

OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF NEW YORK

In the Matter of the Investigation by

Eric T. Schneiderman, Attorney General of the
State of New York, of

Assurance No. 14-030

G.A.L.O.S. Corporation, Carlos Velasquez,
National Puerto Rican Day Parade, Inc., and
Diversity Foundation, Inc.

ASSURANCE OF DISCONTINUANCE

The Office of the Attorney General of the State of New York (“OAG”), Eric T. Schneiderman, has commenced an investigation pursuant to Section 63(12) and Article 7-A of the New York State Executive Law (“Exec. Law”), Section 112 of the Not-for-Profit Corporation Law (“N-PCL”), and Section 8-1.4 of the Estates, Powers and Trusts Law (“EPTL”), to determine whether a proceeding or action should be instituted against: (1) Carlos Velasquez (“Velasquez”), President of G.A.L.O.S. Corporation (“GALOS”), and GALOS, for violations of the Exec. Law, N-PCL and EPTL with respect to GALOS’ services as a professional fundraiser and the exclusive marketing and business agent for the non-profit corporations, National Puerto Rican Day Parade, Inc. (“NPRDP”) and Diversity Foundation, Inc. (“Diversity”); (2) NPRDP and its officers and directors for violations of their fiduciary duties under the N-PCL and EPTL in connection with the administration of NPRDP and its charitable assets; and (3) Diversity and its officers and directors for violations of their fiduciary duties under the N-PCL and EPTL in connection with the administration of Diversity and its charitable assets (the “Investigation”).

This Assurance of Discontinuance (“Assurance”) contains certain findings of the OAG’s

Investigation and the relief agreed to by the OAG, Velasquez, GALOS, NPRDP, certain directors and officers of NPRDP, Diversity and Debra Martinez (collectively, “the parties”).

FINDINGS

1. As further set forth below, NPRDP retained GALOS to work as NPRDP’s fundraiser and exclusive marketing agent, but failed to oversee GALOS’ conduct and effectively ceded control of the organization to GALOS and its principal, Velasquez. In the absence of that oversight, from at least 2008 to the present, Velasquez and GALOS:

- (a) misappropriated by retaining for GALOS’ own benefit approximately \$1 million intended for NPRDP;
- (b) incurred and charged NPRDP for expenses that exceeded NPRDP’s reported revenues by approximately \$1 million, thus putting NPRDP in debt to GALOS; and
- (c) used NPRDP’s name without NPRDP’s authorization to raise funds for Diversity – a charity that shared office space, and whose board members were affiliated, with GALOS.

Background

2. NPRDP was formed in 1995 as a New York not-for-profit corporation and is registered with the OAG’s Charities Bureau pursuant to the EPTL and Exec. Law. NPRDP’s office is located at 2804 Third Avenue, Fifth Floor, Bronx, New York. NPRDP holds the New York City permit for the Puerto Rican Day Parade held annually in New York, New York on the second Sunday of June (the “Parade”). In addition, NPRDP hosts various Parade-related events, including festivals, pageants, concerts, breakfasts, receptions and dinners leading up to the Parade.

3. NPRDP's Board of Directors (the "Board") is comprised of six directors: Chairperson Madelyn Lugo ("Lugo"), Vice Chairperson Melissa Quesada-Carino, Treasurer Shirley Cox, Secretary Trinity Padilla, General Coordinator Luis Rivera, Director of External Affairs Rafael Dominguez, and two non-voting honorary members, Rosalinda Ortega and Maria Roman Dumen. Luis Rivera is Lugo's husband. The entire Board serves in a volunteer capacity.

4. Lugo, one of NPRDP's founders and its treasurer from 1995 to 2006, has served as Chairperson of NPRDP's Board since 2006 and has long played a leading role in organizing the Parade, dating to even before NPRDP was founded. As Chairperson of NPRDP, Lugo has directed all aspects of its operations, including overseeing NPRDP's finances and recruiting most of the other directors now on the Board.

5. GALOS is a New York corporation, incorporated pursuant to the Business Corporation Law on or about August 16, 1996. GALOS' principal place of business is 1133 Broadway, Suite 1125, New York, New York. GALOS has a satellite office in San Juan, Puerto Rico. Since 1987, GALOS or its predecessor has registered as a professional fundraiser with the OAG's Charities Bureau. GALOS provides professional fundraising and event planning services, including to ethnic organizations which, like NPRDP, organize an annual parade and related events. GALOS and its predecessor have served as the Parade's marketing agent and fundraiser for almost thirty years.

