

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT (the "Agreement") is made by and between SMAC Distributing LLC ("SMAC"), 13730 Enterprise Ave., Cleveland OH 44135; Connected Progress, 13730 Enterprise Ave., Cleveland OH 44135; Neil Sarcyk ("Sarcyk"), 9761 Sharon Lane Dr., North Royalton, OH 44133; Joshua Bett ("Bett"), 2001 W. 40th St., Lorain, OH 44053; and the Attorney General of Ohio ("Attorney General"), for the purpose of resolving issues regarding SMAC's, Connected Progress's, Sarcyk's, and Bett's bingo and charitable activities. Together, the Attorney General and SMAC, Connected Progress, Sarcyk, and Bett are referred to hereinafter as "the Parties."

1. The Attorney General is responsible for the administration and enforcement of Ohio Revised Code Chapter 2915 ("O.R.C. Chapter 2915"), and the Ohio Administrative Code rules adopted thereunder, which regulate the distribution of bingo supplies in the state of Ohio.
2. SMAC was first issued bingo distribution license # D-01006 in October 2021. At all relevant times, Sarcyk has been a "key employee" of SMAC, as that term is defined under O.A.C. 109:1-3-01(F).
3. No key employee of any distributor applying for or holding a bingo license may serve as an employee or representative of, be compensated in any way by, or serve as a volunteer for an organization licensed under Chapter 2915 of the Revised Code. O.A.C. 109:1-4-02(G).
4. Connected Progress is an Ohio 501(c)(3) nonprofit corporation originally incorporated by Sarcyk on or about August 10, 2018. Connected Progress appointed Bett as its statutory agent on or about October 28, 2022.
5. Connected Progress first applied for a charitable bingo license on January 8, 2021. That application was withdrawn on March 22, 2021. Connected Progress again applied for a charitable bingo license on December 16, 2022. Bett signed and submitted both applications and is a "key employee" of Connected Progress, as that term is defined under O.A.C. 109:1-3-01(F).
6. No key employee of any charitable organization applying for or holding a bingo license may serve as an employee or representative of, be compensated in any way by, or serve as a volunteer for, a distributor or manufacturer. O.A.C. 109:1-4-02(F).
7. After reviewing Connected Progress's second charitable bingo license application, the Attorney General issued a notice of intent to reject and opportunity for hearing to Connected Progress, asserting, in part, that Connected Progress is not a "charitable organization" that qualifies for a bingo license, and that Bett provided services to SMAC while also a key employee of Connected Progress.
8. Connected Progress withdrew its 2023 charitable bingo license application, and the Attorney General dismissed its notice of intent to reject and opportunity for hearing.

N.S 1-26-24
JDB 1/26/2024

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

- A. SMAC shall pay costs and fees of investigation in the amount of \$5,000 (five thousand dollars) upon execution of this agreement. These funds will be deposited into the charitable law fund established under O.R.C. 109.32.

Payment shall be made by check, cashier's check or money order payable to Treasurer, State of Ohio and mailed to:

Ohio Attorney General
Finance Department – CL
30 E. Broad St., 25th Floor
Columbus, Ohio 43215
RE: SMAC Settlement/Charitable Law

- B. SMAC agrees that if it fails to comply with the terms of this Agreement, it will surrender its bingo distribution license to the Attorney General.
- C. For a period of ten years following the date this Agreement is executed, Saryck agrees that he shall not hold any position as an officer or trustee of any charitable organization in Ohio. Notwithstanding the preceding, but subject to the other terms of this Agreement, Sarcyk may volunteer with, or accept any offer of employment from a charitable organization as long as he does not have any involvement with or responsibility concerning charitable funds in his capacity as a volunteer or employee of a charitable organization.
- D. For a period of ten years following the date this Agreement is executed, Sarcyk agrees that he shall not participate in solicitations in the State of Ohio for charitable purposes or on behalf of any charitable organization or charitable trust, nor shall he maintain custody of contributions from any charitable solicitations in Ohio, including, but not limited to, as a board member, trustee, officer, director, member, employee, independent contractor, agent, or volunteer; or as a professional solicitor, fund-raising counsel, or commercial coventurer, as those terms are defined in O.R.C. Chapter 1716, or as a person employed or otherwise engaged by a professional solicitor, fund-raising counsel, or commercial coventurer.
- E. Sarcyk agrees that, so long as he is, directly or indirectly, an employee, contractor, representative, or agent of SMAC or any other bingo distributor or manufacturer, and for a period of at least one year thereafter, he will not serve as an employee or representative of, be compensated in any way by, or serve as a volunteer for, any organization applying for a license or licensed under O.R.C. Chapter 2915.
- F. For a period of ten years following the date this Agreement is executed, Sarcyk agrees that he will not form, or participate in the formation of, any Ohio charitable trust or charitable organization.

