



State of North Carolina
Department of the Secretary of State

ELAINE F. MARSHALL
SECRETARY OF STATE

CHARITABLE SOLICITATION LICENSING

**ADMINISTRATIVE ORDER TO REVOKE AND CANCEL
CHARITABLE SOLICITATION LICENSE AND ORDER TO CEASE AND
DESIST THE SOLICITATION OF CONTRIBUTIONS**

CSL FILE NO. 2011 CSL 11629

In the Matter of: Share Our Shoes

**Jennifer Pierce, Registered Agent
Share Our Shoes
1107 Capital Boulevard
Raleigh, NC 27603**

**Elvia Gerdes, Director
Share Our Shoes
1107 Capital Boulevard
Raleigh, NC 27603**

FILED: March 6, 2012

The Charitable Solicitation Licensing Division (hereinafter "CSL") of the North Carolina Department of the Secretary of State (hereinafter "Department"), pursuant to authority granted by North Carolina General Statutes Chapter 131F, does hereby issue this Administrative Order revoking and cancelling the charitable solicitation license of Share Our Shoes issued on May 15, 2011 that was set to expire on May 15, 2012. Based upon CSL's investigation and all evidence

of record received regarding this matter, the Charitable Solicitation Licensing Division of the North Carolina Department of the Secretary of State hereby makes the following:

FINDINGS OF FACT

1. The Charitable Solicitation Licensing Division of the North Carolina Department of the Secretary of State is charged with charitable solicitation licensing and enforcement under N.C.G.S. Chapter 131-F et. seq. (hereinafter referred to as “the Charitable Solicitation Act”) and Title 18, Chapter 11 of the North Carolina Administrative Code.
2. Share Our Shoes is a “charitable organization” as defined by N.C.G.S. §131 F-2(3) and is subject to the requirements of the Charitable Solicitation Act.
3. Share Our Shoes, originally known as “Shoes-4-Souls, Inc.”, registered as a nonprofit corporation pursuant to NCGS Chapter 55A on September 3, 2009. This entity subsequently changed its legal name to “Share Our Shoes” on March 4, 2010.
4. Share Our Shoes currently lists its registered agent in North Carolina Department of the Secretary of State corporation records as Jennifer Pierce.
5. Share Our Shoes obtained their initial charitable solicitation license on March 24, 2010.
6. Share Our Shoes currently holds a charitable solicitation license that is set to expire on May 15, 2012.
7. Share Our Shoes 2010 IRS Form 990 indicates the organization received \$864,338 in contributions and revenue and incurred \$817,602 in expenses in the 2010 fiscal year.
8. On September 7, 2011, CSL received an electronic mail message from Hazem Sider, the owner of Hudda Footwear in Creedmoor, North Carolina. Hudda Footwear purchases and resells used shoes. Mr. Sider alleged in this message that Jennifer Pierce retained proceeds

from the sale of shoes belonging to Share Our Shoes for her personal use. CSL Investigator Jason Ricks interviewed Mr. Sider on November 8, 2011 and obtained copies of his records related to shoe transactions Ms. Pierce engaged in on behalf of Share Our Shoes.

9. On October 14, 2011, Michael Weddle sent CSL an electronic mail message concerning alleged misconduct by Jennifer Pierce related to Share Our Shoes. Mr. Weddle's message alleged that Jennifer Pierce retained proceeds from the sale of shoes belonging to Share Our Shoes for her personal use. Mr. Weddle further alleged that Hope Community Church of Cary donated shoes and five thousand dollars (\$5,000.00) to Share Our Shoes based upon the representation that these shoes would be sent to Haiti. Mr. Weddle further alleged that Jennifer Pierce sold the shoes donated by Hope Community Church to a buyer in New York and they were not sent to Haiti.
10. Shortly thereafter, CSL received information about a local media investigative report concerning alleged misappropriation of shoe and money contributions that Share Our Shoes had recently received from Hope Community Church, in Cary, North Carolina.
11. In order to obtain additional information concerning allegations regarding Share Our Shoes alleged misappropriation of contributions from Hope Community Church, on November 2, 2011, CSL sent a records request pursuant to NCGS §131F-23(a) to Share Our Shoes concerning the recent solicitation campaign conducted by Hope Community Church on behalf of the organization with a response deadline of December 2, 2011.
12. On December 6, 2011, CSL received a notarized, verified response from Share Our Shoes to the November 2, 2011 records request.

