June 29, 2023

Re: New York State Association of Black, Puerto Rican, Hispanic, Asian Legislators ("ABPRHAL")

Dear Yolande and Charles:

I am writing to follow-up on our telephone calls and email exchanges concerning the resolution of the Attorney General's investigation of the New York State Association of Black, Puerto Rican, Hispanic and Asian Legislators ("ABPRHAL").

As we requested, ABPRHAL has confirmed to us that it has adopted a conflicts of interest policy and will acknowledge its adoption in Part VI of the organization's future IRS forms 990. Likewise, ABPRHAL has acknowledged in its IRS Form for the year ending September 30, 2021, that it circulated its IRS forms 990 to all board members for their review prior to submitting those forms to the Internal Revenue Service or the Charities Bureau and will continue to acknowledge such distribution in Part VI of its future IRS forms 990.

I am enclosing the fully executed Assurance of Discontinuance ("AOD") entered into between the Office of the Attorney General and ABPRHAL. Although you had asked that we acknowledge that ABPRHAL has complied with certain provisions of the AOD, we cannot do so at this time because ABPRHAL has not yet provided us with amended by-laws and policies that implement the changes required by the AOD.

In light of the passage of time between ABPRHAL's signature and signature of the AOD by the Office of the Attorney General ("OAG"), the OAG hereby agrees that all deadlines in the AOD running from the Effective Date of the AOD shall be deemed to run from the date of this letter, June 30, 2023.

Sincerely,

Karin Kunstler Goldman
Assistant Attorney General
Deputy Bureau Chief
Charities Bureau
ATTORNEY GENERAL OF THE STATE OF NEW YORK
CHARITIES BUREAU

In the Matter of the

Inquiry by LETITIA JAMES,
Attorney General of the State of New York, of

New York State Association of Black, Puerto Rican,
Hispanic and Asian Legislators, Inc.,

Respondent.

ASSURANCE OF DISCONTINUANCE

The Office of the Attorney General of the State of New York ("OAG") commenced an inquiry (the "Inquiry") of The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc. ("The Association") in 2019, pursuant to Section 8-1.4 of the Estates, Powers and Trusts Law ("EPTL"), Section 63(12) and Article 7-A of the Executive Law, and Section 112 of the Not-for-Profit Corporation Law ("N-PCL") to determine whether any sanction by the OAG was warranted. This Assurance of Discontinuance (the "Assurance") contains the findings of the Inquiry and the relief agreed to by the OAG and the Association. The OAG's determination that the relief provided for in this Assurance is appropriate is based on, among other things, the Association's efforts to resolve certain concerns identified during the Inquiry and its commitment to remedy those concerns.
OAG's FINDINGS

1. The Association is a not-for-profit corporation incorporated pursuant to the laws of New York on October 15, 1985. Its principal place of business is in Albany, New York. The Association is recognized by the Internal Revenue Service as exempt from taxation pursuant to Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity. As used herein, the term “the Association” refers to the Association and its directors, officers, employees, and agents. The Association is registered with the Attorney General’s Charities Bureau as required by Article 7-A of the Executive Law and section 8-1.4 of the Estates, Powers and Trusts Law.

2. The Association’s mission, as stated in its Certificate of Incorporation, is “(a) [t]o promote the common good, social and general welfare of the various people of the community, particularly the Black and Puerto Rican communities, who look to the [Association] for guidance and leadership[,] (b) [t]o encourage and engender ecumenical development of the community and economic growth of minority groups [and] (c) [t]o foster and maintain an interest in and participation of racial tolerance in the world.”

3. The Association’s primary activities are (i) its sponsorship of an annual legislative conference that is customarily held in February of each year at which it holds workshops and hosts its members and community leaders from across New York State; and (ii) its annual fundraising gala, also customarily held in February of each year, for which it sells tickets to fund its scholarship program.

4. During the fiscal years from 2015 through 2017 (“the Inquiry Period”), the Association’s reported annual revenue ranged from approximately $500,000 to approximately

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1 Until February 12, 2020, the Association’s name was The New York State Association of Black and Puerto Rican Legislators, Inc.
$560,000, and its reported annual expenses ranged from approximately $510,000 to $610,000. During the Inquiry Period, the Association had no full-time employees but did retain an Executive Director who was paid as an independent contractor.

5. Since fiscal year 2018, the Association has been governed by a board of directors who have taken steps to improve the organization’s policies and procedures. In support of that goal, the board has engaged the services of an accounting, consulting and professional-service firm to correct prior filings, engaged the services of a certified public accounting firm to provide bookkeeping, accounting and tax preparation services, and engaged a new executive director.

