

OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF NEW YORK

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In the Matter of the

Investigation by the Office of ELIOT SPITZER,
Attorney General of the State of New York, of

New York State Sheriffs' Association, Inc.,
New York State Sheriffs' Association Institute, Inc.,
and Peter R. Kehoe.

ASSURANCE OF
DISCONTINUANCE
PURSUANT TO N.Y.
EXECUTIVE LAW
SECTION 63(15) _____

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PRELIMINARY STATEMENT

In early 2004, the Office of the Attorney General of the State of New York ("OAG") began to investigate, pursuant to the OAG's authority under New York Executive Law Articles 5 and 7-A, New York Estates, Powers and Trusts Law § 8-1.4, and New York Not-for-Profit Corporation Law ("N-PCL"), the solicitation and administration of charitable assets by the New York State Sheriffs' Association, Inc. (the "Association") and the New York State Sheriffs' Association Institute, Inc. (the "Institute") (collectively, the "Corporations"). Peter R. Kehoe ("Kehoe") has held the title Executive Director and Counsel of both Corporations and had been an officer of both Corporations for more than 20 years.

FINDINGS

A. Relevant Organizations and Persons

1. The Association is a New York Type A not-for-profit corporation formed under the Membership Corporation Law on September 25, 1934. It maintains an office at 27 Elk Street, Albany, New York.

2. The Association has a voluntary membership comprised of sheriffs of the counties within the State of New York (the "State" or "New York"). With the exception of Kehoe, who was an officer of the Association until July 2004, all of the Association's directors and officers are elected by and from its voluntary membership.

3. Pursuant to the Association's 1934 certificate of incorporation, its constitution, and its by-laws, the Association's purposes are to bring the sheriffs of various counties together to improve efficiency, service, and administration of the office of sheriff and to advocate for and against legislation affecting sheriffs.

4. Given its purposes, the Association is not exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code ("IRC"). Instead, it is granted a more limited exemption applicable to trade associations under IRC § 501(c)(6). Accordingly, donations to the Association do not qualify as charitable contributions for the purposes of claiming a federal income taxation deduction.

5. The Institute is a New York Type B not-for-profit corporation formed under the N-PCL on August 7, 1979. The Institute maintains an office in the same building as the Association at 27 Elk Street, Albany, New York.

6. The Institute has a voluntary membership comprised of sheriffs of the counties within the State. With the exception of Kehoe, who was an officer of the Institute until July 2004, all of the Institute's directors and officers are elected by and from its voluntary membership.

7. Pursuant to the Institute's certificate of incorporation, its constitution, and its by-laws, the Institute's purposes are to provide coordination, training, education, publications, and

conferences for various public officers and the general public on issues affecting law enforcement.

8. In accordance with its stated charitable purposes, the Institute was granted a federal income tax exemption under IRC § 501(c)(3). Thus, donations to the Institute, unlike donations to the Association, qualify as charitable contributions for the purposes of claiming a federal income taxation deduction. Since 1980, the Institute has been registered with the OAG pursuant to New York Executive Law § 173 as a charitable organization soliciting funds from the public.

9. Kehoe has held the title Executive Director and Counsel of the Association since 1974 and of the Institute since 1979. Pursuant to the Association's and the Institute's respective by-laws, Kehoe was an officer of both Corporations until July 2004. In July 2004, during the OAG's investigation, the Corporations amended their respective by-laws so that the combined Executive Director and Counsel position no longer was an officer position.

10. Thomas A. Mitchell ("Mitchell") has held the title Deputy Counsel of the Association since 1978 and of the Institute since 1979. Mitchell has served as a registered lobbyist for the Association and has lobbied on legislation that affects county sheriffs.

B. The Operations of the Association and the Institute Improperly Were Commingled

11. In 1979, the Association incorporated the Institute so that the Association's donors properly could claim federal income tax deductions for their donations. Although the Corporations are legally distinct organizations with different tax restrictions, they have operated without appropriate separation.

12. From 1979 to mid-2004, when the OAG's investigation was ongoing, the officers

and the directors of both Corporations were the same and were elected in a single election. The boards of directors held combined meetings to discuss and vote on the business of both Corporations and maintained one set of minutes of these meetings. The minutes referred collectively to the Corporations as “the Association.”

13. The Corporations maintained combined financial statements that omitted any inter-organization transfers.

14. The Corporations shared assets and expenses, such as employees, equipment, office space, and a website, but did not allocate costs appropriately between the entities.

