



# DAVE YOST

OHIO ATTORNEY GENERAL

Charitable Law Section  
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## SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is made by and between Big Brothers Big Sisters of West Central Ohio ("Big Brothers Big Sisters"), located at 616 S. Collett St. Suite 103, Lima, OH 45805, and the Attorney General of Ohio ("Attorney General"), for the purpose of resolving issues regarding Big Brothers Big Sisters's receipt of charitable bingo funds from Loyal Order of Moose #428, Kenton Lodge ("LOOM 428" or "the Lodge"). Together, the Attorney General and Big Brothers Big Sisters are referred to hereinafter as "the parties."

1. The Attorney General is responsible for the administration and enforcement of Ohio Revised Code Section 2915 ("ORC 2915 *et seq.*"), and the Ohio Administrative Code rules adopted thereunder, which regulate the conduct of charitable bingo in the state of Ohio;
2. The Attorney General is responsible for the enforcement of Ohio Revised Code Section 1716 ("ORC 1716 *et seq.*"), and the Ohio Administrative Code rules adopted thereunder, which requires, among other things, that every charitable organization, unless exempt, who intends to solicit contributions in this state by any means or have contributions solicited in this state on its behalf by any person or entity, prior to engaging in any solicitation, shall file a registration statement and other documentation with the Attorney General;
3. The Attorney General is responsible for the enforcement of Ohio Revised Code Section 109 ("ORC 109.23-33"), and the Ohio Administrative Code rules adopted thereunder, and, in particular, ORC 109.24, which reads, "[t]he Attorney General shall institute and prosecute a proper action to enforce the performance of any charitable trust and to restrain the abuse of it";
4. Big Brothers Big Sisters is a 501(c)(3) tax exempt organization with the Internal Revenue Service ("IRS"). Big Brothers Big Sisters is registered with the Attorney General as required under ORC Sections 1716 and 109;
5. In late 2022 or early 2023, Loyal Order of Moose Territory Managers conducted a visit to LOOM 428 for a routine audit of the Lodge's books and finances. During this audit, they observed a "donation income" on LOOM 428's bank statement, which appeared unusual for a Lodge to receive such a donation. The Territory Managers researched the account, and saw the description said, "Big Brothers Big Sisters."
6. Big Brothers Big Sisters West Central Ohio ("Big Brothers Big Sisters") had been the contracted charity for LOOM 428 continuously since 2015, and therefore was contractually entitled to receive the charitable portion of LOOM 428's bingo revenue.

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7. The Territory Managers researched the issue and learned that Big Brothers Big Sisters had, for years, been returning a portion of its share of LOOM 428's bingo revenue back to LOOM 428 in the form of "rent payments."
8. The Territory Managers self-reported this issue to the Office on or about March 2023 on behalf of the Loyal Order of Moose.
9. The Office conducted an independent investigation, focusing on the years 2018 through 2023 ("the Investigation").
10. The Investigation revealed that during bingo reporting periods of 2018 to 2022, the Lodge disbursed \$655,321.15 to Big Brothers Big Sisters. But by unwritten arrangement with the Lodge, Big Brothers Big Sisters kicked-back \$513,560.11 in the form of "rent" payments to the Lodge's general account over the same period, keeping only \$141,761.04 – only 21% of Big Brothers Big Sisters' share of bingo proceeds.
11. Such "rent" payments from Big Brothers Big Sisters varied wildly over time and seemingly without reason. For instance, Big Brothers Big Sisters paid \$68,000 for rent in 2019, and just two years later in 2021 paid a total of \$170,000. These variations may have been tied to needs of the LOOM 428 facility, such as paving or property improvements, but bear no apparent relationship to the market rate for the rented office space in Kenton, Ohio or to the charitable mission of Big Brothers Big Sisters.
12. During that same five-year period, Big Brothers Big Sisters paid the Lodge an average of \$8,559 per month – over \$102,000 per year – for the rental of a small basement office space that was used, at best, for a few days per week, and the occasional use of the basement banquet room of the Lodge.
13. This rental agreement is unreasonable and was, in effect, merely a mechanism whereby the Lodge could retain more of its bingo revenue, thereby disbursing less than the required amount to charity.
14. In October 2022, the Lodge and Big Brothers Big Sisters created a "Rental Contract" purportedly reflecting their understanding of rental relationship going back to 2009. This agreement was signed for Big Brother Big Sisters by John Neville.
15. The Lodge removed Big Brothers Big Sisters as its contracted charity as of April 16, 2023.
16. At all relevant times, authority to spend money, control of the bank accounts, and responsibility for balancing the books of Big Brother Big Sisters, were all delegated to one person, your former Executive Director, John Neville. As far back as 2017, your own audit firm, Stroh, Johnson & Company, LLC indicated that "Due to the limited number of employees, it is very difficult to divide tasks and have proper segregation of duties. Therefore, with only one or two people being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records." The same audit firm consistently noted "serious deficiencies" in your documentation of internal controls.

