SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered between Kentucky, Tennessee, Ohio, California, Arkansas, Kansas, Minnesota, and New York (collectively the "Participating States"), The New Hope Foundation, Inc. (the "NHF"), and individual directors and officers of NHF, Farrah D. Young, Austin Cartwright, and Dr. Andre Lee (collectively, "the Respondents") and contains certain findings of the Participating States' investigations, which Respondents neither admit nor deny, and certain relief agreed to by the Participating States and the Respondents (collectively, the "Parties") as set forth below.

NOW THEREFORE, in consideration of recitals and the mutual covenants and promises set forth in this Settlement Agreement, the Parties agree as follows:

Investigation Findings

1. NHF is a Tennessee not-for–profit corporation with 501(c)(3) tax-exempt status formed in 2001, with its principal offices located at 711 B Hill Avenue, Nashville, TN 37210. According to its certificate of incorporation and by-laws, NHF was established to promote and create an awareness of the benefit of hospice care for patients and family members during the end stages of a terminal illness. Pursuant to the by-laws, the not-for-profit corporation was also created to provide human and supportive services to indigent patients with minimal or no insurance coverage, provide a respite care program for patients and their caregivers and families, and to establish and build a strong and diverse volunteer bank. NHF solicits donations in many states and is registered under the respective charitable solicitation laws of many states.

2. NHF was founded by Carol Jenkins, a local Nashville, TN restaurant owner. In 2016, Carol Jenkins passed away, and Farrah D. Young (Jenkins' daughter), became her successor and the President of NHF. For the purpose of this agreement, NHF's individual directors and officers are Farrah D. Young, Austin Cartwright, and Dr. Andre Lee.

3. The directors of a non-profit corporation have a statutory and common law duty to oversee and control the financial condition, activities and operations of the organization. These duties require the board to meet, confer, and deliberate formally. The NHF board of directors (the "Board") violated the by-laws in multiple ways, including but not limited to, failing to hold annual meetings and failing to elect its directors annually, not having monthly board meetings, and not having a quorum to conduct meetings in violation of the laws of the Participating States. The Board also breached its legal duties by failing to meet and provide oversight and control of the organization.

4. The Board failed to establish internal controls over NHF assets. It did not monitor the organization's revenues and expenses or institute procedures for maintaining records of activities and spending.

5. The Board did not review any financials of the organization. In fact, Farrah D. Young, the President and Executive Director of NHF, admitted signing the organization's Internal Revenue Service ("IRS") Forms 990 without adequately reviewing them and without notifying anyone of any mistakes she found.

6. NHF's revenue was derived exclusively from telemarketing conducted by for-profit professional fundraising company Bee, LLC, and mail solicitations in conjunction with fundraising counsel Direct Response Consulting Services (formerly Watson and Hughey). On behalf of NHF, Direct Response Consulting Services coordinated with vendors Print Mail Communications, Washington Lists, Inc., Direct Mail Services, and the Tri-State Envelope Corporation. From 2012 to 2016, NHF raised over $11.9 million from donors. NHF's professional fundraisers and their contractors retained most of these donations. In fact, at the end of fiscal year 2016, NHF was insolvent with almost $650,000 owed to the fundraisers.

7. The Board also had a duty to engage in a reasonable degree of independent inquiry in the fundraisers' practices, their reputation for compliance, and the competitiveness of their compensation. The Board failed to discharge this duty. It did not perform due diligence before

engaging the fundraisers and did not seek competitive bids from other professional fundraisers.

8. At all times relevant herein, NHF held itself out on its website, its public filings, and in telemarketing solicitations as an organization that provided program services, grants or benefits, including but not limited to, public education, grief support group services, and Certified Nursing Assistant ("CNA") hospice programs and training with respect to the solicitation of charitable contributions in the Participating States.

9. NHF's fundraisers also sent local-area-appeal solicitations even though NHF was not providing hospice services in those target areas nor donating to any local hospices in those areas.

10. In its 2016 filing with the IRS, NHF reported spending $1.5 million of its gross revenues annually on charitable programs, but the Participating States' investigation revealed that NHF inflated its program costs substantially by reporting expenditures to professional fundraisers and their contractors as program expenses. In fact, a large part of the program service claimed by the organization was public education regarding the benefits of hospice care. This purported education, however, was exclusively performed by the professional fundraisers.