15. In 1998, the Institute purchased an office building located at 27 Elk Street, Albany, New York. The Association obligated itself on the mortgage, but did not contribute any funds to the purchase or pay rent. The deed nonetheless listed both the Institute and the Association as co-owners, and both Corporations’ offices were located in the building.

16. Although Kehoe and Mitchell were paid by and did work for the Institute, they advocated for, and provided legal advice to, sheriffs in their official capacity, which are proper functions for the Association, not the Institute.

17. The Institute funded and published a magazine that inappropriately advanced the Association’s non-charitable trade association mission.

C. Kehoe’s Compensation

18. During calendar year 2003, the Institute paid Kehoe approximately \$140,000 in annual salary and approximately \$32,500 in pension and health benefits. No compensation survey was performed for Kehoe’s position of Executive Director and Counsel to the Corporations. Although Kehoe was Counsel to both Corporations, extensive legal work was not

required. Moreover, at the same time that Kehoe held the position of Executive Director and Counsel of both Corporations, he also held three part-time public positions and had a small private law practice. Kehoe did not maintain time records for his work for the Corporations.

D. The Corporations' Federal Tax Forms Contained Inaccuracies

19. Certain Internal Revenue Service ("IRS") Forms 990 filed on behalf of the Corporations with federal and state governments and signed by Kehoe were inaccurate. For example, the Association's IRS Forms 990 for years 2000 to 2004, inaccurately indicated that an amount was "due from" the Institute and "due to" the Association, when no such debt existed. Those same forms for the years 2000 to 2003 incorrectly reported the compensation paid to the Corporations' employees.

E. The Institute's Solicitations Were Misleading

20. Since its incorporation in 1979, the Institute has requested donations from the public through solicitation letters and annually has received approximately \$1.5 million in donations. The Institute's solicitation letters gave the misimpression that they were written on behalf of county sheriffs in their official capacities and improperly incorporated the State emblem in the Corporations' logos. The Institute also offered donors, for a fee, a vanity license plate, which used the same logo.

21. Moreover, the Institute's solicitations did not observe the distinct legal status of the Corporations. The solicitations indicated that donations would be used to influence legislation, an activity in which only the Association, and not the Institute, could engage.

F. The Corporations' Marketing Agreements

22. The Corporations have entered into master marketing agreements with three

service providers from which the Corporations earn more than \$400,000 annually. Pursuant to the terms of these agreements, the Corporations provide exclusive endorsements of the service providers and market their services to the sheriffs and the counties, and in return, receive a share of the revenues the service providers earn from each county. The terms of any service agreement between a county and a service provider generally are controlled by these master agreements. As discussed below, the Corporations have not disclosed to county officials the revenue that the Corporations receive from these programs.

(i) The Inmate Phone Services Program

23. Since in or about 1999, the Association has entered into master marketing agreements with AT&T.¹ Pursuant to those marketing agreements, AT&T agreed to offer inmate telephone services to the county jails throughout the State and to pay participating counties forty-four percent of AT&T's revenue each month. In exchange for the Association's exclusive endorsement and marketing assistance, AT&T agreed to pay the Association a three percent share of its revenue from each participating county.

24. Approximately 55 of New York's 62 counties have participated in the AT&T program. From the time the Association first entered into a master marketing agreement with AT&T to 2005, AT&T has paid the Association approximately \$2.1 million.

25. The Association sent communications to county officials describing its agreement with AT&T, many of which were signed by Kehoe. None of these communications referred to the revenue share to be paid by AT&T to the Association. Although some sheriffs disclosed the

¹Global Tel*Link Corporation ("Global Tel*Link") acquired AT&T's inmate phone services business in 2005.

Association's revenue share to their counties, most did not, and Kehoe did not advise them to do so. Such disclosures should have been made to all counties.

26. During the OAG's investigation, the Association assigned its contract with AT&T to a wholly owned subsidiary of the Association, Star Governmental, Inc. ("Star Governmental").

(ii) The Bail Payment Program

27. In or about 2001, the Institute entered into a master marketing agreement with Government Payment Services ("GPS"), a company that offers a credit card bail payment program to county jails. In exchange for the Institute's exclusive endorsement and marketing assistance, GPS agreed to pay the Institute a monthly share of the revenue GPS generated from New York counties.

28. Approximately 40 New York counties participate in the GPS program. From the time the Institute entered into its master marketing agreement with GPS to 2005, GPS has paid the Institute approximately \$87,000.

29. The Institute did not inform county officials that it stood to receive a share of the revenues that GPS earned in connection with the services GPS offered to the counties.