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- G. Connected Progress agrees that within 60 days of the date this Agreement is executed, its board of directors shall perform all actions necessary to dissolve and wind down Connected Progress's affairs, including filing of articles of dissolution with the Ohio Secretary of State. Connected Progress may pay reasonable expenses incurred with its dissolution or the winding down of its affairs, provided that its directors, officers, or trustees shall not be entitled to any compensation of any type or in any form for their efforts. Remaining funds, if any, shall be donated to another 501(c)(3) with a similar charitable purpose. Within 90 days of the date this Agreement is signed, Connected Progress shall complete and submit to the Charitable Law Section a Final Annual Report and Asset Disposition Form.
- H. For a period of ten years following the date this Agreement is executed, Bett agrees that he shall not hold any position as an officer or trustee of any charitable organization in Ohio. Notwithstanding the preceding, but subject to the other terms of this Agreement, Bett may volunteer with, or accept any offer of employment from a charitable organization as long as he does not have any involvement with or responsibility concerning charitable funds in his capacity as a volunteer or employee of a charitable organization.
- I. For a period of ten years following the date this Agreement is executed, Bett agrees that he shall not participate in solicitations in the State of Ohio for charitable purposes or on behalf of any charitable organization or charitable trust, nor shall he maintain custody of contributions from any charitable solicitations in Ohio, including, but not limited to, as a board member, trustee, officer, director, member, employee, independent contractor, agent, or volunteer; or as a professional solicitor, fund-raising counsel, or commercial coventurer, as those terms are defined in O.R.C. Chapter 1716, or as a person employed or otherwise engaged by a professional solicitor, fund-raising counsel, or commercial coventurer.
- J. Bett agrees that, so long as he is, directly or indirectly, an employee, contractor, representative, or agent of SMAC or any other bingo distributor or manufacturer, and for a period of at least one year thereafter, he will not serve as an employee or representative of, be compensated in any way by, or serve as a volunteer for, any organization applying for a license or licensed under O.R.C. Chapter 2915.
- K. For a period of ten years following the date this Agreement is executed, Bett agrees that he will never form, or participate in the formation of, any Ohio charitable trust or charitable organization.
- L. In return for execution of and compliance with this Agreement, the Attorney General will issue SMAC's distributor license, and the Attorney General will not consider the facts stated above when considering new and/or renewed bingo distribution licenses for SMAC in the future.
- M. SMAC agrees that any evidence of a violation of this Agreement shall be *prima facie* evidence of SMAC's violation of O.R.C. Chapter 2915, and/or any rules adopted thereunder, in any subsequent action or proceeding brought by the Attorney General.

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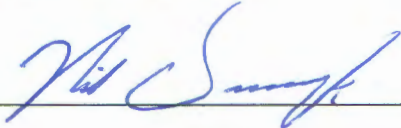
- N. SMAC agrees that this Agreement is a limit, restriction, or probationary condition on its bingo distributor license pursuant to O.R.C. 2915.081(G).
- O. This Agreement is binding upon the parties, any and all successors, assigns, subsidiaries, agents, employees, or representatives of the parties or any other affiliates. Any breach of this Agreement by SMAC will discharge the Attorney General from any obligations under the terms of this Agreement, but will not discharge SMAC from any obligation it has under this Agreement.
- P. By signing this Agreement, the Attorney General is not waiving any rights he has to conduct further investigations of SMAC and to initiate an action against SMAC for further violations of O.R.C. Chapter 2915 or any rules adopted thereunder, or to reject a renewal application on the basis of facts discovered after executing this Agreement.
- Q. This Agreement may be modified in writing by the parties. Modifications are at the sole discretion of the Attorney General.
- R. SMAC shall comply with the requirements of O.R.C. Chapter 2915 and any rules adopted thereunder.
- S. The parties have read and understand this Agreement and have entered into the same knowingly, voluntarily, and with the opportunity to gain advice of counsel.
- T. This Agreement supersedes any and all prior agreements between the Parties.
- U. This Agreement is entered into by all 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.

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

SMAC DISTRIBUTING, LLC

By:  1-26-24
Date
Neil Sarcyk, owner (Print Name and Title)

CONNECTED PROGRESS

By:  1/26/2024
Date
JOSHUA D. BETT, PRESIDENT (Print Name and Title)

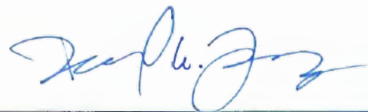
NEIL SARCYK, INDIVIDUALLY

 1-26-24
Date

JOSHUA BETT, INDIVIDUALLY

 1/26/2024
Date

OHIO ATTORNEY GENERAL DAVE YOST

By:  01/31/24
Date
Daniel W. Fausey
Section Chief, Charitable Law Section