6. Carlos Velasquez ("Velasquez") founded GALOS and its predecessor, serves as GALOS' President and owns all or most of its shares. GALOS' staff includes Velasquez's family members and a small number of other employees and independent contractors.

7. Diversity is a New York not-for-profit corporation formed in 2001 and is registered with the OAG's Charities Bureau pursuant to the EPTL and the Exec. Law. Diversity maintains its office at the offices of GALOS at 1133 Broadway, New York, New York.

8. According to its certificate of incorporation, Diversity's mission is to promote the advancement of cultural diversity by, among other things, coordinating various events. Diversity's principal charitable activity has been to disburse scholarships to college students.

9. According to Diversity's records, Diversity's Board of Directors (the "Diversity Board") is comprised of President Maria Capellan, a co-founder, Secretary Hector Ramos and Treasurer Francisco Lopez. Diversity's Executive Director is Debra Martinez and Karen Pillot, a co-founder of the organization, now serves as an advisor to Diversity.

10. GALOS is the exclusive professional fundraiser and marketing agent for Diversity. Several of Diversity's directors and officers have professional and personal relationships with Velasquez and GALOS. Debra Martinez and Hector Ramos both are independent contractors for GALOS who receive paid and in-kind compensation from that corporation. Maria Capellan is Velasquez's mother-in-law. Karen Pillot's husband, Cesar Pillot, works for Velasquez at GALOS.

GALOS Misappropriated for Its Own Use Approximately \$1 Million Intended for NPRDP

11. Under its existing and prior contracts with NPRDP, GALOS was authorized to: (a) charge NPRDP for certain specified expenses, and (b) retain between 27 to 35 percent of the funds GALOS raised on behalf of NPRDP (with the percentage varying by time period and amounts raised). The contracts also required GALOS to provide reports to NPRDP accounting for the funds raised and the commission owed to GALOS.

12. GALOS provided NPRDP with periodic accounting reports with respect to expenses incurred and revenues raised on behalf of NPRDP, but its revenue reports typically consisted of a one-page summary devoid of detail and lacking any underlying substantiation of the amounts GALOS raised on NPRDP's behalf.

13. Payment records and invoices obtained by OAG from corporate and institutional sponsors, which contributed to NPRDP through GALOS, show that GALOS' reports to NPRDP significantly underreported the contributions that GALOS raised on NPRDP's behalf. In 2012, for example, an academic institution contributed \$68,000 to NPRDP through GALOS, but GALOS reported to NPRDP that the institution contributed only \$15,000. Also in 2012, a major financial institution contributed \$75,000 to NPRDP through GALOS, yet GALOS reported that the institution contributed only \$20,000. In other cases, GALOS reported no contributions to NPRDP from certain corporate sponsors that had made significant contributions.

14. For the years 2008 through 2012, GALOS failed to report to NPRDP a total of approximately \$1.4 million in contributions to NPRDP that GALOS had raised on NPRDP's behalf. Net of the commissions to which GALOS would have been entitled on these contributions, GALOS' underreporting enabled it to retain for its own use and benefit approximately \$1 million in charitable funds properly belonging to NPRDP. GALOS' underreporting, moreover, was not limited to the reports it submitted to NPRDP; GALOS repeated its understated revenue figures in the Form CHAR037 reports that it and NPRDP jointly filed with the OAG's Charities Bureau as required by the Exec. Law. The Form CHAR037s filed by GALOS and NPRDP with the OAG also falsely reported that GALOS transferred funds raised on behalf of NPRDP to a bank account under NPRDP's exclusive control within five days of collecting such funds; in fact, GALOS rarely transferred any funds to NPRDP, but instead, with

Lugo's knowledge, retained the net revenues it raised for NPRDP (after commissions) to defray the substantial expenses it incurred on NPRDP's behalf.