30. During the OAG's investigation, the Institute assigned its contract with GPS to Star Governmental.

(iii) Justice Benefits Program

31. In or about the spring 2000, the Association entered into a master marketing agreement with Justice Benefits, Inc. ("Justice Benefits"), a company which, for a fee, assists counties in identifying and applying for reimbursement for programs and services financed with State and county funds that are eligible for federal funding. In exchange for the Association's

exclusive endorsement and marketing assistance, Justice Benefits agreed to pay the Association a five percent share of any revenue it generated from New York counties.

32. Approximately 30 counties participate in the Justice Benefits program. From the time the Association entered into its master marketing agreement with Justice Benefits, to 2005, Justice Benefits has paid the Association approximately \$35,000.

33. The Association sent letters to various county officials about Justice Benefits. The letters did not refer to the fact that the Association stood to receive a share of the revenue earned by Justice Benefits from the counties.

34. During the OAG's investigation, the Association assigned its contract with Justice Benefits to Star Governmental.

(iv) Jail Pharmacy Program

35. The Association currently is working to develop a program to market to the counties regarding county jail pharmacies.

PROSPECTIVE RELIEF

WHEREAS, the Corporations and Kehoe are willing to enter into this Assurance without admitting or denying the OAG's findings;

WHEREAS, the OAG is willing to accept the terms of this Assurance, pursuant to New York Executive Law § 63(15), and to discontinue its investigation; and

WHEREAS, the OAG, the Corporations, and Kehoe (the "Parties") each believe that the obligations imposed by this Assurance are prudent and appropriate;

IT IS HEREBY UNDERSTOOD AND AGREED by and among the Parties that:

Monitor

36. The Association shall retain and bear the expenses of an independent individual or entity who shall monitor the Corporations' compliance with this Assurance (the "Monitor"). The Monitor shall be in place for three years unless at the end of that period the Corporations have not yet complied with any condition of this Assurance. In such case, the term of this Assurance shall extend until 60 days after such time as the Monitor and the OAG find that the Corporations have complied with all conditions of this Assurance.

37. The selection of the Monitor shall be made within 90 days of the effective date of this Assurance and shall be subject to approval by the OAG.

38. The Monitor shall have: (i) access to any records and documents of the Corporations on demand; (ii) the ability to attend meetings of the memberships of and boards of directors of both Corporations; and (iii) the right to speak with any of the Corporations' employees, officers, members, outside auditors, and accountants.

39. The Monitor shall issue an annual written report for each Corporation of its findings and recommendations relating to compliance with this Assurance and simultaneously provide such reports to the Corporations and the OAG. Such report shall include a description of any violations of this Assurance and the Monitor's recommended cure for any violation, which may include, but is not limited to, changes to the terms and conditions of employment of any Association or Institute employee up to and including termination of employment. Any lack of response to or comment on any Monitor report by the OAG shall not be deemed consent by the OAG that the Corporations are in compliance with this Assurance or a waiver of the OAG's right to assert that the Corporations are in violation of this Assurance.

40. Within 30 days of the issuance date of each report provided in paragraph 39 above, the Monitor shall present each such report to the board of directors of the respective Corporation, and within 30 days of such meetings, the Corporations shall provide copies of the meeting minutes to the OAG.

41. Each Corporation shall have 90 days from the issuance date of each report provided in paragraph 39 above, to cure any violations of the Assurance identified in the Monitor's reports.

42. If any violation of this Assurance identified by the Monitor in the report provided in paragraph 39 above has not been cured within 90 days, the Monitor shall recommend to the OAG a penalty payable to the State that in no event shall be less than \$50 per violation, absent consent by the OAG. In addition to a penalty, if either Corporation fails to cure any such violation within 90 days of notice thereof, the board of directors of such Corporation agrees to abide by the Monitor's recommended cure for the violation, including any recommendation to terminate the employment of any employee of either Corporation except if the OAG and such Corporation agree otherwise. Nothing herein affects in any way the OAG's right to compel compliance with this Assurance as discussed in paragraph 73 below.