13. In order to obtain additional information concerning Share Our Shoes solicitation and expenditure of contributions, on November 10, 2011, CSL sent a second records request to Share Our Shoes pursuant to NCGS §131F-23(a) concerning the organization's operations since its inception on September 3, 2009. The original response deadline of January 10, 2012 was later extended until January 18, 2012 upon request for an extension by the organization.
14. On January 18, 2012, Share Our Shoes delivered a notarized, verified response to CSL's November 10, 2011 records request that was incomplete.
15. On February 10, 2012, Share Our Shoes registered agent Jennifer Pierce was personally served by CSL Investigator Jason Ricks at the organization's physical location with a Notice of Intent to Revoke Charitable Solicitation License (hereinafter referred to as "Notice of Intent").
16. The Notice of Intent issued to Share Our Shoes stated that CSL had concluded that there is a substantial likelihood that the organization has failed to apply contributions in a manner substantially consistent with the purpose for which they were solicited based upon records and information provided by Share Our Shoes concerning the organization's operations and financial controls between September 3, 2009 and January 18, 2012 in violation of N.C.G.S. §131F-20(18).
17. The Notice of Intent directed Share Our Shoes to provide the following additional information by February 20, 2012:
 - a. Verification that identified expenditures made using financial contributions and profits from the sale of donated shoes via point of sale transactions and checks were made in a manner substantially consistent with the charitable purpose for which they were solicited; and

- b. Responses to all questions included in the November 10, 2011 records request for which no response had been made.
18. On February 17, 2012, CSL issued a supplemental records request directing Share Our Shoes to submit responses to questions concerning the solicitation and disposition of in-kind contributions received from Bob Barker Company, Inc. in 2010 and 2011 by Monday, February 20, 2012 along with their responses to the Notice of Intent.
 19. CSL's February 17, 2012 supplemental records request requested the organization "provide any other information which shows compliance with all requirements for the organization's retention of their charitable solicitation license."
 20. Share Our Shoes filed a request for extension of time to respond to the requests for additional information in the Notice of Intent and supplemental records request on February 17, 2012.
 21. On February 20, 2012, CSL granted Share Our Shoes an extension of time to file all responses until February 27, 2012.
 22. On February 27, 2012, Share Our Shoes submitted seven thousand nine hundred forty-three (7,943) pages of original documents in response to the records request included in the Notice of Intent. Additionally, twenty-four (24) emails were sent between February 20, 2012 and February 27, 2012 in response to the records request included in the Notice of Intent. The records were personally delivered or electronically transmitted by Jennifer Pierce. The submission of these documents did not include the required sworn, notarized verification statement that records submitted were true, accurate, and complete to the knowledge of the person submitting them on behalf of the organization.
 23. Exhibit A is a complete listing of all information submitted by Share Our Shoes between February 20 and 27, 2012.

24. Share Our Shoes submitted two different versions of responses to Exhibits M, N, and O from the Notice of Intent. An electronic version of Exhibits M, N, and O was submitted via email on February 23, 2012 and differs from a paper copy of Exhibits M, N, and O submitted on February 27, 2012. Both versions of these responses fail to adequately respond to the Notice of Intent in that no explanation was provided for most of the items listed. Of those items for which an explanation was offered, these responses did not sufficiently explain the charitable purpose for each identified expenditure as requested in the Notice of Intent. Neither version included the required sworn, notarized verification statement that records submitted were true, accurate, and complete to the knowledge of the person submitting them on behalf of the organization.
25. In the Notice of Intent, CSL identified in Share Our Shoes' bank statements for Wachovia account 0815 one hundred sixteen (116) separate point of sale and/or automated withdrawal transactions totaling ten thousand nine hundred seventy-five dollars and twelve cents (\$10,975.12) in expenditures that may not have furthered the charitable purpose of Share Our Shoes. The Notice of Intent requested Share Our Shoes provide information verifying that each of these expenditures was in furtherance of the charitable purpose of Share Our Shoes. Exhibit B attached to this Order is a copy of Share Our Shoes' differing electronic and print responses to Notice of Intent Exhibit M concerning these expenditures. Share Our Shoes provided an explanation for forty-two (42) questioned expenditures and no explanation for seventy-four (74) questioned expenditures in the print or electronic version of their response. Neither version included the required sworn, notarized verification statement that records submitted were true, accurate, and complete to the knowledge of the person submitting them on behalf of the organization.