OAG’s Findings

The Association’s Cooperation

6. During the Inquiry, the Association’s board of directors (the “Board”) cooperated with the OAG and began making a number of the reforms that are required by this Assurance. In particular, the Association hired professionals to assist it in reforming its practices and procedures and amending its by-laws. In 2019, the Board also terminated the Association’s engagement of its certified public accountants and hired new accountants to take over the preparation of its federal and state financial reports, beginning with the filings for the fiscal year ending September 30, 2018. In addition, the Association voluntarily produced documents to the OAG and met with the OAG on numerous occasions to discuss the concerns raised in the Inquiry. Most recently, the Association provided the OAG with a draft of its proposed amended bylaws and certain policies, including a conflict of interest policy. The OAG has considered the cooperation of the Association and its Board in determining that the relief set forth in this Assurance is appropriate.
Board Oversight

7. The Inquiry found that, during the Inquiry Period, the Association operated without sufficient oversight by the Board and with inadequate policies and procedures. During that period, the members of the Board did not adequately govern the organization and oversee the organization’s operations and finances. In addition, the Board did not exercise adequate supervision of the Association’s Executive Director and did not ensure that the Association had adopted all necessary policies and had prepared annual reports in the manner required. For example, and as described below, the Association did not have internal control or conflicts of interest policies and did not adequately oversee the Executive Director’s expenditure of the Association’s funds. The Association also did not maintain complete financial records, which prevented its accountants, who prepared its annual filings with the IRS and Charities Bureau, from preparing audited financial statements compliant with generally accepted accounting principles (“GAAP”).

8. As the Association acknowledged in its Internal Revenue Service form 990 for 2017, it had not adopted a Conflicts of Interest Policy, although such a policy is required by Section 715-a of the Not-for-Profit Corporation Law.

9. Also, the Association’s annual financial reports filed with the Attorney General’s Charities Bureau during the Inquiry Period did not fully comply in form and substance with the requirements of Article 7-A of the Executive Law. For example:

A. Inaccurate annual filings submitted to the OAG: The Association’s filings often contained errors and omitted required information and schedules. For example, in its 2015 IRS Form 990, the Association reported revenue from the organization’s fundraising event as a government grant rather than as fundraising expenses and, therefore, did not submit Schedule G (Supplemental Information Regarding
Fundraising or Gaming Activities), which is required of organizations reporting funds from fundraising events. In 2016, the Association responded “no” to Part IV, question 17, which asks if the organization had over $15,000 in expenses for professional fundraising even though it had incurred $236,430 in professional fundraising fees. In 2017, the Association did not include a schedule of government grants with its New York form CHAR 500, even though it had received $25,000 from the New York City Council.

B. The Association’s filed CHAR 500s for fiscal years 2015, 2016 and 2017 contained the signature of only one officer, not the dual signatures that are required. In some years, the Treasurer signed twice, once as Treasurer and again as an “Authorized Officer”; in others, the signature for the “President or Authorized Officer” was simply left blank.

C. The Association’s failure during the Inquiry Period to maintain adequate financial controls and preserve records adequately prevented the Association’s accountants from being able to perform audits in compliance with GAAP.

10. The Inquiry found that the Association did not maintain a system of effective internal controls to provide reasonable assurance that expenditures were properly incurred and paid, and that receipts were properly accounted for.

11. The Association’s bank records for the Inquiry Period, produced to the OAG, disclosed expenditures for which there was insufficient documentation. The expenditures that lacked supporting documentation included, but were not limited to, cash withdrawals and withdrawals used to purchase cashiers’ checks that were used to pay some expenses of the organization in lieu of checks drawn on an account of the Association.
12. The Association solicited contributions for and promoted a scholarship program, and awarded scholarships to students who were selected by its members. However, in at least 2017 and 2018, the Association delayed paying the scholarship awards to the individuals selected to receive scholarships. The scholarship funds from those years were ultimately distributed in 2019 and 2020, along with the scholarships that were awarded in those years. The Inquiry also found that the Association had not adopted sufficient procedures for the selection of recipients of those scholarships. In particular, the Inquiry found that the Association authorized specific members to award scholarships and permitted those members to award the scholarships, rather than have the Board or a delegated committee select the scholarship recipients using objective criteria.

AGREEMENT TO RELIEF

13. The Association agrees to the relief and other agreements contained in this Assurance.

14. The OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. THEREFORE, the OAG is willing to accept this Assurance pursuant to Executive Law § 63(15) in lieu of commencing a statutory proceeding pursuant to the N-PCL, EPTL and Executive Law, based on the information described above during the Inquiry Period.