Separation of the Corporations

43. Within three months from the effective date of this Assurance, the Corporations shall complete the steps, processes, and certificate of incorporation and/or by-law amendments required to implement a separation of the Corporations' oversight, operations, assets, equipment, and employees, including, without limitation, the following:

- a. The Corporations shall establish a separate body of officers and directors for each corporation with no members in common; further, a director or an

officer of one corporation may not serve as a director or an officer of the other corporation until one year has elapsed since the termination of his/her initial service. During the course of the OAG's investigation, the Corporations began, and shall continue, to comply with this subparagraph;

- b. The Corporations shall each establish separate by-laws that properly reflect their corporate purposes and are not inconsistent with any term of this Assurance. During the course of the OAG's investigation, the Corporations began, and shall continue, to comply with this subparagraph;
- c. The Association shall execute a quit claim deed of the property located at 27 Elk Street, Albany, New York, in favor of the Institute, which shall tender no consideration for the quit claim deed. The Institute shall properly file such deed with the county clerk;
- d. The Corporations shall utilize separate bookkeepers and accountants;
- e. The Corporations shall have employees work only for one entity, provided that:
 - i. The Corporations may share the time of non-management, non-accounting/bookkeeping employees only, provided that those employees maintain contemporaneous time records setting forth the time dedicated to each corporation and that each corporation bears the expense of such employees' total compensation only in proportion to the time each employee works for each corporation; and
 - ii. Mitchell may provide pro-bono legal counsel and services to the Institute;
- f. The Corporations may share the same office building, presently 27 Elk Street, Albany, New York, provided that the Corporations shall maintain and use specifically-delineated separate office space and that the corporation owning such shared real property receive from the other corporation fair market rent as determined by an independent appraisal (i.e., at present, the Association would pay rent at fair market value to the Institute for its occupancy of 27 Elk Street, Albany, New York);
- g. The Corporations shall establish and maintain separate websites with the Association retaining the "www.nysheriffs.org" web address, provided the content at that address contains no Institute-related content (except that the Association shall be permitted to provide on its website a link to the Institute's separate web address);

- h. The Institute shall no longer publish, at its cost or otherwise, the Association's magazine; however, the Institute may issue such publications, including magazines, that properly advance its charitable purposes and mention its sheriff members to the extent reasonably required to maintain a legitimate connection between the Institute's donors and its sheriff-members, yet no such publication may reference pending or proposed legislation or profile any sheriff in a year in which he or she is running for re-election;
- i. The Institute shall not produce or organize, at its cost or otherwise, training conferences or seminars for the training of sheriffs. The Institute may, however, allow a sheriff to attend its training conferences or seminars directed to other public servants;
- j. The Corporations' separate boards of directors shall each adopt a resolution clarifying that the Institute is not indebted in any respect to the Association; and
- k. Each Corporation shall provide its board of directors with annual training on governance and management of New York not-for-profit corporations by an independent person or entity with experience in such training. Such training shall include a review of board responsibilities and obligations with respect to oversight of financial matters. For three years from the effective date of this Assurance, the materials for such training shall be provided to the Monitor no later than 15 days prior to the training, and the Monitor shall have 10 days to make any comments.

Additional Responsibilities of the Association's Boards of Directors

44. The Association's Board of Directors (the "Association Board") shall create a finance/audit committee (the "Finance Committee"), and the Treasurer of the Association Board (the "Treasurer") shall serve as the chair of the Finance Committee.

45. The Treasurer shall conduct quarterly reviews of the Association's books and records and report to the Finance Committee on his review, which shall include the Association's compliance with this Assurance. The Finance Committee shall report on such review to the Association Board on a quarterly basis. The Association shall provide a copy of the minutes of

such meeting to the Monitor and the OAG.

46. The Treasurer shall meet with the Association's outside auditor to review the Association's annual financial statement and IRS Forms 990. The Association shall require the outside auditor to attend a meeting of the Association Board to present the annual financial statement. The Association shall provide a copy of the minutes of such meeting to the Monitor and the OAG.

47. The Treasurer shall meet with the outside auditor twice a year to review the Association's internal controls and report to the Finance Committee on his review, which shall include the Association's compliance with this Assurance. The Finance Committee shall report to the Association Board on such review. The Association shall provide a copy of the minutes of such meeting to the Monitor and the OAG.

Association's Payment of Funds to the Institute

48. During the period January 1, 2006 to December 31, 2008, the Association shall pay to the Institute a total of \$450,000, with payments of at least \$150,000 by December 31, 2006, another \$150,000 by December 31, 2007, and another \$150,000 by December 31, 2008. Such annual payments may be eliminated or reduced to the extent that the Monitor determines that the Association's net assets are reasonably unavailable for such payments, in which case any amounts so deferred or reduced shall be carried forward and paid in the future as determined by the Monitor based on the Association's net assets.