GALOS' Misuse of Airline Vouchers Intended for NPRDP

15. Several corporate sponsors made in-kind contributions to NPRDP for the Parade through GALOS. From at least 2008 through 2013, two airline carriers donated a substantial amount of airline vouchers to NPRDP through GALOS. GALOS failed to disclose to NPRDP the full extent of such vouchers that were available for use by NPRDP for Parade-related travel or as a form of payment to Parade-related vendors. Instead, Velasquez repeatedly redeemed the vouchers for (a) personal use by him or his family members, and (b) GALOS business purposes unrelated to NPRDP. The estimated total value of the airline tickets that GALOS received from both airline carriers is over \$275,000.

16. In addition to not reporting to NPRDP the full value of the airline vouchers it had received on NPRDP's behalf, GALOS failed to include the value of these in-kind contributions on the Form CHAR037s it submitted to the OAG.

Diversity/Scholarship Fund

17. NPRDP maintained a small scholarship fund for students of Puerto Rican descent. The NPRDP Board requested that GALOS administer this fund, including determining the academic institutions eligible and the scholarship amounts to be disbursed. GALOS failed to report to NPRDP the amounts it had raised specifically for the NPRDP's scholarship fund itself.

18. GALOS commingled its fundraising and other activities for the NPRDP's scholarship fund with its activities in connection with Diversity, the separate not-for-profit organization effectively controlled by GALOS-affiliated personnel whose primary purpose also was to fund and administer scholarships. In its pitches to potential sponsors, GALOS marketed

Diversity as being part of a “sponsorship package” with NPRDP and represented that Diversity collaborated with NPRDP. In fact, NPRDP had no connection to or involvement with Diversity, NPRDP did not authorize GALOS to use the NPRDP name to raise funds for Diversity, and NPRDP did not authorize Diversity to raise or disburse funds on NPRDP’s behalf.

19. Not all of the funds raised by GALOS on behalf of Diversity were used for scholarship purposes, and Diversity failed to maintain records substantiating the amount of scholarship funds it purported to distribute. According to its 2012 IRS Form 990-EZ, for example, Diversity had \$97,706 in revenue in 2012, yet it spent \$20,250 – more than 20% of that sum – on parade floats, and another \$20,500 in payments to Debra Martinez, doing business under the name “DM Associates.” Although Diversity claimed on its 2012 IRS Form 990-EZ to have distributed \$41,236 in scholarships or grants to students in 2012, records produced to the OAG substantiated only \$9,500 of such claimed scholarship disbursements, with the balance going to other activities.

NPRDP’s Inadequate Oversight and Financial Controls

20. Madelyn Lugo and the other directors on the NPRDP Board worked long hours, without compensation, to promote and organize the Parade and the associated cultural events put on each year by the NPRDP. Nevertheless, under Lugo’s leadership, the NPRDP Board failed to implement the most basic financial controls or exercise meaningful oversight of the activities of its fundraiser and agent, GALOS. Instead, it delegated to Velasquez and GALOS nearly unfettered financial and decision-making authority.

21. Among other things, the NPRDP Board:

- (a) failed to adopt annual budgets;

- (b) failed to constitute a standing Finance Committee or any of the other Board committees required under its bylaws;
- (c) used only copies of its own checking activity, without including the amounts spent or raised on its behalf by GALOS, for the monthly financial reports required under its by-laws;
- (d) failed to take corrective action when GALOS ignored its requests for advance notice of anticipated expenses;
- (e) accepted without examination all of GALOS' revenue reports, despite the extremely summary nature of the reports and their persistent lack of supporting documentation; and
- (f) renewed for a new ten-year term its fundraising and marketing agent agreement with GALOS in 2010, when the organization already was approximately \$650,000 in debt to GALOS on account of expenses GALOS had incurred without offsetting revenues, and without obtaining bids from any competing fundraisers or marketing agents.

22. Since at least 2008, NPRDP has incurred an annual deficit. Each year, its largest creditor has been GALOS, which purported to incur on NPRDP's behalf a higher amount of expenses than the net revenues (after commission) that GALOS raised for NPRDP. Each year, NPRDP failed adequately to address its growing deficit, either by sufficiently reducing expenditures, exercising greater control over Velasquez and GALOS, or developing alternative sources of revenues. As of the end of 2013, NPRDP was effectively insolvent, with an outstanding payable to GALOS of approximately \$993,000.

