

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 the Fraternal Order of Police, Jerrard F. Young Lodge #1, Washington, D.C. ("Respondent"), in lieu of the District resolving Respondent's allegedly unlawful conduct in court. The District and Respondent 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 Corporations Act ("NCA"), D.C. Code § 29-401.01 *et seq.*; D.C. Code § 1-301.81(a)(1).

2. Respondent the Fraternal Order of Police, Jerrard F. Young Lodge #1 is a non-profit corporation incorporated in the District in 1966, and located at 711 4th Street NW, Washington, DC. According to its constitution, its membership includes active and retired officers of law enforcement agencies headquartered in the District of Columbia who have the power to arrest when on and off duty, as well as honorary members.

3. The Fraternal Order of Police operates under the "lodge system" for the exclusive benefit of its members.

II. THE DISTRICT'S ALLEGATIONS

4. In 2021, the District began an investigation into credible allegations of potential

violations of the NCA, including whether the alleged conduct described below caused Respondent and/or its principals, officers, and/or directors to “exceed[] or abuse[] . . . the authority conferred upon it by law,” and/or caused it to “act contrary to its nonprofit purposes” under D.C. Code § 29-412.20(a)(1).

5. Between 2017 and 2020, Respondent maintained a so-called “Jack Daniels Committee,” of which Dennis Michael Kruggel (“Kruggel”) was the Chairman. The Jack Daniels Committee raised funds for Respondent by selling bottles of Jack Daniels Whiskey engraved with a police union logo.

6. The District’s investigation concluded that Respondent, through the Jack Daniels Committee and Kruggel, illegally brought alcohol into the District of Columbia without going through a wholesaler approved by the Alcoholic Beverage and Cannabis Board (“ABCB”), sold alcohol for off-premises consumption, and shipped it nationwide, all in violation of various alcohol and beverage distribution regulations set forth in D.C. Code §§ 25-113; 25-119; 25-410; 25-772; 25-823 and D.C.M.R. § 23-1303.

7. Kruggel, as Chairman of the Jack Daniels Committee, caused Respondent to violate District law, as referenced in ¶¶ 5-6.

8. The Jack Daniels Committee made \$282.02 in profits from \$124,665.81 in expenditures in 2017. In 2018 it made \$9,229.81 in profits from \$160,113.83 in expenditures, and in 2019 it made \$1,855.91 in profits from \$203,719.83 in expenditures. Of these \$488,499.47 in expenses, \$156,991.83, or slightly less than a third, were paid to Kruggel in the form of reimbursements.

9. Specifically, from 2017 to 2019, Kruggel was reimbursed for travel expenses he claimed were in connection with his conduct of business for the Jack Daniels Committee, including

\$40,421.15 for 72,706 miles traveled, \$11,304.35 for flights, and \$105,266.33 for hotel stays, meals, and vehicle rentals.

10. Respondent did not have an accountable plan, as defined by 26 CFR § 1.62-2, in 2017, 2018, or 2019, but did not withhold taxes on Mr. Kruggel's behalf for the amounts it reimbursed him in those years. Likewise, it did not issue him W-2 forms for each of those tax years, despite issuing him reimbursements under a nonaccountable plan. Respondent also reimbursed Kruggel for expenses for which he provided insufficient documentation.

11. Additionally, Respondent made no effort to determine the reasonableness of the expenses incurred by Kruggel and/or the Jack Daniels Committee for which it provided reimbursement, in violation of D.C. Code § 29-404.41.

12. Between 2017 and 2019, the Jack Daniels Committee failed to provide Respondent detailed records and bookkeeping of sales, shipments, and expenditures, nor did it provide Respondent with adequate proof that it had ensured payment of all city and state taxes owed.

13. Between 2017 and 2020, Respondent failed to provide adequate oversight over Kruggel and the Jack Daniels Committee, causing it to violate D.C. Code §§ 25-113; 25-119; 25-410; 25-772; 25-823 and D.C.M.R. § 23-1303.

14. Between 2017 and 2020, Respondent failed to maintain appropriate accounting records in violation of D.C. Code § 29-413.02(b).

15. Article 2, Section 3 of Respondent's Constitution prohibits Respondent from engaging in unlawful activity. Respondent's activity was illegal, and therefore a violation of Respondent's Constitution and by-laws.

16. Respondent exceeded and abused the authority conferred upon it by law, and acted contrary to its nonprofit purposes, in violation of the District's Nonprofit Corporation Act, by: (1)

having a fundraising committee that repeatedly violated District laws; (2) failing to maintain appropriate accounting records, in violation of D.C. Code § 29-413.02(b); (3) failing to determine that the expenses for which it reimbursed Kruggel and the Jack Daniels Committee were reasonable, in violation of D.C. Code § 29-404.41; and (4) failing with withhold taxes for reimbursements made to Kruggel under a nonaccountable plan.

III. APPLICATION

17. This Assurance resolves all claims that the District could bring against Respondent under the NCA, D.C. Code § 29-401.01 *et seq.*, pertaining to the acts set forth in paragraphs 4-16 above that may have occurred before the last date upon which any party signs this Assurance (the “Effective Date”), and concludes the investigation thereof. The provisions of this Assurance shall apply to Respondent, 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 Respondent now and in the future, including but not limited to Dennis Michael Kruggel insofar as he acts in any capacity authorized by Respondent.

