgment ("Released Claims").

10.2 Notwithstanding any term of this Consent Judgment, the following do not comprise Released Claims: (a) private rights of action; (b) actions to enforce this Consent Judgment; and (c) any claims against Defendants by any other agency or subdivision of the State.

#### **11. PENALTIES FOR FAILURE TO COMPLY**

11.1 The Attorney General (or designated representative) shall have the authority to enforce the provisions of this Consent Judgment or to seek sanctions for violations hereof or both.

11.2 The Parties agree that any future violation of the injunctive provisions of this Consent Judgment, the CFA, the CRIA, the Charities Regulations and/or the Act shall constitute

a second or succeeding violation under N.J.S.A. 56:8-13 and that Defendants may be liable for enhanced civil penalties.

## **12. COMPLIANCE WITH ALL LAWS**

12.1 Except as provided in this Consent Judgment, no provision herein shall be construed as:

- (a) Relieving Defendants of their obligations to comply with all State and Federal laws, regulations or rules, as now constituted or as may hereafter be amended, or as granting permission to engage in any acts or practices prohibited by any such laws, regulations or rules; or
- (b) Limiting or expanding any right the Plaintiffs may otherwise have to obtain information, documents or testimony from Defendants pursuant to any State or Federal law, regulation or rule, as now constituted or as may hereafter be amended, or limiting or expanding any right Defendants may otherwise have pursuant to any State or Federal law, regulation or rule, to oppose any process employed by the Plaintiffs to obtain such information, documents or testimony.

## **13. NOTICES UNDER THIS CONSENT JUDGMENT**

13.1 Except as otherwise provided herein, any notices or other documents required to be sent to the Parties pursuant to this Consent Judgment shall be sent by the United States Mail, Certified Mail Return Receipt Requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the documents. The notices and/or documents shall be sent to the following addresses:

For the Plaintiffs:


Natalie Serock, Deputy Attorney General  
Consumer Fraud Prosecution Section  
State of New Jersey  
Office of the Attorney General  
Department of Law and Public Safety  
Division of Law  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029

Newark, New Jersey 07101

For the Defendants:

Nace Naumoski, Esq.  
Stewart Bernstiel Rebar Smith  
100 Overlook Center, 2nd Floor  
Princeton, New Jersey 08540

IT IS ON THE 30<sup>th</sup> DAY OF April 2015 SO ORDERED,  
ADJUDGED AND DECREED.

  
\_\_\_\_\_  
HON. WALTER KOPROWSKI, JR., P.J., CH.

JOINTLY APPROVED AND  
SUBMITTED FOR ENTRY:

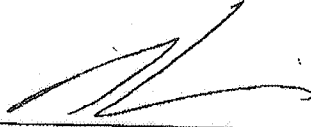
FOR THE PLAINTIFFS:

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY

By: Natalie Serock Dated: 4/30, 2015  
Natalie Serock  
Deputy Attorney General  
Consumer Fraud Prosecution Section  
124 Halsey Street - 5<sup>th</sup> Floor  
P.O. Box 45029  
Newark, New Jersey 07101  
[REDACTED]

FOR DEFENDANTS:

STEWART BERNSTIEL REBAR SMITH

By:  \_\_\_\_\_

Nace Naumoski, Esq.  
Stewart Bernstiel Rebar Smith  
100 Overlook Center, 2nd Floor  
Princeton, New Jersey 08540  
Telephone: (609) 375-2070

Dated: 4/29, 2015

NEW JERSEY YOUTH CLUB, INC.

By:  \_\_\_\_\_

Nathan Jackson  
Chief Executive Officer

Dated: 4/16/15, 2015

NEW JERSEY YOUTH CLUB OF AMERICA  
A NJ NONPROFIT CORPORATION

By:  \_\_\_\_\_

Nathan Jackson  
Director

Dated: 4/16/15, 2015