VIOLATIONS OF LAW

GALOS

23. By engaging in the conduct described in paragraphs 12 through 19 above, Velasquez and GALOS:
- (a) engaged in misleading and deceptive solicitation practices in violation of Section 172-d of Article 7-A of the Exec. Law;
 - (b) failed to ensure that funds raised on behalf of NPRDP would be used for the purposes for which they were solicited, in violation of Section 172-d of Article 7-A of the Exec. Law;
 - (c) failed to maintain accurate and current books and records of all activities of its individual clients, in violation of Section 173-2 of Article 7-A of the Exec. Law; and
 - (d) failed to transfer funds raised on behalf of NPRDP to a bank account under NPRDP's exclusive control within five days of collecting such funds, in violation of Section 173-a (2) of Article 7-A of the Exec. Law.

NPRDP

24. As NPRDP's President and Treasurer, respectively, and as directors of the organization, Madelyn Lugo and Shirley Cox were trustees of NPRDP's charitable assets. In derogation of their duties as trustees under the EPTL, Lugo and Cox failed properly to administer NPRDP's assets.

25. By engaging in the conduct described in paragraphs 17 and 20 through 22 above, certain members of the Board failed to discharge the duties of their respective positions with the

care an ordinarily prudent person in a like position would exercise under similar circumstances in violation of Section 717 of the N-PCL.

Diversity

26. By engaging in the conduct described in paragraphs 17 through 19 above, (a) Diversity has failed to carry out its charitable purposes independently of GALOS, and has allowed its income to be used for the benefit of GALOS and individuals employed by or affiliated with GALOS, in violation of N-PCL § 515, and (b) Diversity and each of the members of the Diversity Board failed properly to administer, supervise and account for Diversity's charitable assets in violation of their respective duties as trustees of those assets under the EPTL.

PROSPECTIVE RELIEF

WHEREAS, Velasquez, GALOS, NPRDP, the members of the NPRDP Board, Diversity and the members of the Diversity Board neither admit nor deny the OAG's Findings recited above and deny any violation of law in this matter; and

WHEREAS, working with the OAG, and to strengthen its governance and ability to fulfill its charitable mission, NPRDP and members of the NPRDP Board already have made changes to NPRDP's governance and policies during the pendency of the Investigation;

WHEREAS, the parties each believe that the obligations imposed by this Assurance are prudent and appropriate, and

WHEREAS, the OAG is willing to accept the terms of this Assurance pursuant to New York Exec. Law § 63(15) and to discontinue the Investigation, and

WHEREAS, the OAG has determined that this Assurance is in the public interest,

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the parties, that in consideration of the making and execution of this Assurance:

GALOS and NPRDP

27. Effective upon execution of this Assurance, all existing agreements between GALOS and NPRDP, including without limitation the contract between them dated June 30, 2010, are rescinded, void and of no further effect.

28. Neither GALOS (and any successor) nor Velasquez may hereafter serve NPRDP, or hold itself or himself out as serving NPRDP, directly or indirectly, as a professional fundraiser, fundraising counsel, marketer, business agent, or agent of any kind. Without limiting the generality of the foregoing, GALOS (and any successor) and Velasquez each is permanently barred from:

- (a) acting, registering, or attempting to register as a professional fundraiser, fundraising counsel, commercial co-venturer or professional solicitor on behalf of NPRDP or any successor organization, as those terms are defined in Exec. Law § 171-a, or any amended or successor statute, or any related regulation, in the State of New York, and the OAG shall not accept such registrations;
- (b) directly or indirectly soliciting contributions, donations or sponsorships on behalf of NPRDP or any successor organization from any person or entity, or from participating in or controlling such solicitations conducted by any other person or entity;
- (c) serving as an officer, director, shareholder, owner, partner, employee, independent contractor or agent, or being otherwise retained by or engaged by a professional fundraiser, professional solicitor, fundraising counsel, or any person who/that sells or brokers contracts or agreements contemplating the

solicitation of charitable contributions or sponsorships on behalf of NPRDP from any person; and

(d) directly or indirectly acquiring any right to receive any compensation or any benefit of any kind whatsoever relating to or deriving from, directly or indirectly, the solicitation of contributions for NPRDP from any person or entity or from the sale or brokering of contracts or agreement contemplating such solicitations.

29. All debts and amounts owed or that may be owed by NPRDP to GALOS and/or Velasquez are cancelled and forgiven, and neither GALOS nor Velasquez shall make any attempt, directly or indirectly, to collect any amounts from NPRDP.