26. In the Notice of Intent, CSL identified in Share Our Shoes' bank statements for Capital account 6707 two hundred fifty-seven (257) separate point of sale and/or automated withdrawal transactions totaling nine thousand seven hundred seventy-nine and four cents (\$9,779.04) in expenditures that may not have furthered the charitable purpose of Share Our Shoes. The Notice of Intent requested Share Our Shoes provide information verifying that each of these expenditures was in furtherance of the charitable purpose of Share Our Shoes. Exhibit C attached to this Order is a copy of Share Our Shoes' differing electronic and print responses to Notice of Intent Exhibit N concerning these expenditures. Share Our Shoes provided an explanation for ninety-three (93) questioned expenditures and no explanation for one hundred sixty-four (164) questioned expenditures in the print or electronic version of their response. Neither version included the required sworn, notarized verification statement that records submitted were true, accurate, and complete to the knowledge of the person submitting them on behalf of the organization.
27. The following explanation is included for numerous items included on the electronic and print version of Exhibit C attached to this Order: "Jen Payrol- See attachment where payed [sic] in full." There was no attachment to the electronic submission of Exhibit C as described on the spreadsheet.
28. On Exhibit C, Jennifer Pierce claims to have reimbursed Share Our Shoes via personal check for personal expenditures during a February 2010 trip to Florida totaling two thousand two hundred fifty dollars and ninety-five cents (\$2,250.95). However, Share Our Shoes submitted a copy of Ms. Pierce's personal check number 1001 dated February 22, 2010 written to "Shoes-4-Souls" with the Memo line, "Pay back comp. loan from FL" in the amount of two thousand one hundred eighteen dollars (\$2,118.00). The amount of

repayment by Ms. Pierce does not equal the total amount of expenditures identified in Exhibit C as “Personal Repayed [sic] by Jen”. In addition, Share Our Shoes failed to justify at least one thousand forty-six dollars and sixty-five cents (\$1,046.65) in additional expenditures occurring during Ms. Pierce’s same trip to Florida. Exhibit E includes a copy of Ms. Pierce’s note concerning this matter and negotiated personal check number 1001.

29. In the Notice of Intent, CSL identified in Share Our Shoes’ bank statements for Capital account 6707 one hundred twenty-three (123) checks written to individuals serving on the Board of Directors, businesses associated with those individuals, and others totaling forty-seven thousand three hundred fifty-nine dollars and seventy-eight cents (\$47,359.78) in expenditures that may not have furthered the charitable purpose of Share Our Shoes. The Notice of Intent requested Share Our Shoes provide information verifying that each of these expenditures was in furtherance of the charitable purpose of Share Our Shoes. Exhibit D attached to this Order is a copy of Share Our Shoes’ differing electronic and print responses to Notice of Intent Exhibit O concerning these expenditures. Share Our Shoes provided an explanation for ninety-one (91) questioned expenditures and no explanation for thirty-two (32) questioned expenditures in the print or electronic version of their response. Neither version included the required sworn, notarized verification statement that records submitted were true, accurate, and complete to the knowledge of the person submitting them on behalf of the organization.
30. Share Our Shoes submitted copies of checks from the personal checking account of Jennifer Pierce for only the following repayments of personal expenditures identified in the Notice of Intent. Exhibit F is a copy of these checks.
 - a. Check Number 1031, dated April 14, 2010, in the amount of \$117.39, Memo “Ace

Reimburse SOS”