15. Based on the Association’s cooperation and its confirmation that it has taken steps to remedy issues of concern to the OAG, including preparation of draft bylaws and policies which address many governance issues identified during the Inquiry, the OAG has determined that the Inquiry may be resolved by the terms of this Assurance set forth below in paragraphs 16 through 38.
IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Parties:

RELIEF

16. General Injunction. The Association shall not engage, or attempt to engage, in violations of any applicable laws, including, but not limited to, the EPTL, Executive Law and N-PCL, and expressly agrees and acknowledges that any such conduct will be deemed violation of this Assurance, and that the OAG thereafter may commence the civil action or proceeding contemplated in paragraph 14, in addition to any other appropriate Inquiry, action, or proceeding.

17. Governance Changes:

   a. An election for a new slate of directors of the Board shall be held on or before 90 days after the Effective Date of this Assurance.

   b. All new members of the board of directors (the “Board”) must, within ninety days of being elected to the Board, complete a training program that is substantially equivalent to the training required to obtain the Certificate of Non-Profit Board Education from BoardSource (www.boardsource.org) and provide confirmation of the successful completion of such to the Association and such proof shall be maintained with its corporate records.

   c. While the Inquiry was pending and in connection with the execution of this Assurance, the Association has retained a consultant with experience in corporate governance and internal financial controls (the “Expert”) to assist it in reforming its by-laws and policies and procedures, including policies and procedures related to its financial controls.

   d. Within sixty days of the Effective Date of this Assurance, the Association shall revise and adopt further amended bylaws that shall, at a minimum, include, among other things, the following requirements and provisions:
i. that at least three members of its Board, and no less than one third of all directors, be independent directors, as that term is defined in N-PCL § 102(21).

ii. that at least one independent director be present in order for there to be a quorum to conduct the business of the Association's Board;

iii. that the Board hold an annual meeting, as well as semi-annual meetings;

iv. that defines the qualifications for and the roles of: (a) the Association's officers and directors; (b) its independent directors; (c) its committees; (d) its members; and (e) key employees.

v. sets forth a complete description of the Association's governance structure and establishes and defines the roles and policies of the following committees: (a) the Executive Committee; (b) Scholarship Committees; and (c) the Audit Committee;

vi. that the Association shall have an audit conducted annually and that such audit be prepared on an accrual basis by a certified public accountant;

vii. that the Association shall prepare its IRS Form 990s on an accrual basis;

viii. that detailed minutes of every meeting of the Association's Board and any committees or subcommittees be taken and maintained for six (6) years;

ix. that the Association shall obtain and maintain Officers and Directors Liability Insurance in a commercially reasonable amount; and
x. procedures for amending the bylaws.

e. Within 60 days of the Effective Date of this Assurance, the Association shall adopt internal financial controls setting forth procedures for, among other things, maintaining books and records showing authorizations for withdrawals and expenditures, approval in writing for accounts payable, Board authorization and oversight with respect to the use of the organization’s bank accounts, debit cards, credit cards and cash, a records retention and disposition policy, and a professional manager for owned real estate.

f. Every year that it is required to file an IRS Form 990, CHAR 500 or other filing with the IRS or the Attorney General’s office, the Association shall ensure that such filings are timely made. The Association shall also ensure that draft copies of such filings, including without limitation, its IRS Form 990 and its CHAR500, as well as copies of its most recent annual financial statements and any correspondence to and from the auditors are provided to each member of the Board before the tax returns are finalized and shall request that each director sign a certification that they have reviewed the documents. The Association shall ensure that all such draft documents are provided to the members of the Board of Directors so that they have sufficient time to review the drafts before they are filed.

g. The Association shall cause a copy of this Assurance and all its organizational documents, including, without limitation, its certificate of incorporation and by-laws, and a copies of the Attorney General’s guides for directors and trustees of not-for-profit corporations, Right from the Start: Responsibilities of Directors of Not-For-Profit Corporations and Internal Controls and Financial Accountability
for Not-for-Profit Boards (copies of which are available for download at https://www.charitiesnys.com/guides_advice_new.html), or any replacement publication, to be provided to each current director of the Association and to each new director who is appointed to the Association’s Board. Within one month of the Effective Date of this Assurance with respect to existing directors or, with respect to new directors, prior to their participation in a Board meeting, each director shall sign a certification that he or she has read the foregoing materials.

h. The Association shall, within thirty days of the Effective Date of this Assurance, retain a professional real estate management company to manage any real estate it owns.

i. Acceptance of this Assurance by OAG is not an approval or endorsement by OAG of any of the Association’s practices or procedures, and the Association shall make no representation to the contrary.

