

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

THE PEOPLE OF THE STATE OF ILLINOIS *ex rel.* LISA
MADIGAN, Attorney General of Illinois,)

Plaintiff,)

vs.)

CHRISTOPHER ZORICH, both individually and in his capacity
as trustee of the CHRISTOPHER ZORICH FOUNDATION, an
Illinois Charitable Trust, created January 6, 1994,)

Defendant.)

No. 12 CH 31767

CONSENT DECREE AND FINAL JUDGMENT
AS TO DEFENDANT CHRISTOPHER ZORICH

The PEOPLE OF THE STATE OF ILLINOIS *ex rel.* LISA MADIGAN, Attorney General of Illinois, having filed a Verified Complaint (the "Complaint") against Defendant CHRISTOPHER ZORICH, both individually and in his capacity as trustee of the CHRISTOPHER ZORICH FOUNDATION, an Illinois charitable trust created January 6, 1994; and Defendant CHRISTOPHER ZORICH having agreed to the entry of this Consent Decree and Final Judgment in order to settle all matters raised in this litigation as they pertain to him; the Court being fully advised in the premises, and after due deliberation and sufficient cause appearing therefore:

IT IS HEREBY AGREED, STIPULATED, AND FOUND THAT:

1. This Court has jurisdiction over the subject matter and over the parties herein.
2. This Consent Decree And Final Judgment is entered into by the agreement of the Plaintiff the PEOPLE OF THE STATE OF ILLINOIS *ex rel.* LISA MADIGAN, Attorney General of Illinois and Defendant CHRISTOPHER ZORICH (hereinafter "ZORICH").
3. The Illinois Attorney General, acting on behalf of the PEOPLE OF ILLINOIS and in the interests of this State, commenced these proceedings pursuant to the authority granted to the Attorney General under the Charitable Trust Act (760 ILCS 55/1 *et seq.*) and her common-law powers and duties as the PEOPLE's legal representative with respect to the PEOPLE's beneficial interest as ultimate beneficiaries of charitable organizations and property solicited and held for charitable purposes.
4. The CHRISTOPHER ZORICH FOUNDATION (hereinafter "CZF") is an Illinois charitable trust created by an irrevocable trust agreement, dated January 6, 1994, for exclusively charitable purposes; holds assets for charitable purposes; and is a charitable trust under the common law and as described and governed under the Illinois Charitable Trust Act (760 ILCS 55/1 *et seq.*).
5. Defendant ZORICH agrees and stipulates that:
 - a. From CZF's inception on January 6, 1994 through the present, Defendant ZORICH was a trustee of CZF as that term is defined under the common law and as defined and governed under the Charitable Trust Act;



- b. From CZF's inception on January 6, 1994 through the present, CZF solicited, received, and/or held substantial charitable contributions from the public under representations that contributions to CZF would be used for charitable purposes, including:
 - i. Providing food, clothing and/or other benefits to needy women, children and families in the Chicago metropolitan area; and
 - ii. Providing tuition assistance and/or other financial assistance for needy Chicago-area students from Illinois who attend the University of Notre Dame in South Bend, Indiana;
 - c. Defendant ZORICH failed to maintain CZF's registration with the Illinois Attorney General by, among other things, failing to file CZF's annual financial reports as required by Section 7 of the Charitable Trust Act;
 - d. CZF's registration with the Attorney General was cancelled on December 5, 2000;
 - e. Defendant ZORICH continued to solicit and receive substantial contributions from the public for CZF after CZF's registration with the Attorney General was cancelled on December 5, 2000 and while CZF remained unregistered; and
 - f. Defendant ZORICH failed to account or otherwise submit to the Attorney General and CZF financial reports or documents relating to any time subsequent to the period ending May 31, 2002, and that CZF never re-registered.
6. Defendant ZORICH further agrees and stipulates that:
- a. During the period from May 31, 2002 through December 31, 2011, CZF maintained various accounts at The Northern Trust Company, a banking institution doing business in Illinois (hereinafter "Northern"), including account numbers 4364961, 5925835, 6130000574, and 6050065039 (hereinafter the "CZF Accounts"), where contributions to CZF and other CZF assets were deposited and held;
 - b. As of May 31, 2002, CZF held \$925,332 in net assets;
 - c. During the period from May 31, 2002 through December 31, 2011, deposits and interest earned on CZF account numbers 4364961, 5925835, 6130000574, and 6050065039 at Northern totaled \$549,029 (exclusive of any inter-account transfers); and
 - d. CZF therefore collectively held a total of \$1,474,361 from May 31, 2002 through December 31, 2011 (\$1,474,361 being the sum of the \$925,332 CZF held as of May 31, 2002 and the additional \$549,029 it received from June 1, 2002 through December 31, 2011).
7. Defendant ZORICH further agrees and stipulates that:
- a. As of December 31, 2011, Defendant ZORICH continued to maintain only three CZF Accounts at Northern (account numbers 4364961, 6130000574, and 6050065039) - CZF account number 5925835 at Northern was closed in 2004;
 - b. As of December 31, 2011, said three remaining CZF Accounts at Northern (account numbers 4364961, 6130000574, and 6050065039) held balances totaling only \$654,383;
 - c. Based on CZF records obtained by Plaintiff from banks, credit card companies and from Defendant ZORICH, during the period from June 1, 2002 through December 31, 2011, \$471,531 of CZF Funds was spent for costs and expenses incurred in the normal operation of CZF and/or otherwise used for charitable purposes; and
 - d. Defendant ZORICH has therefore accounted for his use of \$1,125,914 of the total \$1,474,361 that CZF received and/or held during the period May 31, 2002 through December 31, 2011 (\$1,125,914 being the sum of the \$654,383 still remaining in the CZF Accounts at Northern and the \$471,531 spent on costs and expenses incurred in the normal operation of CZF and/or otherwise used for charitable purposes).