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17. Through Neville, your organization “rented” space from the Lodge since at least 2009 without a written lease until 2022 (after the Moose organization uncovered the kickback arrangement). And even the 2022 lease fails to specify essential contract clauses such as price and duration. Renting office space should have been done at market rate, and with a written, arms-length negotiated agreement.
18. The Investigation revealed that Annual “rent” payments from Big Brothers Big Sisters varied wildly and seemingly without reason, for instance, Big Brothers Big Sisters paid \$68,000 for rent in 2019, and just two years later in 2021 paid \$170,000. These variations may have been tied to needs of the LOOM 428 facility such as paving or property improvements.
19. During bingo reporting periods of 2018 to 2022, LOOM 428 disbursed \$655,321.15 to its contracted charity, Big Brothers Big Sisters. But by unwritten arrangement with LOOM 428, most of that money was not used for charity as intended and required. Instead, Big Brothers Big Sisters kicked-back \$513,560.11 to LOOM 428’s general account over the same period, keeping only \$141,761.04 – 21% of the total amount it was entitled to; just 7.9% of the bingo proceeds.
20. Over this five-year period, Big Brothers Big Sisters paid LOOM 428 an average of \$8,559 per month – over \$102,000 per year – for the rental of a small basement office space, that was used infrequently, and the occasional use of the basement banquet room of LOOM 428’s Lodge building.
21. This rental agreement is patently unreasonable and was, in effect, merely a mechanism whereby LOOM 428 could retain more of its bingo revenue than was lawful, thereby disbursing less than the required amount to charity.
22. In October 2022, LOOM 428 and Big Brothers Big Sisters created a “Rental Contract” purportedly reflecting their understanding of rental relationship going back to 2009. This agreement was signed for LOOM 428 by Tony Haudenschild and for Big Brother Big Sisters by John Neville.
23. LOOM 428 has replaced Big Brothers Big Sisters as its contracted charity with Angels for the Elderly, Moose Museum, and Dolly Parton Imagination Library as of April 16, 2023.
24. The Office regards the foregoing conduct as a breach of fiduciary duties under ORC 109.23 and 1716.15. The Office further regards the foregoing conduct as violating ORC 2915.101 and ORC 2915.13.

NOW THEREFORE, in consideration of the mutual promises herein expressed, and with intent to be legally bound, the parties agree as follows:

Within 90 days of execution of this SETTLEMENT AGREEMENT, Big Brother Big Sisters of West Central Ohio will:

- A. Formally adopt financial controls including, without limitation:

