

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF BUSINESS REGULATION  
1511 PONTIAC AVENUE  
BUILDINGS 68 AND 69  
CRANSTON, RI 02920**

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**IN THE MATTER OF:**

**VETERANS FAMILY FUND**

**Respondent.**

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**DBR NO.: 09-145**

**EMERGENCY ORDER TO SUMMARILY SUSPEND REGISTRATION**

Pursuant to R. I. Gen. Laws §§ 5-53.1-1 *et seq.*, The Solicitation by Charitable Organizations Act (the "Act") and 42-35-14, the Director (the "Director") of the Department of Business Regulation (the "Department") finds that the protection of the public health, safety or welfare imperatively requires emergency action and thereby summarily suspends the charitable organization registration of Veterans Family Fund, d/b/a Rhode Island Veterans Family Fund ("Respondent VFF", the "Charity"). This Order is effective immediately.

Upon receipt of a written request for a hearing within thirty (30) days of the date of this Order, a Hearing Officer will be appointed by the Director and the matter will be set down for hearing no less than ten (10) and no more than twenty (20) days from the date such request is received. The Director will promptly notify the Respondent VFF of the time and place for any hearing. If no hearing is requested and none is ordered by the Director, this Order shall become permanent thirty (30) days after entry and shall remain in effect unless or until it is modified or vacated by the Director or his successor.

The Director makes the following findings of fact and conclusions of law with respect to entry of this Emergency Order:

1. Respondent VFF registered as a charitable organization in the State of Rhode Island pursuant to R.I. Gen. Laws § 5-53.1-1 *et seq.* on December 11, 2008, and that registration is due to expire on December 11, 2009.
2. Respondent VFF maintains the principal office for the charitable organization at 832 High Street, Gardiner, Maine 04345.
3. Respondent VFF conducts its professional fundraising activities in the State of Rhode Island from a premises located at 1910 Smith Street, North Providence, RI 02911. (the “VFF Branch Office”). Also located at this address is an unregistered Professional Fundraiser: James Vincent d/b/a Northeast Advertising, which is owned by James Vincent and managed by Thomas J. Gity, Jr.
4. Based on information and belief, it is the Department’s position that Respondent VFF knowingly, willfully and unlawfully has repeatedly acted in a manner and conducted activities that constitute violations of the Solicitation By Charitable Organizations Act, R.I. Gen. Laws § 5-53.1-1 *et seq.* Specifically:
  5. Respondent VFF made untrue material statements in the application for registration in violation of R.I. Gen. Laws §5-53.1-7(1).
    - (a.) On December 4, 2008, Respondent VFF submitted a CHARITABLE ORGANIZATIONS APPLICATION (the “Application”). In the Application the officers and directors of Respondent VFF, Robert C. Grasse (“Grasse”), Director/President and Wayne A. Besaw, Secretary/Treasurer, knowingly, willfully and unlawfully attested: *I certify*

*under penalty of perjury that I have read this application and know that all statements therein are true.”*

- (b) Contrary to the attestation, the Application contained a material statement that was untrue. In response to the question, “Other states where licensed/registered?”, Respondent VFF knowingly, willfully and unlawfully answered that the Charity was registered in the State of Maine, when in fact licensure for registration as a charitable organization in the State of Maine was submitted by Respondent VFF on or about January 14, 2009.
6. Respondent VFF, by holding itself out as a veterans’ organization, is in violation of R.I. Gen. Laws § 5-53.1-7(12) that requires a veterans organization to be chartered under Chapter 6 of Title 7, Corporations, Associations, and Partnerships, before it can solicit donations in the State of Rhode Island. The Department has repeatedly checked on the Secretary of State’s website to see if this organization has been chartered under Chapter 6 of Title 7 and has learned it has not. We directly contacted the Office Secretary of State, Corporations Section several times to ascertain if VFF was incorporated or had an application pending, we were informed that no application was pending.
7. Respondent VFF volunteers are knowingly and willfully making false and misleading statements to Rhode Island residents in violation of R.I. Gen. Laws § 5-53.1-7(2) when soliciting charitable contributions. Specifically:
- (a.) Respondent VFF indicated to a potential donor that they contributed to VFF last year. When the donor did not recall donating, nor had any record

of donating to VFF in the past, the donor requested a copy of last year's advertisement. VFF could not provide a copy of the book to the donor claiming that all copies were sent out, there were no copies available.

