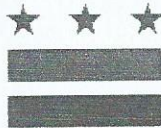


GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General

ATTORNEY GENERAL
BRIAN L. SCHWALB



Public Advocacy Division
Antitrust and Nonprofit Enforcement Section

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance (“Assurance”) is entered into between the Office of the Attorney General for the District of Columbia (the “District”) and Coast Guard Auxiliary Association, Inc. (the “Association”), to resolve the District’s investigation of the Association’s allegedly unlawful conduct. The District and the Association agree as follows:

I. THE PARTIES

1. The Attorney General for the District of Columbia is the chief legal officer for the District. The Attorney General is authorized to bring legal actions in the public interest, including actions under the District of Columbia’s Nonprofit Corporation Act (NCA), D.C. Code § 29-401.01 *et seq.*; D.C. Code § 1-301.81(a)(1).

2. The Coast Guard Auxiliary Association, Inc. is a nonprofit corporation incorporated in the District in 1957.

3. According to its articles of incorporation, the Coast Guard Auxiliary Association is organized to “assist any and all of the authorized activities of the U.S. Coast Guard Auxiliary, an integral part of the United States Government, and authorized by the Commandant of the U.S. Coast Guard, and to further the general purposes of the U.S. Coast Guard and the U.S. Coast Guard Auxiliary.”

II. THE DISTRICT’S ALLEGATIONS

4. In April 2022, the District began an investigation into allegations of potential violations of the NCA, including whether the Coast Guard Auxiliary Association (the

FOR SETTLEMENT PURPOSES ONLY

“Association”) “exceeded or abused the authority conferred upon it by law,” “to act contrary to its nonprofit purpose” within the meaning of D.C. Code § 29-412.20(a)(1), or to violate the common law applicable to nonprofit entities.

5. The District’s investigation concluded that between 2017 and 2019, Vincent Pica, Association president and member of the Board of Directors, donated \$315,000 to the Coast Guard Foundation (the “Foundation”), a Connecticut nonprofit corporation, to purchase tables at the Foundation’s gala fundraising dinners, and that the Foundation then transferred \$302,716 of those funds to the Association, which in turn transferred those funds back to Mr. Pica. These transfers were not authorized by the Association’s board and violate D.C. Code § 29-406.70 because Mr. Pica is a director and officer of the Association.

6. Mr. Pica also attended the fundraising dinners and the guests who sat at the tables he purchased may have understood him to be donating monies to the Foundation permanently, without later return of those funds to him.

III. APPLICATION

7. The provisions of this Assurance shall apply to the Association, its principals, its officers, its directors, and all persons or entities that it controls or has the ability to control, including without limitation, employees, agents, successors, assignees, affiliates, merged or acquired entities, or wholly owned subsidiaries, and all other persons acting in concert with the Association now and in the future.

8. Nothing in this Assurance may be construed as addressing or otherwise resolving any claim(s) any member may have individually or as a class against the Association, including any claim(s) they may have regarding the facts at issue here.

9. Nothing in this Assurance may be construed to alter or amend the District’s right

FOR SETTLEMENT PURPOSES ONLY

to seek relief in court, without providing notice to the Association, should the District become aware of any violations of this Assurance by the Association. However, by signing this Assurance the Association and its officers and directors are not admitting to any violation of the NCA or District common law.

10. This Assurance hereby holds in abeyance the enforcement of all claims that the District may have arising under the NCA or District common law over the conduct identified above, provided that the officers, directors, and the Association continue to abide by the Terms of this Agreement. In the event of any material violation(s) of this Assurance after its effective date (the date the last Party signs this Assurance), the District maintains its right to bring against the violating party or parties any and all claims pertaining to the matter that the violated section of the Assurance was designed to address arising from that party's pre- and post-effective date conduct, including the conduct alleged herein, and any violations of the terms of this Assurance.

11. Notwithstanding any term of this Assurance, the District specifically does not release or hold in abeyance claims or enforcement actions against the Association alleging (1) violations under federal laws, the District's criminal laws, or the District's tax laws; or (2) any liability to the District or any of its agencies for any conduct other than that alleged herein.

12. The District has agreed to the terms of this Assurance based in part on the representations made to the District by the Association and its counsel. The Association represents and warrants that neither it nor its counsel have made any material representations to the District that are inaccurate or misleading. If any material representations by the Association or its counsel are later found to be inaccurate or misleading, this Assurance is voidable by the District in its sole discretion.

13. For purposes of construing this Assurance, this Assurance shall be deemed to

FOR SETTLEMENT PURPOSES ONLY

have been drafted by all Parties to this Assurance and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

14. Failure of the Association to complete any term of this Assurance by the specified date shall nullify the Assurance.

IV. INJUNCTIVE TERMS

15. The Association shall not engage in any practice that violates the NCA, D.C. Code § 29-401.01 *et seq.*, or its by-laws.

16. The Association shall operate its business in compliance with all other applicable laws and regulations of the District.

17. The Association shall abide by the NCA, its by-laws, and Board resolutions whenever entering into a transaction with a director or officer of the Association.

18. For a period of two (2) years after the last Party signs this Assurance, the Association shall submit to the Attorney General copies of any meeting minutes regarding the election and/or appointment of officers and directors and any board resolutions pertaining to review or approval of transactions between the Association and any officer or director.

19. Each person currently serving as a director on the Association's Board of Directors, and each person who shall come to serve as a director on the Association's Board of Directors at any time in the four years following the effective date of this Assurance, shall be provided a copy of this Assurance for their review and shall return to the Office of the Attorney General a signed acknowledgement in substantially the same form as "Attachment A" indicating that they have read, understand, and will comply with the Terms of this Assurance.

20. The undersigned representatives certify that they are fully authorized to enter into this Assurance and to execute the Assurance on behalf of, and to legally bind, the Association and the

FOR SETTLEMENT PURPOSES ONLY

District. This Assurance may be executed in counterparts, each of which constitutes an original and all of which together constitute one and the same agreement.

21. All notices to the Office of the Attorney General under this Assurance shall be provided to the following address by first-class mail and electronic mail, unless the District specifies a different address in writing:

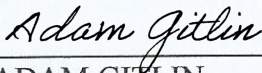
Cara Spencer
Assistant Attorney General
400 6th Street N.W.
Washington, D.C. 20001
(202) 442-9754
cara.spencer@dc.gov; PAD-NP-notices@dc.gov

IN WITNESS WHEREOF, the parties have signed this Assurance as of the date first set forth above.

FOR THE DISTRICT OF COLUMBIA:

BRIAN L. SCHWALB
Attorney General for the District of Columbia

JENNIFER C. JONES
Deputy Attorney General
Public Advocacy Division




ADAM GITLIN
Chief, Antitrust and Nonprofit Enforcement
Section
Public Advocacy Division

Dated: 10/5/2023

FOR COAST GUARD AUXILIARY ASSOCIATION:

FOR SETTLEMENT PURPOSES ONLY


Name Agostino Formato
Title CHAIRMAN

Dated: 02 OCT 2023

FOR SETTLEMENT PURPOSES ONLY

ATTACHMENT A

ACKNOWLEDGMENT AND AGREEMENT TO BE BOUND

I, _____ [full name] _____, began serving of the Board of Directors of the Coast Guard Auxiliary Association, Inc. (the "Association") on or about _____ [date] _____. I declare under penalty of perjury that I have read in its entirety and understand the foregoing Assurance of Voluntary Compliance entered into between the Association and the District of Columbia. I agree to comply with and to be bound by all the terms of the Assurance of Voluntary Compliance during my tenure on the Board of Directors of the Association.

Date: _____

Printed name: _____

Signature: _____