30. Effective upon execution of this Assurance, GALOS and Velasquez shall transfer or assign to NPRDP all assets and/or monies in the possession of either of them that were contributed or paid to, or received by GALOS or Velasquez for the benefit of, NPRDP. Said assets include, without limitation, all unspent monies received from sponsors on account of NPRDP's Parade in 2014 and any prior years and all unused airline ticket vouchers and certificates contributed to or received for the benefit of NPRDP, including not less than 95 certificates for one-way travel issued by one airline carrier.

31. Upon execution of this Assurance, GALOS and Velasquez shall deliver to NPRDP all CD's, DVD's, videos, books, program books, recordings of Parade telecasts, pictures and any other archival or historical material created by GALOS or Velasquez on behalf of NPRDP or in connection with the Parade as are in GALOS' or Velasquez's possession or control.

32. GALOS and Velasquez (as to GALOS and himself) each agree to (a) cooperate with the OAG and NPRDP in producing documents, contacts and any other information as may be requested by either of them within 10 days of the request, and (b) assign or transfer to NPRDP or its designated agent, free of charge and no later than February 28, 2014, any third-party contract or services, reasonably related to NPRDP's production of the Parade and any other events in 2014 and 2015, the assignment or transfer of which is agreed to by NPRDP. Neither GALOS nor Velasquez shall, directly or indirectly, make any attempt to impede, hinder or interfere with NPRDP's production of the Parade or other events, including by discouraging any third party from sponsoring, providing services to or otherwise doing business with NPRDP. Any such act of interference shall subject GALOS and/or Velasquez to liability for liquidated damages in the amount of \$10,000 for each such act.

33. Velasquez shall pay to the OAG for the benefit of NPRDP the sum of \$100,000 in five installments as follows: \$12,500 on or before the 1st day of September, 2014; \$25,000 on or before the 1st day of March and September, 2015 and March, 2016; and \$12,500 on or before the 1st day of June, 2016. All payments hereunder shall be made by wire transfer, certified check and/or bank check made payable to the Department of Law, and shall be remitted to NPRDP promptly after receipt by the OAG.

34. Effective upon execution of this Assurance, GALOS and Velasquez each releases NPRDP and all of NPRDP' officers and directors of any claim it or he may have for conduct occurring on or before the date of this Assurance.

35. Effective upon execution of this Assurance, NPRDP and each of its officers and directors releases GALOS and Velasquez of any claim it, she or he may have for conduct occurring on or before the date of this Assurance.

Diversity

36. Effective upon execution of this Assurance, (a) all existing agreements between GALOS and Diversity are rescinded, void and of no further effect, and (b) all debts and amounts that may be owed by Diversity to GALOS and/or Velasquez are cancelled and forgiven, and neither GALOS nor Velasquez shall make any attempt, directly or indirectly, to collect any amounts from Diversity.

37. Effective upon execution of this Assurance, Diversity shall make no distributions or expenditures from its assets, except for ordinary and necessary legal fees and expenses that may accrue hereafter in connection with the Petition for Dissolution. All such payments, including without limitation any reimbursement payments to any director or repayments of debt, must be accompanied by receipts that are submitted to the OAG for approval. Only after receiving the OAG's approval for such payment may Diversity reimburse the director or any other individual or entity for such documented out-of-pocket expenses, with such approval to be received prior to the filing of the Petition for Dissolution.

38. By February 28, 2014, Diversity shall transfer all of its monies and assets to the OAG, which will maintain the payments in an escrow account until the OAG may distribute the funds in a manner that is consistent with the purposes for which the funds were solicited. Diversity shall make such payment by wire transfer, certified check and/or bank check made payable to the Department of Law.

39. By March 28, 2014, Diversity shall, pursuant to Article 10 of the N-PCL, file with the OAG a Petition for Dissolution, specifically a no-asset simplified dissolution, which shall be subject to OAG approval. Diversity shall take all steps necessary to ensure that the Petition for Dissolution complies with all legal requirements and shall provide all information requested by

the OAG and make any necessary revisions to the Petition as shall be required by the OAG in order to finalize the dissolution.

40. For a period of five years from the date of this Assurance, none of the members of the Diversity Board, nor Debra Martinez nor Karen Pillot, may serve as an officer, director, trustee, fiduciary or employee of NPRDP or any successor, or in any capacity in connection with the Parade.