11. In addition, Farrah D. Young used the funds to pay herself compensation in violation of NHF's bylaws. From August 31, 2015 to December 31, 2016, she paid herself approximately $4,000 a month in compensation; from January 1, 2017 to July 31, 2017, she paid herself approximately $6,000 a month in compensation. She also used NHF funds for personal expenses and other purchases unrelated to NHF's charitable mission.

12. Participating States allege that Respondents have violated applicable laws through misrepresentations, false filings, failure to provide adequate oversight of outside contractors and fundraisers, failure to provide adequate oversight of not-for-profit operations, and breaches of fiduciary duties.

Compromise and Settlement

13. The Respondents consent and agree to compromise and settle the violations alleged by the Participating States, and consent to the filing of this Settlement Agreement, for the purpose of resolving the Participating State's allegations stated in this Settlement Agreement. Respondents neither admit nor deny the findings.

14. Concurrent with this Agreement, NHF and its individual Directors and Officers will enter into Assurances of Discontinuance or Voluntary Compliance with the signatories to this Agreement, if requested. Such Assurances will be consistent with this Agreement.

General Injunction

15. The Respondents shall not engage, or attempt to engage, in any activity constituting a violation of any applicable laws, including but not limited to the charitable solicitation laws and related administrative regulations, and expressly agree and acknowledge that any such conduct is a violation of the Settlement Agreement, and that the Participating States thereafter may commence the civil action or proceeding contemplated in paragraphs no. 23-26, below.

Injunctive Relief Against Individual Directors and Officers

16. Individual directors and officers, Farrah D. Young, Austin Cartwright, and Dr. Andre Lee, are permanently enjoined from:

a. Being employed by any charitable organization;
b. Holding any fiduciary position or office in any charitable organization with respect to any charitable asset(s) and/or otherwise having any direct or indirect custody or control with respect to any charitable asset(s);
c. Acting as a professional fundraiser as the term is defined under the laws of the Participating States;
d. Acting as a professional solicitor as the term is defined under the laws of the Participating States;
e. Serving as a co-owner, co-partner, officer, director, employee, or agent of a professional fundraiser; and/or
f. Directly or indirectly soliciting, receiving or holding assets for any charitable or ostensibly charitable purpose and from acting in any fiduciary capacity with respect to charitable assets.

Permitted Activities of the Individual Directors and Officers

17. The injunctions set forth in paragraph no. 16, above, shall not prevent Individual Directors and Officers Farrah D. Young, Austin Cartwright, and Dr. Andre Lee, from participating as a volunteer for and/or on behalf of any separate and independent not-for-profit corporation and/or charitable cause provided that, in any such role, Individual Directors and Officers Farrah D. Young, Austin Cartwright, and Dr. Andre Lee, shall not have any direct or indirect custody or control of charitable assets at any time.

Cessation of Solicitations

18. NHF has ceased or, upon execution of this Agreement, will cease all solicitations.

Dissolution

19. The Respondents shall submit to the Participating States proof of NHF's filing for corporate dissolution pursuant to its by-laws within thirty (30) days of the effective date of the Settlement Agreement. The Respondents warrant that the signatories below have been duly authorized to and have authority to dissolve NHF on behalf of the corporation.

NHF Payment

20. Within ten (10) days of the execution of this agreement, NHF will pay a total of $120,000 to the Tennessee Secretary of State, Attn: Mona Hart, Division of Charitable Solicitations and Gaming, 312 Rosa L. Parks Avenue, 6th Floor, Nashville, TN 37243. The amount will be disbursed by the Tennessee Secretary of State as follows:

a. $967.83 for the reasonable investigative cost of litigation. These reasonable litigation costs shall be divided between Kentucky and Tennessee with Kentucky receiving $472.03, and Tennessee receiving $495.80;
b. $85,000 in attorney's fees for the reasonable cost of litigation. These reasonable litigation costs and/or fees shall be divided among the Participating States as follows: $20,000 to each Kentucky, Ohio, and Tennessee; and $5,000 to each of the other five (5) Participating States.
c. $34,032.17 in civil penalties to be divided among the Participating States as follows:
    i. Arkansas – $2,768.97;
    ii. California – $9,748.42;
    iii. Kansas – $2,554.51;

iv. Kentucky – $2,838.06;
v. Minnesota – $2,287.89;
vi. New York – $7,052.91;
vii. Ohio – $4,266.61; and
viii. Tennessee - $2,514.79.

