

THE TENNESSEE REGULATORY AUTHORITY

AT NASHVILLE, TENNESSEE

February 23, 2010

IN RE:)	
)	
STAFF INVESTIGATION OF CORPORATIONS FOR)	DOCKET NO.
CHARACTER FOR ALLEGED VIOLATION OF)	09-00200
TENN. CODE ANN. SECTION 65-4-401 ET SEQ. AND)	
TENN. COMP. R. & REGS. 1220-4-11)	

ORDER APPROVING SETTLEMENT AGREEMENT

This matter came before Chairman Sara Kyle, Director Eddie Roberson, and Director Kenneth C. Hill of the Tennessee Regulatory Authority (the “Authority” or “TRA”), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on January 11, 2010, for consideration of a proposed Settlement Agreement between the Consumer Services Division of the TRA (the “CSD”) and Corporations for Character (“C4C” or “Company”) related to alleged violations of the Tennessee Do-Not-Call Telephone Sales Solicitation statutes.¹ The proposed Settlement Agreement is attached hereto as Exhibit A.

Tenn. Code Ann. § 65-4-404 and Tenn. Comp. R. & Regs. 1220-4-11-.07(1) prohibit persons and entities from knowingly making or causing to be made telephone sales solicitation calls to any residential subscribers in this state who have given timely and proper notice to the Authority of their objection to receiving telephone solicitations. Tenn. Code Ann. § 65-4-405(d) requires persons or entities desiring to make telephone

¹ See Tenn. Code Ann. § 65-4-401 *et seq.*

solicitations to residential subscribers to register in the Do-Not-Call program. Tenn. Code Ann. § 65-4-405(f) authorizes the Authority to initiate proceedings relative to violations of the Do-Not-Call statutes and applicable TRA rules and regulations. The statute authorizes the TRA to undertake actions, including but not limited to, issuing a cease and desist order, issuing an order imposing a civil penalty up to a maximum of 2,000 for each knowing violation and seeking additional relief in any court of competent jurisdiction.

The CSD's investigation commenced after it received seventeen complaints between September 2, 2009 and October 22, 2009 alleging that complainants, individuals properly listed on the Do-Not-Call register, received a telephone solicitation from C4C. The CSD provided C4C with notice of the complaints via certified mail.

The proposed Settlement Agreement was negotiated as the result of the CSD's investigation into the complaints against C4C. Pursuant to Tenn. Code Ann. § 65-4-405(f), the maximum penalty faced by the Company was \$36,000 arising from the seventeen complaints and for failure to register as a telephone solicitor. In negotiating the terms and conditions of this Settlement Agreement, the CSD took into consideration Tenn. Code Ann. § 65-4-116(b), which provides:

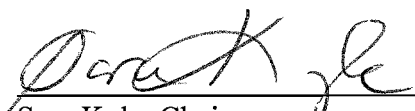
In determining the amount of the penalty, the appropriateness of the penalty to the size of the business of the person, firm or corporation charged, the gravity of the violation and the good faith of the person, firm or corporation charged in attempting to achieve compliance, after notification of a violation, shall be considered. The amount of the penalty, when finally determined, may be deducted from any sums owing by the state to the person, firm or corporation charged or may be recovered in a civil action in the courts of this state.


C4C agreed to pay to the Authority the amount of \$18,000 in settlement of these violations. The first payment of \$9,000 is to be paid to the Authority upon the approval of the Settlement Agreement. The remaining \$9,000 shall be paid no later than thirty days from the date the panel approves the Settlement Agreement.

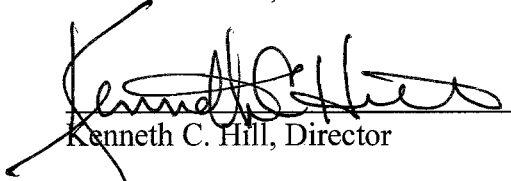
A representative of C4C participated telephonically during the Authority Conference on January 11, 2010. Following a discussion with the parties and a review of the Settlement Agreement, the Directors voted unanimously to accept and approve the Settlement Agreement.