NPRDP and the NPRDP Board

41. By February 10, 2014, Madelyn Lugo, Luis Rivera and Shirley Cox shall resign their respective positions as officers and directors of NPRDP. For a period of five years from the date of their resignation, neither Lugo, Rivera nor Cox shall serve as an officer, director, member, trustee or employee of NPRDP or any successor, but the reconstituted NPRDP Board may, in its discretion, appoint any of them to serve as an unpaid consultant or advisor to NPRDP.

42. Effective upon execution of this Assurance, Rosalinda Ortega and Maria Roman Dumen each resigns her position as honorary member of the Board of Directors of NPRDP, and neither shall hereafter serve as an officer, director, member, trustee or employee of NPRDP or any successor, but the reconstituted NPRDP Board may, in its discretion, appoint either of them to serve as an unpaid consultant or advisor to NPRDP.

43. By February 10, 2014, the remaining members of the NPRDP Board shall submit to the OAG the names of no fewer than ten proposed new directors, who will be appointed only after the Board has consulted with and received no objection from the OAG concerning the proposed appointments. Upon the appointment of the ten new directors, the reconstituted Board promptly shall elect new officers except for the Vice Chairperson, who shall serve in her position until at least August 1, 2014, absent cause for removal.

44. By May 1, 2014, NPRDP shall amend its bylaws to include provisions consistent with the Nonprofit Revitalization Act of 2013 and best practices for an organization of NPRDP's scope, and acceptable to OAG, that address at least the following issues relating to the composition and function of the Board and its committees:

- (a) audit and financial control (including the formation of an audit committee which, among other things, shall review all Board expenses as well as contracts with and the activities of any NPRDP fundraiser or marketing agent);
- (b) conflict of interest policies and procedures;
- (c) the benefits, if any, received by the Board, both individually and as a whole;
- (d) the structure and composition of the Board and committees thereof;
- (e) executive compensation, if any;
- (f) processes for recruiting and approving new directors;
- (g) term limits and non-voting director honorary status;
- (h) anti-nepotism rules;
- (i) the requirement of the Board and all committees to keep accurate minutes reflecting deliberations and resolutions, including without limitation those related to programmatic and fiscal issues;
- (j) the general duties of the Board and its committees, including with regard to fiscal and programmatic oversight and reporting of actual and potential irregularities;
- (k) a requirement of the Board Members to complete at least once every two years an ethics and non-profit compliance training course, administered by a

qualified outside consultant or provider deemed acceptable by the Board, and to sign a certification of such completion which shall be kept on file with NPRDP for at least five years; and

- (1) the designation of all directors and officers as “mandatory reporters” of suspected fraud or misconduct, required to report such suspected fraud or misconduct immediately but in no event more than seven business days after discovery, with explicit consequences for failure to do so, e.g. removal.

45. By June 1, 2014, the reconstituted NPRDP Board shall complete an ethics and non-profit compliance training course consistent with the training and participation requirements for Board members to be set forth in the amended bylaws.

46. NPRDP shall not enter into any contract with a professional fundraiser or fundraising counsel without first (a) conducting a search process and giving due consideration to the competitive alternatives available, and (b) confirming that the proposed fundraiser or fundraising counsel is registered and current in its filings with the OAG pursuant to Article 7-A of the Exec. Law.

ADDITIONAL PROVISIONS

47. Velasquez, GALOS, NPRDP, the members of the NPRDP Board, Diversity and Debra Martinez each hereby acknowledges that he, she or it has been represented by counsel in agreeing to this Assurance.

48. The OAG has agreed to the terms of this Assurance based on, among other things, the representations made to the OAG by the other parties hereto concerning the matters addressed in this Assurance and the OAG’s own factual investigation as set forth in the findings

above. To the extent that any material representations are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

49. This Assurance constitutes the entire agreement between OAG and the other parties hereto, and supersedes all prior agreements and understandings, written or oral, among the parties with respect to the subject matter of this Assurance. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by the parties in agreeing to this Assurance. The headings and captions in this Assurance are for convenience only and do not affect or control the meaning or construction of this Assurance.

50. The parties shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects the parties' (a) testimonial obligations, or (b) right to take legal or factual positions in defense of litigation or other legal proceedings to which the OAG is not a party. This Assurance shall not be used by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by the parties.