- (b) Based on information and belief, Respondent VFF informing potential donors that contributions are tax deductible. Respondent VFF has not applied for, nor has it been granted, 501C3 status by the Internal Revenue Service making this a false and inaccurate statement.
- (c) Based on information and belief, Respondent VFF is informing donors that contributions will be used to assist Rhode Island veterans and to send personal items to military personnel serving in Iraq and Afghanistan.

8. The Department contends that one of the principals of Respondent VFF, Grasse, is believed to be using the charitable contributions received in a manner contrary to the purported mission of the organization as stated to contributors: to assist veterans and veterans organizations in Rhode Island, in violation of R.I. Gen. Laws § 5-53.1-7(3).

Specifically:

- (a) An advocate for veterans contacted Grasse seeking information as to how a veteran in need can apply for a grant. Grasse informed the advocate that all of the monies received from donors are being used for legal fees.
- (b) Respondent VFF owner Grasse stated to the Department on March 18, 2009, that all donations collected would be spent to obtain 501C3 status from the Internal Revenue Service.
- (c) On the application for registration, Grasse indicated that only twenty percent (20%) of the donations collected would be used for administration.

9. The Department alleges that Respondent VFF was organized by Grasse and Northeast Advertising to engage in fraudulent or illegal acts or schemes with the intent to defraud or obtain money or property by means of false pretenses, representations or promises in connection with solicitations for charitable purposes, or the collection of funds or other property for a charitable organization. in violation of R.I. Gen Law § 5-53.1 *et seq.*
10. These actions on the part of Respondent VFF constitute a violation of Rhode Island in violation of R.I. Gen Law §5-53.1 *et seq.*, specifically; § 5-53.1-7(1), § 5-53.1-7(2), § 5-53.1-7(3) and § 5-53.1-7(12) - Prohibited Activity.

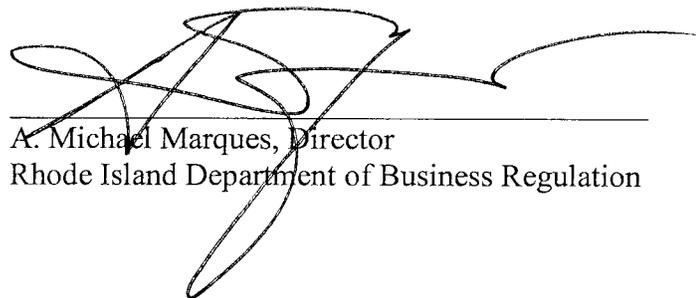
THEREFORE, based on the above facts, the Director hereby finds that Respondent VFF's actions as detailed above constitute serious violations that are a threat to the public interest and that the public health, safety, or welfare imperatively require emergency action, therefore it is hereby ORDERED that:

1. Respondent VFF's registration as a charitable organization is immediately and summarily suspended;
2. Respondent VFF shall immediately refrain from engaging in any activity pursuant to R.I. Gen. Laws § 5-53.1-1 *et seq.*
3. Respondent VFF shall immediately ensure that all records in its possession that are maintained in the conduct of the business as a charitable organization are safeguarded and preserved. These records include, but are not limited to: Office records including computers, computer disks, letters, correspondence, memos, receipts; (ii) Banking records including all bank accounts, bank account

statements, bank account deposit slips; all Contribution records including contributors name, contributors address, contributors telephone number, amount of contribution, date of contribution, activity or drive associated with contributions; Telephone records including contributor call list, telephone scripts used with charitable contribution drives, any recordings of calls, etc.

4. Respondent's summary suspension pursuant to this Emergency Order shall be published in the *Providence Journal* said cost for publication to be paid by Respondent.

Dated this 10<sup>th</sup> day of June, 2009



A. Michael Marques, Director  
Rhode Island Department of Business Regulation

**CERTIFICATION**

I hereby certify that a copy of this Emergency Order was mailed to Respondent and Northeast Advertising by regular and certified mail, return receipt requested on June 10<sup>th</sup>, 2009 at the following addresses:

Mr. Robert Grasse  
Veterans Family Fund  
832 High Street  
Gardiner, ME 04345

Northeast Advertising  
James Vincent, Owner  
1910 Smith Street  
North Providence, RI 02911

Northeast Advertising  
Thomas J. Gity, Jr., Manager  
1910 Smith Street  
North Providence, RI 02911

*Budgette Rodriguez*