Allocation and Compensation of Key Employees

49. The Association may employ Kehoe as either Executive Director or Counsel, but Kehoe may not hold both titles. The Institute shall not employ Kehoe, and Kehoe shall not

accept any offer of employment from the Institute.

50. The Association may employ Mitchell. The Institute shall not employ Mitchell, but Mitchell may perform services for the Institute in accordance with paragraph 43(e)(ii) above.

51. Within three months from the effective date of this Assurance, the Association shall retain an outside consultant to conduct a compensation survey that the Association Board shall consider to fix and determine a reasonable compensation (including salary, pension, and other benefits) for Kehoe, Mitchell, and any other management personnel. Compensation of Association employees (including salary, pension, and other benefits) is subject to approval by the Monitor, who shall give reasonable consideration to the compensation survey.

52. Within three months from the effective date of this Assurance, the Institute shall retain an outside consultant to conduct a compensation survey that the Institute's Board of Directors (the "Institute Board") shall consider to fix and determine a reasonable compensation (including salary, pension, and other benefits) for any management personnel. Compensation of Institute employees (including salary, pension, and other benefits) is subject to approval by the Monitor, who shall give reasonable consideration to the compensation survey.

Solicitation of Public Donations

53. During the course of the OAG's investigation, the Corporations have taken and shall complete the following steps to ensure their solicitations are in compliance with New York General Business Law § 136 and to avoid any tendency to convey that the solicitations are being made in the official capacity of the Corporations' members:

- a. Corporations have discontinued using and shall continue not to use the State ensign or any similar image (see New York State Law § 70) in conjunction with any advertisement or print it on a bill head, letterhead, envelope, or other stationary (see New York General Business Law § 136);

- b. The Corporations have and shall continue to have separate solicitations, neither of which shall reference the other Corporation, except that the Association's solicitations may include a request that its donors make a separate donation to the Institute for the purpose of supporting the Institute's summer camp. The Association's solicitations for the camp shall request that the donors issue a separate check to the Institute, but may give the donors the option of designating a portion of their checks to the Association for a contribution to the Institute's summer camp. If the Association receives any donations for the Institute's summer camp, such donations shall be remitted promptly to the Institute. The Association shall make all donation receipts available to the Institute for inspection, and the Executive Director or Chief Financial Officer of the Institute shall inspect the books and records of the Association's donation program to ensure the proper remittance of donations to the summer camp; and
- c. Each Corporation's solicitations shall be on its respective letterhead. The solicitations shall not convey, or have a tendency to convey, any suggestion that the solicitations are being made in the official capacity of the members of either Corporation, or by or for a New York sheriff's department, and shall specifically avoid, without limitation the following:
 - i. the use of the State ensign;
 - ii. the use of any sheriff's county address or official seal in the letterhead; and
 - iii. a statement regarding the oath or personal commitment to fulfill the oath taken by any sheriff.

54. The Institute's solicitations shall not reference any pending or proposed legislation.

55. In addition to any review of such solicitations by the Monitor, for three years from the effective date of this Assurance, the Corporations shall submit to the OAG a sample or representative copy of any solicitation letter distributed to prospective donors. Any lack of response or comment on the solicitation letter by the OAG shall not be deemed consent that its content is in compliance with this Assurance or a waiver of the OAG's right to assert that the letter was in violation of this Assurance.

56. During the course of the OAG's investigation, the Corporations discontinued offering, and shall continue not to offer to their donors or others in the future, the opportunity to obtain any specialized license plates. The Association shall pay the New York State Department of Motor Vehicles' actual costs, including employees' time, of no more than \$10,000, for recalling all license plates that displayed the Association's logo incorporating the State ensign within 30 days of receiving proof of such costs and shall send proof of such payment to the Monitor.

Amendment of Federal and State Filings

57. Within three months from the effective date of this Assurance, the Corporations shall file with the IRS amended IRS Forms 990 and with the OAG's Charities Bureau amended annual financial reports, for calendar years 2005 (if not already filed), 2004, 2003, 2002, 2001, and shall complete accurately all future such filings. In addition, the 2006 IRS Forms 990 filed by the Corporations shall reflect that there is no money owed by the Institute to the Association. The amended filings shall correct any and all errors relating to:

- a. the number of employees of the Association;
- b. the compensation paid by the Institute and Association to the Institute's employees in the years during which the Association had no employees; and
- c. the Corporations' marketing revenues reported as "public contributions" instead of "other income."