- b. Check Number 1032, dated April 14, 2010, in the amount of \$100.00, Memo “Reimburse SOS for personal”, check signed by Lynda Barton
 - c. Check Number 1048, dated June 7, 2010, in the amount of \$29.04, Memo “re-pay SOS (rugged warehouse)”
 - d. Check Number 1051, dated July 14, 2010, in the amount of \$125.00, Memo “pay back of transfer”
 - e. Check Number 1100, dated August 9, 2010, in the amount of \$182.26, Memo includes list of various small expenses
31. The Department through CSL finds that there is insufficient evidence to verify that all identified expenditures included on Exhibit C wherein Share Our Shoes notated on the electronic or paper version, “Jen Payrol- See attachment where payed [sic] in full,” were ever repaid to Share Our Shoes.
32. Share Our Shoes submitted a fully executed promissory note signed on March 15, 2011 wherein Jennifer Pierce agrees to repay Share Our Shoes three thousand eight hundred dollars (\$3,800.00) over a period of forty weeks at an interest rate of four percent (4%). Exhibit G is a copy of this promissory note.
33. Share Our Shoes submitted an earnings statement dated December 30, 2011 for Jennifer Pierce generated by Share Our Shoes payroll processor, ADP. This earnings statement indicates that as of the period ending December 23, 2011 Ms. Pierce had received fifty-nine thousand eight hundred seventy-four dollars and thirty-two cents (\$59,874.32) during 2011 in “gross pay”. Ms. Pierce’s earnings statement indicates that her gross pay had been reduced

by three thousand dollars (\$3,000) year to date for “Loan”. Exhibit H is a copy of this pay stub.

34. On February 27, 2012, Share Our Shoes submitted a notarized, verified response to the February 17, 2012 supplemental records request concerning contributions of shoes and medical supplies received from Bob Barker Company, Inc. in 2010 and 2011.
35. Information obtained from Bob Barker Company, Inc. indicates that the corporation’s “Intended Cause” for these items was “Tsunami/Nashville floods”. Exhibit I is a copy of this information.
36. Share our Shoes Board of Directors Meeting Minutes dated October 18, 2011 indicate that medical supplies donated by Bob Barker Company, Inc. in May 2011 were sold by Jennifer Pierce’s brother who was allowed to keep the proceeds. Ms. Pierce has since publicly stated that the medical supplies referenced in these minutes were donated to Share Our Shoes by Bob Barker Company, Inc. and has confirmed that her brother did in fact keep a portion of the proceeds from the sale of those medical supplies.
37. In addition, Ms. Pierce provided the following information quoted directly from her response regarding these medical supplies.

“We also had a fundraiser with the items, where we tried to sell some to maintain, being able to afford distributing them. That didn’t go very well, and didnt support the efforts (More details in attached logs of prior request) This fundraiser was with a David Patrick Lunt and was handeled by Miss. Veronica Scott (former employee of Share Our SHOes) Share Our Shoes also decided to try to maximise the use of these items by the return of some of the Prilocec to Wal-Mart in order to fund our 2011 Back School ShoeMania. The medical items have assisted in many ways. The ShoeMania served over 6000 School children needing shoes. We also traded items with Salvation Army for items we were lacking (Baby Items) and gave them items they were lacking. Same with the Healing Place of Raleigh. (Barret Joyner).”

38. Share Our Shoes failed to respond appropriately to all requests for information in the Notice of Intent by failing to provide complete responses and by failing to submit sworn, notarized

verification statements that records submitted were true, accurate, and complete to the knowledge of the person submitting them on behalf of the organization.

39. Based upon a preponderance of the evidence in this matter as of the date of filing of this Administrative Order, Share Our Shoes has only one remaining member of the Board of Directors, Elvia Gerdes.
40. Based upon a preponderance of the evidence in this matter, Share Our Shoes has failed to provide sufficient information to substantiate that monetary contributions and proceeds from the sale of goods donated to the organization were expended in a manner substantially consistent with the charitable purpose for which they were solicited.
41. Based upon a preponderance of the evidence in this matter, Share Our Shoes has failed to provide sufficient information to verify that in-kind contributions received from Bob Barker Company, Inc. in 2010 and 2011 were applied in a manner substantially consistent with the charitable purpose for which they were solicited.