Farah Young Payment

21. Within ten (10) days of the execution of this agreement, Farrah D. Young will pay a total of $40,000 in civil penalties to the Tennessee Secretary of State, Attn: Mona Hart, Division of Charitable Solicitations and Gaming, 312 Rosa L. Parks Avenue, 6th Floor, Nashville, TN 37243. The amount will be disbursed by the Tennessee Secretary of State as follows:

a. Arkansas – $3,254.53;
b. California – $11,457.89;
c. Kansas – $3,002.47;
d. Kentucky – $3,335.73;
e. Minnesota – $2,689.09;
f. New York – $8,289.70;
g. Ohio – $5,014.80; and
h. Tennessee - $2,955.78.

Assurances of Voluntary Compliance and/or Discontinuance

22. NHF will cooperate fully with the entry of Assurances of Voluntary Compliance and/or Discontinuance with each of the Participating States.

Violation of Agreement and Stipulated Penalty

23. It shall be a willful violation of applicable laws if Respondents fail to comply with any or all terms set forth in this Settlement Agreement.

24. In any subsequent investigation, civil action, or proceeding by the Participating States to enforce the Settlement Agreement, for violations of the Settlement Agreement, or if the Settlement Agreement is voided, the Respondents expressly agree and acknowledge:

a. That any statute of limitations or other time-related defenses are tolled from and after the effective date of the Settlement Agreement;
b. That the Participating States may use statements, documents, or other materials produced or provided by the Respondents prior to or after the effective date of this Settlement Agreement, all of which are acknowledged by the Respondents as

authentic;

c. That any civil action or proceeding must be adjudicated by the courts of the Participating States in their chosen forum and under their choice of law, and that the Respondents irrevocably and unconditionally waive any objection based upon personal jurisdiction, inconvenient forum or venue.

25. If a court of competent jurisdiction determines that the Respondents have violated the Settlement Agreement, the Respondents shall pay to the Participating States the reasonable costs of obtaining such determination and of enforcing this Settlement Agreement, including without limitation, legal fees, expenses and court costs.

26. In addition to reasonable costs, and after afforded due process of law, NHF also agrees that Respondents shall pay to the Participating States a stipulated penalty of $25,000 for each and every such default occurring on or after the effective date of the Settlement Agreement.

Miscellaneous Provisions

27. The Respondents agree they shall provide full, complete and prompt cooperation and documentation to the Participating States' regarding their fundraising servicers—including Direct Response Consulting Services and Bee, LLC —and related proceedings and actions against other persons, corporations or entities engaged in providing fundraising services to NHF. Respondents will maintain all records of the organization including emails and documents in both their hard copy and electronic form and all computer servers for a period of five (5) years. Respondents will also provide a name and contact information for the custodian of those records.

28. All terms and conditions of this Settlement Agreement shall continue in full force and effect on any successor, assignee, or transferee of NHF.

29. Nothing in this Settlement Agreement shall relieve Respondents of their obligations to comply with all applicable state and federal laws. Nor does this Settlement Agreement affect the rights that any consumers may have regarding any matters described herein.

30. If any clause, provision or section of this Settlement Agreement shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clauses, provisions or sections of this Settlement Agreement, and this Settlement Agreement shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

31. The Respondents, and the officers or board members signing this Settlement Agreement on behalf of the Respondents, state that they are under no disability, have read and knowingly consent and agree to this Settlement Agreement, and that the officers signing this Settlement Agreement have authority to sign and enter into this Settlement Agreement on behalf of the Respondents. The Respondents acknowledge that this Settlement Agreement is binding on all of its agents, employees, successors, parent companies, subsidiaries or assigns.

32. The Respondents state that they were afforded full and fair opportunity to be represented by legal counsel in regards to the matters associated with this Settlement Agreement, and by signing, they waive all right to appeal or otherwise challenge or contest the validity of this Settlement Agreement.

33. This Settlement Agreement is only binding on those Participating States that have signed this Agreement.

34. This Settlement Agreement shall be effective upon execution by Respondents.

THE NEW HOPE FOUNDATION, INC.

By: Farrah Young Date: 06-19-2019
Farrah D. Young
President of New Hope Foundation, Inc.

By: Austin Cartwright Date: 06-19-19
Austin Cartwright, Board Member

By: _____ Date: 6-19-19
Dr. Andre Lee, Board Member

By: _____ Date: 7/8/19
Nathanael W. Thomas
Counsel for New Hope Foundation, Inc.

By: _____ Date: 06-19-2019
Farrah D. Young, Individually

By: _____ Date: 06-19-19
Austin Cartwright, Individually

By: _____ Date: 6-19-19
Dr. Andre Lee, Individually

FOR THE STATE OF KANSAS

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