The Corporations' Marketing Programs

58. Within three months from the effective date of this Assurance, the Association shall send a disclosure letter to the chair of each county legislature within the State, with copies to the county executive (if applicable), the county attorney, the OAG, and the Monitor regarding

the AT&T contract and the share of revenue previously obtained by the Association, and now obtained by Star Governmental, in the form annexed hereto as Exhibit A.

59. Within three months from the effective date of this Assurance, the Institute shall send a disclosure letter to the chair of each county legislature within the State, with copies to the county executive (if applicable), the county attorney, the OAG, and the Monitor regarding the GPS program and the share of revenue previously obtained by the Institute, and now obtained by Star Governmental, in the form annexed hereto as Exhibit B.

60. The Association shall send an annual disclosure letter to the chair of each county legislature within the State, with copies to the county executive (if applicable) and the county attorney regarding any program it, or any subsidiary, undertakes in which it will obtain a share of revenues for marketing such program to the counties, including, but not limited to, the programs with Global Tel*Link (formerly with AT&T) and GPS. For three years from the effective date of this Assurance such letter shall be in a form approved by the Monitor and the Association shall send copies to the OAG and the Monitor.

61. Any lack of response or comment by the Monitor or the OAG on any disclosure letter pursuant to paragraphs 58 to 60 above shall not be deemed consent on behalf of the OAG that the content of any such letter is in compliance with this Assurance or a waiver of the OAG's right to assert that the disclosure letter was in violation of this Assurance.

62. If any county within the State chooses to renegotiate the county's current inmate phone service agreement with Global Tel*Link, the Association and Star Governmental hereby waive their right to seek from Global Tel*Link or any such county any share of revenue owed to either entity by Global Tel*Link.

63. If any county within the State chooses to renegotiate the county's current service agreement with GPS, the Institute and Star Governmental hereby waive their right to seek from GPS or any such county any share of revenues owed to either entity by GPS.

Miscellaneous

64. This Assurance is effective upon the date it is signed by all Parties.

65. The Corporations represent and warrant, through the signatures below, that their respective boards of directors have duly approved the execution of this Assurance.

66. The acceptance of this Assurance by the OAG shall not be deemed approval by the OAG of any of the Corporations' practices or procedures and the Corporations shall make no representation to the contrary.

67. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to the Institute to:

Stephen J. Grifferty, Esq.
Tobin and Grifferty, P.C.
One Executive Centre Drive
Albany, New York 12203
(518) 452-2552
fax (518) 452-0175

If to the Association to:

James Potter, Esq.
Hinman Straub, P.C.
121 State Street
Albany, New York 12207
(518) 689-7274
fax (518) 436-4751

If to Kehoe to:

Paul Shechtman, Esq.
Stillman, Friedman and Shechtman, P.C.
425 Park Avenue
New York, New York 10022
(212) 223-0200
fax (212) 223-1942

If to the OAG to:

Office of the New York State Attorney General
Charities Bureau
The Capitol
Albany, New York 12188
Attn. Timothy B. Lennon, Esq.
(518) 473-0951
fax (518) 473-8153

or to such other addresses or facsimile number as such party may hereafter specify by written notice to the other Parties to this Assurance. Each such notice, request, or other communication shall be effective (i) if delivered in person, when such delivery is made; (ii) if delivered by overnight courier, the next business day after such delivery is sent; (iii) if delivered by certified mail return receipt requested, as of the date noted as the date of delivery on the return receipt; or (iv) if delivered by facsimile, when such facsimile is transmitted and the appropriate confirmation is received.

68. This Assurance may not be amended or modified, except by an instrument in writing signed on behalf of all the Parties.

69. This Assurance may be executed in counterparts, each of which shall be considered the same as if a single document shall have been executed, but shall become effective when such counterparts have been signed by each of the parties hereto.

70. This Assurance constitutes the entire agreement and supersedes all prior assurances, agreements, and understandings, both written and oral, among the Parties with

respect to the subject matter of this Assurance. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made or relied upon by any party to this Assurance.

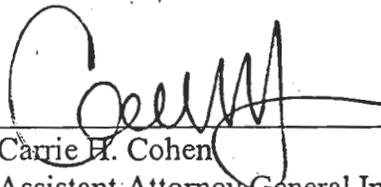
71. The use of section/outline titles in this Assurance is for purposes of clarity only.

72. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal or unenforceable in any respect, no party shall assert that such invalidity, illegality, or unenforceability affects any other provision of this Assurance.