Based upon the foregoing findings of fact, the Department concludes as follows:

CONCLUSIONS OF LAW

1. The Department possesses jurisdiction over the subject matter of this Order of Intent to Revoke Charitable Solicitation License and the Respondent. N.C.G.S. §131F et. seq.
2. The Department through CSL has the authority to conduct investigations into matters where it is alleged or appears that the Charitable Solicitation Act, any relevant Rule, or any Order has been violated. N.C.G.S. §131F-23(a)
3. The Department through CSL may impose one or more of the penalties listed in N.C.G.S. §131F-23(e) upon a charitable organization that has violated any of the provisions of the

Charitable Solicitation Act or relevant Rules in the North Carolina Administrative Code.
N.C.G.S. §131F-23(d)

4. Share Our Shoes has failed to apply contributions in a manner substantially consistent with the purpose for which they were solicited; therefore, Share Our Shoes has violated the Charitable Solicitation Act. N.C.G.S. §131F-20(18).
5. Share Our Shoes has refused or failed, after notice, to produce records or to disclose information required to be disclosed under this Chapter or the rules adopted by the Department; therefore, Share Our Shoes has violated the Charitable Solicitation Act. N.C.G.S. §131F-23(d)(3).

Based upon the foregoing findings of fact and conclusions of law, the Department hereby enters the following:

ORDER

1. Share Our Shoes' charitable solicitation license is hereby REVOKED and CANCELLED.
2. Share Our Shoes shall immediately cease and desist soliciting contributions/donations, including both monetary donations and the donations of goods or services. All mailings, should there be any, or any other means of soliciting contributions, directly or indirectly, including electronic media such as the organization's webpage or any other electronic postings for Share Our Shoes must likewise comply with the requirements of this Order.
3. This ORDER takes effect upon receipt by Share Our Shoes.
4. The Department reserves the right to assess additional penalties in this matter pursuant to its enforcement authority delineated in N.C.G.S. §131F-23 or in its capacity to refer matters to the North Carolina Attorney General delineated in N.C.G.S. §131F-24.

This Order constitutes the Final Finding of the Department in this matter and may be appealed to the Office of Administrative Hearings in accordance with the Notice of Appeal Rights included with this ORDER.

SO ORDERED, this the 6th day of March, 2012.

NORTH CAROLINA DEPARTMENT OF THE SECRETARY OF STATE
CHARITABLE SOLICITATION LICENSING DIVISION

By: 
Heather L. Black, Director



**State of North Carolina
Department of the Secretary of State**

**Elaine F. Marshall
Secretary of State**

Charitable Solicitation Licensing Division

NOTICE OF APPEAL RIGHTS

Pursuant to Chapter 150B of the North Carolina General Statutes, if you wish to appeal the Department's decision set forth in the enclosed Order, you must file a Petition for a Contested Case Hearing at the Office of Administrative Hearings (OAH). Beginning on October 1, 2009, OAH is charging a filing fee for certain types of cases. The fee is payable at the time the Petition is filed. Additional details will be posted on the OAH website, www.ncoah.com, as the Rules concerning the filing fee are established. Further information related to OAH proceedings, including a form Petition and other documents, may also be accessed from the website or by writing to OAH at the following address:

Office of Administrative Hearings
6714 Mail Service Center
Raleigh, NC 27699-6714

The street address of OAH is as follows:

Office of Administrative Hearings
1711 New Hope Church Road
Raleigh, NC 27609

OAH Phone Number: 919-431-3000
OAH Fax Number: 919-431-3100

Under relevant provisions of N. C. Gen. Stat. § 150B-23(f), you have **sixty (60) days from the mailing date of the enclosed letter and Order** to appeal. If you do not appeal within the time set forth under North Carolina law, you will likely be forever barred from contesting the Order as the statute of limitations will have run. **If you appeal, your Petition for a Contested Case Hearing must be served on the authorized agent of the Secretary of State, who is Ann Wall, General Counsel to the NC Department of State, PO Box 29622, Raleigh, NC 27626-0622. Service on CSL or any of its employees is not proper service.**