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, attached hereto as Exhibit A, is accepted and approved and is incorporated into this Order as if fully rewritten herein.
2. The amount of \$18,000 shall be paid by Corporations for Character to the Tennessee Regulatory Authority as set out herein.
3. Upon payment of the amount of \$18,000 and compliance with the terms of the Settlement Agreement attached hereto, Corporations for Character is excused from further proceedings in this matter, provided that, in the event of any failure on the part of Corporations for Character to comply with the terms and conditions of the Settlement Agreement, the Authority reserves the right to re-open this docket.


Sara Kyle, Chairman


Eddie Roberson, Director


Kenneth C. Hill, Director

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
AT NASHVILLE, TENNESSEE**

IN RE:)	
)	
ALLEGED VIOLATIONS OF TENN. CODE ANN.)	DOCKET NO.
§ 65-4-401 <i>et seq.</i>, DO-NOT-CALL SALES)	
SOLICITATION LAW, AND RULES OF TENNESSEE)	
REGULATORY AUTHORITY, CHAPTER 1220-4-11,)	
BY CORPORATIONS FOR CHARACTER)	

SETTLEMENT AGREEMENT

This Settlement Agreement has been entered into between the Consumer Services Division ("CSD") of the Tennessee Regulatory Authority ("TRA") and Corporations for Character ("C4C") and is subject to the approval of the Directors of the TRA. C4C is a professional fundraising entity with headquarters at 5286 South Commerce Drive, Murray, Utah.

This Settlement Agreement addresses seventeen (17) complaints received by the CSD pertaining to fund raising activities in Tennessee conducted by C4C in violation of the Tennessee Do-Not-Call Telephone Solicitation Law, TENN. CODE ANN. § 65-4-404, and TENN. COMP. R. & REGS. 1220-4-11-.07(1). Between September 2, 2009 and October 22, 2009, C4C knowingly made or caused to be made telephone solicitation calls to eleven residential subscribers in Tennessee who had given timely and proper notice to the TRA of their objection to receiving telephone solicitations.

On or about September 2, 2009, the CSD received the first complaint from a person properly listed on the Tennessee "Do Not Call" register, alleging that she had received a telephone solicitation pertaining to Tennessee Fraternal Order of Police Foundation ("TFOPF").

Exhibit A

The CSD provided notice, via certified mail, of the first complaint on or about October 16, 2009 and informed C4C of its alleged violation of TENN. CODE ANN. § 65-4-404 and TENN. COMP. R. & REGS. 1220-4-11-.07(1). The CSD received the last complaint related to C4C on or about October 22, 2009 regarding a solicitation call that occurred on or about October 9, 2009. The CSD provided a Notice of Alleged Violation (“NAV”) for each violation to C4C via certified mail. In addition, C4C failed to register with the TRA as a telephone solicitor pursuant to TRA Rule 1220-4-11-.04.

C4C responded to the NAVS stating that it had fully intended to comply with the laws governing telephone solicitation calls in Tennessee. Through its investigation and with the cooperation of counsel for C4C, the CSD determined that the TFOPF contracted with C4C to solicit charitable contributions on behalf of the TFOPF. In June of 2009, C4C completed and filed an Application for Registration of a Professional Solicitor with the Tennessee Division of Charitable Solicitations of the Department of the Secretary of State. In August of 2009, C4C was notified by the Division of Charitable Solicitations that it could begin its fundraising campaign for the TFOPF. C4C reviewed Tennessee’s Do-Not-Call program, specifically TENN. COMP. R. & REGS. 1220-4-11, and did not consider its fundraising activities as included within the scope of activities requiring registration under the TRA’s Do-Not-Call rules. Upon establishing contact with the Tennessee Fraternal Order of Police and C4C, the CSD informed C4C that the definition of “Telephone solicitation” in Tennessee’s underlying statutes, TENN. CODE ANN. § 65-4-401, included requests for charitable solicitations when such solicitations are conducted on behalf of a charitable organization by a third party nonmember of the charitable organization.