18. Scholarship Program


b. The Association shall draft a detailed description of the qualifications for an Association scholarship, as well as the procedures for applying for the scholarship, which description shall include, among other things, the dates when applications are due, when scholarships are awarded and when they will be distributed to recipients. In addition, the Association shall review and
further revise as appropriate its application form to be filled out by all applicants for an Association scholarship.

c. For any scholarship program conducted by the Association, it shall post on its Internet website, at least 60 days before applications are due to be submitted to the Association, the documents described in sub-paragraph (a) above.

d. The Association shall, upon request, made in writing to the business address of the Association or to an email address set forth on the Association’s Internet website, provide copies of the documents described in sub-paragraph (a) above.

e. All solicitations by the Association for contributions to its scholarship program shall include a description of the program, the date on which scholarships will be awarded, and a link to the section of the Association’s internet website where detailed information concerning the scholarship program may be found.

f. Scholarship recipients shall be selected by the Board, or a committee thereof, using objective criteria based on the qualifications referred to in subparagraph a of this section. Members who recommend a person for a scholarship shall not be permitted to participate in any deliberations concerning the award of a scholarship to a person they recommend or that may affect the award of a scholarship to such person.

g. Prior to awarding a scholarship to any individual, the Association shall require the recipient to confirm, in writing, that the recipient is enrolled in an accredited institution of higher education and that funds awarded will be used
in by the recipient for expenses incurred in connection with the recipient’s academic programs or personal support while enrolled in such institution.

h. Scholarship awards shall be made in the name of the Association only.

19. Record Keeping Requirements:

The Association shall retain all records relating to its operations and its obligations hereunder, including its approval of expenses, training materials, board minutes, and other activities as set forth herein, for six years or any longer period required by its Records Retention and Disposition Policy. At any time within six years of the date of this Assurance, the Association shall, upon thirty (30) days written notice from the OAG, provide all documentation and information necessary for OAG to verify compliance with this Assurance.

MISCELLANEOUS

Subsequent Proceedings.

20. In any subsequent Inquiry, investigation, civil action, or proceeding by the OAG to enforce this Assurance, for violations of the Assurance, or if the Assurance is voided pursuant to paragraph 33, infra, the Association expressly agrees and acknowledges:

a. that any statute of limitations or other time-related defenses are tolled from and after the Effective Date of this Assurance;

b. that the OAG may use statements, documents or other materials produced or provided by the Association prior to or after the effective date of this Assurance; and

c. that any civil action or proceeding must be adjudicated by the courts of the State of New York, and that the Association irrevocably and unconditionally
waives any objection based upon personal jurisdiction, inconvenient forum, or venue.

21. If a court of competent jurisdiction determines that the Association has violated the Assurance, it shall pay to OAG the reasonable cost, if any, of obtaining such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

Effects of Assurance:

22. All terms and conditions of this Assurance shall continue in full force and effect on any successor, assignee, or transferee of the Association. The Association shall cause this Assurance to be adopted in any such transfer agreement. No party may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of OAG.

23. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

24. Any failure by the OAG to insist upon the strict performance by the Association of any of the provisions of this Assurance shall not be deemed a waiver of any of the provisions hereof, and the OAG, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Assurance to be performed by the Association.

Communications:

25. All notices, reports, requests, and other communications pursuant to this Assurance must reference Assurance No. 22-059, and shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery; express courier; or electronic
mail at an address designated in writing by the recipient, followed by postage prepaid mail, and shall be addressed as follows:

If to the Association, to:

Charles Capetanakis, Esq.
Davidoff Hutcher & Citron LLP
605 Third Avenue, New York, NY 10158
cc@dhelegal.com

Yolande Nicholson, Esq.
26 Court Street, Suite 1211
Brooklyn, NY 11242-1112
attorneynicholson@gmail.com

In the event that neither Charles Capetanakis nor Yolande Nicholson is no longer representing the Association, the OAG may provide any notices or other communications directly to the Association unless the OAG is notified, pursuant to this paragraph, that new counsel has been appointed.

If to the OAG, to:

Karin Kunstler Goldman
Steven Shiffman
Office of the Attorney General
Charities Bureau
28 Liberty Street, 19th Floor
New York, NY 10005
steven.shiffman@ag.ny.gov
karin.kunstlergoldman@ag.ny.gov

or in their absence, to the person holding the title of Bureau Chief of the Charities Bureau in the Office of the Attorney General.