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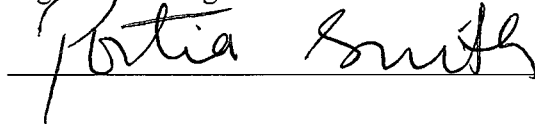
- a. No more or less than two signors on all bank accounts;
  - b. A documented cash-handling process;
  - c. Board approval of contracts or expenses over a certain threshold, to include Board review and approval of agreements for lease of space;
  - d. A budget must be developed and followed;
  - e. Monthly reconciliation of all accounts and a detailed review of revenues, expenses, assets and liabilities at board meetings; and,
  - f. Adequate separation of duties to ensure that no single person has control over collections, deposits and disbursements or the reconciliation and reporting of financial information.
- B. Review your recent federal and state 990s and annual reports to determine whether your organization may have underreported the amounts received from the Lodge from bingo revenue and/or underreported the amount paid as “rent” to the Lodge. File amended reports as necessary.
- C. Ensure that more than one board member is a signatory for the organization’s bank account, has access to the account, and that signatories are promptly removed from the account following their separation from the organization.
- D. Establish written policies regarding the reimbursement of business expenses, approval of financial reports, expenditures, and check writing.
- E. All board members must complete the Attorney General’s Charitable University program. Charitable University is an online learning platform developed by the Ohio Attorney General's Office that provides tools on some of the most important elements in leading a charitable organization: board governance, governmental filings, financial operations, and fundraising. For additional information and to register, please go to <https://charitableuniversity.inquisiqlms.com/Default.aspx>.
  - a. Board members will submit a completion certificate for each board member to the Attorney General.
- F. Big Brothers Big Sisters agrees to cooperate with any future investigation related to Big Brothers Big Sisters of West Central Ohio, conducted by the Office;
- G. Big Brothers Big Sisters agrees to comply with all state and federal laws relating to charitable organizations, and to fully cooperate with all state and federal authorities conducting investigations of Big Brothers Big Sisters’s charitable operations;
- H. Big Brothers Big Sisters agrees to comply with the requirements of ORC 1716 *et seq.* (the Ohio Charitable Organizations Act), and any Ohio Administrative Code rules adopted thereunder;

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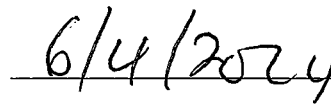
- I. Big Brothers Big Sisters agrees to comply with the requirements of ORC 109.23-109.33 (the Charitable Trust Act), and any Ohio Administrative Code rules adopted thereunder;
- J. Big Brothers Big Sisters agrees that any evidence of a violation of this SETTLEMENT AGREEMENT shall be *prima facie* evidence of Big Brothers Big Sisters's violation of the applicable laws related to charitable gaming, ORC 2915 *et seq.*, ORC 1716 *et seq.*, ORC 109.23-109.33, or any Ohio Administrative Code rules adopted thereunder, in any subsequent action or proceeding brought by the Attorney General;
- K. This SETTLEMENT AGREEMENT is binding upon the parties, any and all successors, assigns, subsidiaries, agents, employees, or representatives of the parties or any other affiliates. Any breach of this SETTLEMENT AGREEMENT by Big Brothers Big Sisters will discharge the Attorney General from any obligations under the terms of this SETTLEMENT AGREEMENT, but will not discharge Big Brothers Big Sisters from any obligation it has under this SETTLEMENT AGREEMENT;
- L. By signing this SETTLEMENT AGREEMENT, the Attorney General is not waiving any rights he has to conduct further investigations of Big Brothers Big Sisters and to initiate an action against Big Brothers Big Sisters for further violations of ORC 2915 *et seq.*, ORC 1716 *et seq.*, ORC 109.23-33, or any Ohio Administrative Code rules adopted thereunder;
- M. This SETTLEMENT AGREEMENT may be modified in writing by the parties. Modifications are at the sole discretion of the Attorney General;
- N. The parties have read and understand this SETTLEMENT AGREEMENT and have entered into the same knowingly, voluntarily, and with the opportunity to gain advice of counsel;
- O. This SETTLEMENT AGREEMENT supersedes any and all prior agreements between the Parties;
- P. This SETTLEMENT AGREEMENT is a limit, restriction, or probationary condition on Big Brothers Big Sisters's charitable bingo license; and
- Q. This SETTLEMENT AGREEMENT is entered into by both parties and may be executed in counterparts or facsimiles, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. It shall be considered binding and effective upon the date of the last signature of all requisite parties and individuals.

The parties to this SETTLEMENT AGREEMENT have either executed it or caused it to be executed by their duly authorized representatives as evidenced by the signatures below:

Big Brothers Big Sisters of West Central Ohio

  
\_\_\_\_\_


Date

  
\_\_\_\_\_

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BIG BROTHERS BIG SISTERS OF WEST CENTRAL OHIO

By: PORTIA SMITH (Print Name)

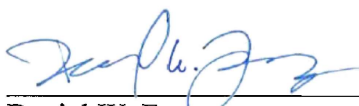
Its: EXECUTIVE DIRECTOR (Organizational Title)

 Date 06/04/2025

By: Kurt Neepor (Print Name)

Its: Board Chairman (Organizational Title)

OHIO ATTORNEY GENERAL DAVE YOST

By:  06/10/25  
Daniel W. Fausey  
Section Chief, Charitable Law Section Date