C4C has acknowledged that it did place calls to the consumer phone numbers listed in the NAVs. C4C has made good faith efforts to comply with Tennessee laws governing telephone solicitation calls and stated the failure to register with the TRA was completely inadvertent. C4C promptly suspended its calling campaign in Tennessee and filed an application to become a registered solicitor under Tennessee's Do-Not-Call program. C4C also has incorporated measures to screen all of its future calls against the Tennessee Do-Not-Call list.

In response to the complaints, C4C asserts that it did not commit known violations of the Tennessee Do-Not-Call statutes; that it has registered as a solicitor under Tennessee's Do-Not-Call program and that it has established reasonable practices and procedures to effectively prevent future violations of the Tennessee Do-Not-Call statutes and rules. C4C has cooperated fully and in good faith with the CSD in the investigation of the complaints.

TENN. CODE ANN. § 65-4-405(f) authorizes the TRA to assess penalties for violations of the Tennessee Do-Not Call statutes, including the issuance of a cease and desist order and the imposition of a civil penalties for knowing violations. CSD considered several factors stated in TENN. CODE ANN. § 65-4-116(b) during the negotiations that resulted in this Settlement Agreement, including the size of C4C's business, C4C's good faith cooperation during the investigation and the gravity of the violations by C4C.

In an effort to resolve these seventeen (17) complaints and the failure to register violation, CSD and C4C agree to settle this matter based upon the following acknowledgements and terms subject to approval by the Directors of the TRA:

1. C4C agrees to pay the sum of eighteen thousand dollars (\$18,000) to the TRA in full and complete settlement of the alleged violations of the Tennessee Do-Not-Call statutes and the TRA's Do-Not-Call rules as

more fully described herein. C4C will make two payments of nine thousand dollars (\$9,000) each; one such payment upon approval of this Settlement Agreement by the Directors of the TRA and one payment of the remaining nine thousand dollars (\$9,000) within thirty (30) days following the date of approval of the Settlement Agreement. Upon the full payment of the amount of eighteen thousand dollars (\$18,000) in compliance with the terms and conditions of this Settlement Agreement, C4C is excused from further proceedings relating to these violations.

2. The terms of this Settlement Agreement apply to any and all claims, known or unknown, that were or might have been brought against C4C for alleged violations of the Tennessee Do-Not-Call Solicitation Law and regulations occurring prior to the date of this Settlement Agreement.
3. The TRA and C4C agree and acknowledge that this Settlement Agreement is the result of a compromise and shall not be construed as an admission by C4C of any wrongdoing on its part or on the part of its predecessors, successors, assigns, agents, parents, subsidiaries, affiliates, officers, directors, employees or shareholders. C4C expressly denies that it committed any knowing violations of Tennessee's Do-Not-Call statutes and TRA rules.
4. C4C agrees that its representative will participate telephonically or in person at the Authority Conference at which the Directors consider this Settlement Agreement.

5. In the event of any failure on the part of C4C to comply with the terms and conditions of this Agreement, the Authority reserves the right to re-open this matter. Any costs incurred in enforcing the Settlement Agreement shall be paid by C4C.
6. If any clause, provision or section of this Settlement Agreement for any reason is held to be illegal or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this Settlement Agreement and this Settlement Agreement shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.
7. This Settlement Agreement represents the entire agreement between the parties, and there are no representations, agreements, arrangements or understandings, oral or written, between the parties relating to the subject matter of this Settlement Agreement, which are not fully expressed herein or attached hereto.

Lisa Cooper /jcc

Lisa Cooper
Chief, Consumer Services Division
Tennessee Regulatory Authority

December 18, 2009
Date

Fred Healey
Signature

FRED HEALEY
Print Name

C.F.O.
Print Title

12/14/09 Date