51. Each party represents and warrants, through the signatures below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized.

52. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance. This Assurance may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties and exchanged electronically or in hard copy.

53. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than the OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of the OAG.

54. This Assurance does not affect the rights, claims, obligations and liabilities, and does not inure to the benefit, of any person or entity not a party to this Assurance.

55. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held 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.

56. To the extent not already provided under this Assurance, the parties shall, upon request by the OAG, provide all documentation and information necessary for the OAG to verify compliance with this Assurance without the necessity for a subpoena.

57. All notices, reports, requests, and other communications to any party pursuant to this Assurance shall be in writing and shall be directed as follows:

If to the OAG, to:

Jennifer S. Michael
Assistant Attorney General
Charities Bureau
Enforcement Section
120 Broadway, 3rd Floor
New York, NY 10271

If to Velasquez or to GALOS, to:

Marjorie Peerce
Ballard Spahr Stillman & Friedman, LLP
425 Park Avenue, 25th Floor
New York, NY 10022-3506

If to NPRDP or any of the members of the Board, to:

Javier Solano
350 Fifth Avenue, Suite 5900
New York, NY 10118

If to Diversity, any of the members of the Diversity Board or Debra Martinez, to:

Paul Bleifer
Paul Bleifer & Associates
233 Broadway, 8th Floor
New York, N.Y. 10279

58. All correspondence and payments related to this Assurance must reference Assurance No. 14-030.

59. Acceptance of this Assurance by the OAG shall not be deemed approval by the OAG of any of the practices or procedures referenced herein, and the parties shall make no representation to the contrary.

60. Pursuant to Section 63(15) of Exec. Law, evidence of a violation of this Assurance by a particular party shall constitute prima facie proof of violation of the applicable law as to that party in any action or proceeding thereafter commenced by the OAG. If a court of competent jurisdiction determines that Velasquez, GALOS, NPRDP, any member of Board, Diversity, any member of the Diversity Board or Debra Martinez has breached this Assurance, the party in breach shall pay to the OAG the costs, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

61. The OAG finds the relief and agreements contained in this Assurance appropriate and in the public interest. The OAG is willing to accept this Assurance pursuant to Section 63(15) of the Exec. Law, in lieu of commencing a statutory proceeding. Nothing herein is intended or shall be construed to limit the OAG's power to commence a statutory proceeding or investigation concerning the conduct of any of the other parties hereto except insofar as that

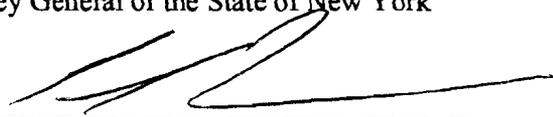
conduct relates to NPRDP and Diversity. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

62. Except as otherwise set forth herein, nothing contained herein shall be construed as to deprive any person of any private right under the law.

IN WITNESS WHEREOF, this Assurance is executed by the parties hereto as of February 9, 2014.

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

By: _____


David E. Nachman
Senior Enforcement Counsel
Executive Division

G.A.L.O.S. CORPORATION

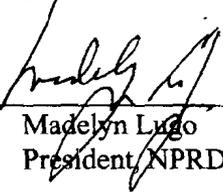
By: _____

Carlos Velasquez, President

Carlos Velasquez

NATIONAL PUERTO RICAN DAY PARADE, INC.

By: _____


Madelyn Lugo
President, NPRDP Board of Directors

DIVERSITY FOUNDATION, INC.

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62. Except as otherwise set forth herein, nothing contained herein shall be construed as to deprive any person of any private right under the law.

IN WITNESS WHEREOF, this Assurance is executed by the parties hereto as of February __, 2014.

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

By: _____
David E. Nachman
Senior Enforcement Counsel
Executive Division

G.A.L.O.S. CORPORATION

By: _____
Carlos Velasquez, President

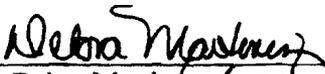
Carlos Velasquez

NATIONAL PUERTO RICAN DAY PARADE, INC.

By: _____
Madelyn Lugo
President, NPRDP Board of Directors

DIVERSITY FOUNDATION, INC.

By: _____
Maria Capellan
President, Diversity Board of Directors



Debra Martinez / *WOW*

By: 
Maria Capellan
President, Diversity Board of Directors

Debra Martinez