73. The OAG retains the right under New York Executive Law § 63(15) to compel compliance with this Assurance. Evidence of violation of the Assurance shall constitute prima facie proof of violation of the applicable law in any civil action or proceeding thereafter commenced by the OAG. In the event of a violation of the Assurance, as to that violation, the Corporations and Kehoe hereby waive any and all statute of limitations defenses that they or their directors and officers could assert regarding the potential causes of action foregone by the OAG pursuant to this Assurance. Should it be determined that a breach or other violation of this Assurance has occurred, said breaching party shall pay the OAG the costs, if any, of such determination and of enforcing this Assurance, including, without limitation, legal fees, expenses, and court costs.

IN WITNESS WHEREOF, this Assurance is executed by the Parties hereto as to 20
of November, 2006.

ELIOT SPITZER, ATTORNEY GENERAL
OF THE STATE OF NEW YORK

By: 
Carrie H. Cohen
Assistant Attorney General In Charge
Monica J. Stamm
Assistant Attorney General
Public Integrity Unit

Gerald A. Rosenberg
Assistant Attorney General In Charge
Timothy B. Lennon
Assistant Attorney General
Charities Bureau

New York State Sheriffs' Association, Inc.

By: _____
Chairman of the Executive Committee
of the Association's Board of Directors
on behalf of the Association

Hinman Straub, P.C.
Counsel for New York State Sheriffs'
Association, Inc.

By: _____
James T. Potter

New York State Sheriffs' Association Institute, Inc.

By: _____
Chairman of the Executive Committee
of the Institute's Board of Directors
on behalf of the Institute

Tobin and Grifferty, P.C.
Counsel for New York State Sheriffs'
Association Institute, Inc.

By: _____

By: _____

Carrie H. Cohen
Assistant Attorney General In Charge
Monica J. Stamm
Assistant Attorney General
Public Integrity Unit

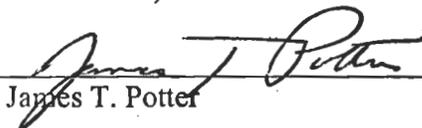
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New York State Sheriffs' Association, Inc.

By: _____

Chairman of the Executive Committee
of the Association's Board of Directors
on behalf of the Association

Hinman Straub, P.C.
Counsel for New York State Sheriffs'
Association, Inc.

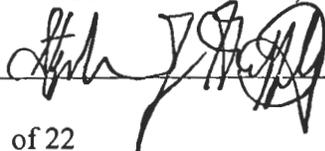
By: 
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New York State Sheriffs' Association Institute, Inc.

By: _____

Chairman of the Executive Committee
of the Institute's Board of Directors
on behalf of the Institute

Tobin and Grifferty, P.C.
Counsel for New York State Sheriffs'
Association Institute, Inc.

By: 

By: _____

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Assistant Attorney General In Charge
Monica J. Stamm
Assistant Attorney General
Public Integrity Unit

Gerald A. Rosenberg
Assistant Attorney General In Charge
Timothy B. Lennon
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New York State Sheriffs' Association, Inc.

By: John M. York
Chairman of the Executive Committee
of the Association's Board of Directors
on behalf of the Association

Hinman Straub, P.C.
Counsel for New York State Sheriffs'
Association, Inc.

By: _____
James T. Potter

New York State Sheriffs' Association Institute, Inc.

By: _____
Chairman of the Executive Committee
of the Institute's Board of Directors
on behalf of the Institute

Tobin and Grifferty, P.C.
Counsel for New York State Sheriffs'
Association Institute, Inc.

By: _____

By: _____

Carrie H. Cohen
Assistant Attorney General In Charge
Monica J. Stamm
Assistant Attorney General
Public Integrity Unit

Gerald A. Rosenberg
Assistant Attorney General In Charge
Timothy B. Lennon
Assistant Attorney General
Charities Bureau

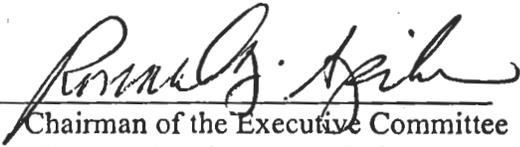
New York State Sheriffs' Association, Inc.

By: _____
Chairman of the Executive Committee
of the Association's Board of Directors
on behalf of the Association

Hinman Straub, P.C.
Counsel for New York State Sheriffs'
Association, Inc.

By: _____
James T. Potter

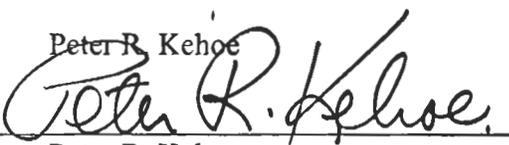
New York State Sheriffs' Association Institute, Inc.