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

19. Nothing in this Assurance may be construed to alter or amend the District’s right to seek relief in court, without providing notice to Respondent, should the District become aware of any violations of this Assurance by Respondent. In addition, this Assurance may serve as evidence against Respondent of past violations in any legal proceeding brought by the District against Respondent to enforce the NCA or District common law. However, if the Respondent

complies with the terms set forth in this Assurance, the District will not bring a legal action against Respondent to enforce the NCA or the District common law based on the conduct alleged in paragraphs 4-16.

20. Notwithstanding any term of this Assurance, the District specifically does not release or hold in abeyance claims or enforcement actions against Respondent 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.

21. The District has agreed to the terms of this Assurance based in part on the representations made to the District by Respondent. Respondent represents and warrants that it has not made any material misrepresentations to the District that are inaccurate or misleading. If any material representations by Respondent are later found to be inaccurate or misleading, this Assurance is voidable by the District in its sole discretion.

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

23. Failure of Respondent to complete any term of this Assurance by the specified date shall nullify the Assurance, at the Attorney General's discretion.

IV. INJUNCTIVE TERMS

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

25. Respondent shall operate its business in compliance with all other applicable laws and regulations of the District, including D.C. Code §§ 25-113; 25-119; 25-410; 25-772; 25-823 and D.C.M.R. § 23-1303.

26. All members of Respondent's Board of Directors and all of Respondent's officers who hold office at any time within ten (10) years of the Effective Date shall take training courses in nonprofit governance and financial accountability from an approved provider within either (a) ninety (90) days of the Effective Date for current officers and directors, or (b) sixty (60) days of taking office for persons who become officers or directors after the signing of this Assurance. Respondent shall provide the Attorney General with proof of attendance and completion of the courses for each such director or officer, within thirty (30) days of completion.

27. Additionally, all persons with authority to approve expenditures made on Respondent's behalf at any time within ten (10) years of the Effective Date shall take a training course in financial accountability from an approved provider within either (a) ninety (90) days of the Effective Date for persons who currently have such authority, or (b) sixty (60) days of obtaining such authority for persons who obtain it after the signing of this Assurance. Respondent shall provide the Attorney General with proof of attendance and completion of the courses for each such person within thirty (30) days of completion.

28. For ten (10) years, beginning on the Effective Date, Respondent shall require every member it issues or permits to use a credit card to attend a nonprofit financial accountability training prior to being issued or permitted to use the card. Respondent shall provide the Attorney General with proof of attendance and completion of the course, within thirty (30) days of completion.

29. Within sixty (60) days of the Effective Date, Respondent shall develop and implement a policy that clarifies the terms of use of a company card issued in a director's, officer's, or employee's name and provide the Attorney General with proof of having done so.

30. Approved nonprofit and financial accountability trainings include those offered by

the following providers:

- DC Pro Bono Center: <https://www.lawhelp.org/dc/resource/webinar-archive>
- Propel Nonprofits: <https://www.propelnonprofits.org/training/location/online/>

31. Respondent shall have a full, active board of directors willing and able to execute and exercise their oversight duties.

32. Within sixty (60) days of the Effective Date, Respondent shall adopt, implement, and maintain written policies and procedures regarding reimbursements and payments made for official business, including a written accountable plan, and provide a copy of all such policies and procedures to the Attorney General within thirty (30) days of implementation. Such policies and procedures will, at a minimum, adhere to the requirements of 26 CFR § 1.62-2.

33. Within one (1) year of the Effective Date, Respondent shall implement accounting controls to ensure compliance with the policies required by ¶¶ 29 and 32 and provide the Attorney General with proof of having done so.

34. All persons with authority to approve expenditures made on Respondent's behalf at any time within two (2) years of the Effective Date must certify in writing to Respondent that they have read and understand the policies adopted pursuant to paragraphs 29, 32 and 33 on the later of (a) thirty (30) days of the adoption of any such policy, or (b) thirty (30) days of obtaining such authority. Respondent must maintain copies of each certification for three (3) years.

35. Each person currently serving as a director on Respondent's board of directors, and each person who shall come to serve as a director on Respondent's board of directors at any time within ten (10) years of the Effective Date, 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. The time for returning this acknowledgement is either (a) thirty (30) days from the Effective Date for current directors or (b) thirty (30) days from taking office, for persons who become directors after the Effective Date.

36. Respondent agrees to cooperate with the District's continuing investigation of this matter as it pertains to Dennis Michael Kruggel.

37. All notices sent pursuant to this Assurance shall be provided to the following address via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

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Deputy Attorney General
Public Advocacy Division

Adam Gitlin

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

Dated: Oct 28, 2023

**FOR THE FRATERNAL ORDER OF POLICE, JERRARD F. YOUNG LODGE #1,
WASHINGTON, D.C.:**

Ru Burgeson

[Ron Burgeson \(Oct 27, 2023 17:15 EDT\)](#)

Name
Title **Ron Burgeson**

Dated: Oct 27, 2023

ATTACHMENT A

ACKNOWLEDGMENT AND AGREEMENT TO BE BOUND

I, _____[full name]_____, began serving of the Board of Directors of The Fraternal Order of Police, Jerrard F. Young Lodge #1, Washington, D.C. 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 Fraternal Order of Police 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 Fraternal Order of Police.

Date: _____

Printed name: _____

Signature: _____











FOP AVC_Final - 2023.10.02

Final Audit Report

2023-10-29

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By:	carl margrabe (carl.margrabe@dc.gov)
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-  Document signing delegated to Ronald Burgeson (ron4842@gmail.com) by Marc Wilhite (mwilhite@presslerpc.com)
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 Agreement completed.

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