Representations and Warranties:

26. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to OAG by or on behalf of the Association and the OAG’s own factual Inquiry as set forth in the Findings, paragraphs 1 – 12 above. The Association represents and warrants that neither it nor its agents or representatives have made any material representations
to the OAG that are inaccurate or misleading. If any material representations by the Association or its agents or representatives are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

27. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the Association in agreeing to this Assurance.

28. The Association represents and warrants, through the signature of [Respondent’s title] below, that the terms and conditions of this Assurance have been duly approved by the Board of the Association, and that the execution of this Assurance is duly authorized.

General Principles:

29. Unless a term limit for compliance is otherwise specified within this Assurance, the Association’s obligations under this Assurance are enduring. Nothing in this Assurance shall relieve the Association of other obligations imposed by any applicable state or federal law or regulation or other applicable law.

30. Nothing contained herein shall be construed to limit the remedies available to the OAG in the event that the Association violates the Assurance after its Effective Date.

31. This Assurance of Discontinuance represents a voluntary agreement, which OAG accepts in lieu of commencing a civil action against the Association.

32. This Assurance may not be amended except by an instrument in writing signed on behalf of the Parties to this Assurance.

33. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.
34. The Association acknowledges that it has entered this Assurance freely and voluntarily and upon due deliberation with the advice of counsel. The Association further acknowledges that it has freely and voluntarily relied on the advice of the same counsel, knowingly waiving any conflicts of interest.

35. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

36. The Assurance and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter.

37. This Assurance may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

38. The effective date of this Assurance shall September 9, 2022 (the “Effective Date”).

LETITIA JAMES
Attorney General of the State of New York
28 Liberty Street
New York, New York 10005

By: Karin Kunstler Goldman
Bureau Chief, Charities Bureau

June 29, 2023
The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc.

By: Latrice Walker
Chairwoman

STATE OF NEW YORK } ss.
COUNTY OF NEW YORK } ss.

On this 13th day of September, 2022, Latrice Walker, known personally to me or proved to me on the basis of satisfactory evidence to be the Chairwoman of The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc. ("the Association"), appeared before the undersigned and acknowledged to me that she, as such officer and being authorized so to do, executed the within instrument for the purposes therein set forth, on behalf of the Association, by her signature on the instrument.

Sworn to before me this 13th day of September, 2022

[Signature]

NOTARY PUBLIC

JOSEPHINE VITIELLO
Notary Public, State of New York
Reg. No. 01V16037595
Qualified in Putnam County
Commission Expires February 22, 2026
STATE OF NEW YORK } 
COUNTY OF NEW YORK } ss.: 

On this 12th day of September, 2022, J. Gary Pretlow, known personally to me or proved to me on the basis of satisfactory evidence to be the Treasurer of The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc. ("the Association"), appeared before the undersigned and acknowledged to me that he, as such officer and being authorized so to do, executed the within instrument for the purposes therein set forth, on behalf of the Association, by his signature on the instrument.

Sworn to before me this 
12 day of September, 2022

NOTARY PUBLIC

JOSEPHINE VITIELLO
Notary Public, State of New York
Reg. No. 01V037595
Qualified In Putnam County
Commission Expires February 22, 2026
State of New York

By: J. Gary Pretlow
Treasurer

County of New York

On this 13th day of September, 2022, J. Gary Pretlow, known personally to me or proved to me on the basis of satisfactory evidence to be the Treasurer of The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc. ("the Association"), appeared before the undersigned and acknowledged to me that he, as such officer and being authorized so to do, executed the within instrument for the purposes therein set forth, on behalf of the Association, by his signature on the instrument.

Sworn to before me this
13th day of September, 2022.

Notary Public

The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc.

By: Ronald Kim
Chaplain

State of New York

By: [Signature]
Notary Public, State of New York
Reg. No. 011916037665
Qualified in Putnam County
Commission Expires February 22, 2026
The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc.

By: Chantel Jackson
Parlimentarian

STATE OF NEW YORK
BRONX
COUNTY OF NEW YORK

On this 5th day of September, 2022, Chantel Jackson, known personally to me or proved to me on the basis of satisfactory evidence to be the Parlimentarian of The New York State Association of Black, Puerto Rican, Hispanic & Asian Legislators, Inc. ("the Association"), appeared before the undersigned and acknowledged to me that she, as such officer and being authorized so to do, executed the within instrument for the purposes therein set forth, on behalf of the Association, by her signature on the instrument.

Sworn to before me this 13th day of September, 2022

NOTARY PUBLIC

JOSEPHINE VITIELLO
Notary Public, State of New York
Reg. No. 011/6037595
Qualified in Putnam County
Commission Expires February 22, 2026