By:  11/17/06
Chairman of the Executive Committee
of the Institute's Board of Directors
on behalf of the Institute

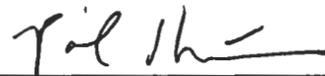
Tobin and Grifferty, P.C.
Counsel for New York State Sheriffs'
Association Institute, Inc.

By: _____

Stephen J. Grifferty

Peter R. Kehoe
By: 
Peter R. Kehoe

Stillman, Friedman & Shechtman, P.C.
Counsel for Peter R. Kehoe

By: 
Paul Shechtman

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Attorney Work Product
Government Investigation

Exhibit A

October __, 2006

Dear _____:

This letter is being sent as part of a settlement agreement with the Office of the Attorney General of the State of New York.

As you may know, since 1998, the New York State Sheriffs' Association, Inc. (the "Association") has worked to enhance the quality of jail inmate telephone systems throughout the State of New York (the "State"). After enlisting a consultant to examine the issue and inviting interested phone companies to submit proposals, the Association endorsed AT&T as the telephone company that could best improve services and also provide increased revenue to all the counties. Although the Association could not bind any county to accept the AT&T proposal, it recommended AT&T to the counties, and 55 counties, including your own, have contracted with AT&T. The Association continues to work as an intermediary between the jails and AT&T to resolve problems and improve the system.

It has come to my attention that some counties may be unaware that for its efforts, the Association receives three percent of the revenue earned by AT&T under its contracts with each county.¹ The Association is a not-for-profit corporation, formed in 1934, for the purpose of assisting Sheriffs in the efficient and effective delivery of Sheriffs' services to the public. All the

¹Global Tel*Link Corporation ("Global Tel*Link") acquired AT&T's inmate phone services business in 2005.

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Government Investigation

Sheriffs in the State, including your own, have opted to become members of the Association.

Your County entered into its current contract with AT&T (now Global Tel*Link) on _____, 200_, and the contract is due to expire on _____, 200_. Prior to that time, your County received ___% of the gross [net] revenue earned from inmate telephone usage. Under the AT&T (now Global Tel*Link) agreement, your County now receives ___% of the gross revenue earned in the County. Last year, your County earned \$_____ on the contract, and the Association earned \$___ as a result of your County's participation.

When your County's agreement expires, your County is free to select another telephone carrier, renegotiate its share of the revenue generated by AT&T (now Global Tel*Link), or continue to participate in the program negotiated by the Association.

If you have any further questions about the program, the Association's compensation, or the Association in general, please feel free to contact me.

Sincerely,

Peter Kehoe
[Title]

cc: County Executive
County Attorney
The Office of the Attorney General
of the State of New York
[The Monitor]

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Attorney Work Product
Government Investigation

Exhibit B

October __, 2006

Dear _____:

This letter is being sent as part of a settlement agreement with the Office of the Attorney General of the State of New York.

As you may know, since 2001, the New York State Sheriffs' Association Institute, Inc. (the "Institute") has endorsed Government Payment Services ("GPS"), a company that offers credit card bail payment programs to county jails throughout the State of New York (the "State"). Although the Institute could not bind any county to accept the GPS proposal, it recommended GPS to the counties, and 40 counties, including your own, have contracted with GPS.

It has come to my attention that some counties may be unaware that for its efforts, the Institute received a share of the revenue earned by GPS under its contracts with each county.¹ The Institute is a charitable corporation, formed in 1979, for the purpose of providing coordination, training, and education for various public officers and the general public on issues affecting law enforcement. All the Sheriffs in the State, including your own, have opted to become members of the Institute.

Your County entered into its current contract with GPS on _____, 200_, and the contract is due to expire on _____, 200_. Last year, the Institute (now Star

¹The Institute has assigned its contract with GPS to Star Governmental, Inc. ("Star Governmental"), which is a subsidiary of the New York State Sheriffs' Association, Inc.

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Government Investigation

Governmental) earned \$ ___ as a result of your County's participation.

When your County's agreement expires, your County is free to discontinue using GPS or to continue to participate in the program negotiated by the Institute (now Star Governmental).

If you have any further questions about the program, the Institute's (now Star Governmental's) compensation, or the Institute in general, please feel free to contact me.

Sincerely,

Chris O'Brien
[Title]

cc: County Executive
County Attorney
The Office of the Attorney General
of the State of New York
[The Monitor]