8. The Attorney General's Complaint, in addition to the other relief sought, seeks to have Defendant ZORICH surcharged at equity for the amounts of CZF expenditures for which he is unable to fully account and show proper charitable use.
9. Defendant ZORICH further agrees and stipulates that he knows of no outstanding obligations or liabilities owed by CZF and that he has cooperated with the Attorney General and has provided all CZF records in his possession and/or control to the Attorney General in an effort to account for the use of CZF funds.
10. Defendant ZORICH agrees and stipulates that the Attorney General has determined that the documents provided by Defendant ZORICH are not sufficient to provide a full and complete account of all of the charitable funds held by CZF during the period May 31, 2002 through the present, and further agrees and stipulates that the Attorney General has determined that there are CZF charitable funds in the amount of \$348,447 for which Defendant ZORICH has failed to account.
11. Defendant ZORICH denies that he misused any of the \$348,447 in unaccounted for CZF charitable funds; however, Defendant ZORICH agrees and stipulates that he is currently unable to account for his use of said \$348,447 and/or show that such \$348,447 was properly expended for the charitable purposes of CZF.
12. Defendant ZORICH desires to resolve the above-captioned matter without protracted litigation and Plaintiff PEOPLE and Defendant ZORICH have therefore agreed to the entry of this Consent Decree and Final Judgment under the terms set forth below.

IT IS HEREBY AGREED, ORDERED, ADJUDGED AND DECREED THAT:

- A. Defendant ZORICH hereby agrees, and it is hereby Ordered, that pursuant to Sections 5(c) and 16(b) of the Charitable Trust Act (760 ILCS 55/5(c) and 55/16(b)):
 1. Defendant ZORICH is hereby removed as a trustee of CZF; and
 2. Defendant ZORICH shall immediately close any and all remaining CZF Accounts at The Northern Trust Company --- including but not limited to account numbers 4364961, 6130000574, and 6050065039 --- and shall immediately deliver to the Office of the Attorney General, Charitable Trusts Bureau, payment(s) totaling any and all remaining monies held in said accounts at closing but at least \$654,383, by certified check(s) or like tender, made payable to the "Attorney General's State Projects and Court Ordered Distribution Fund" and by action the CZF charitable trust shall be terminated; and
 3. Defendant ZORICH shall, upon the closing of said accounts at the Northern Trust Company and the delivery of all remaining CZF assets to the Attorney General as set forth above, be permanently enjoined from acting as a charitable "trustee" as that term is defined in Section 3 of the Charitable Trust Act (760 ILCS 55/3) and Section 1(n) of the Solicitation for Charity Act (225 ILCS 460/1(n)), and from otherwise having any direct or indirect custody or control of charitable assets in Illinois in any manner whatsoever, including but not limited to assets of any Illinois charitable organization and/or any assets solicited for charitable purposes in Illinois or from Illinois residents; however, this Paragraph shall not prevent Defendant ZORICH from being employed by and/or volunteering for any charitable organization in such capacity that does not violate the terms of this Paragraph;



- B. Defendant ZORICH and the Attorney General hereby agree, and it is hereby Ordered, that pursuant to the doctrine of equitable deviation and/or *cy pres*, any and all CZF assets – including but not limited to the at least \$654,383 being transferred to the Attorney General as set forth in Paragraph A above – shall be deposited into the Attorney General's State Projects and Court Ordered Distribution Fund and held therein for distribution to such *bona fide* Illinois charitable organization(s), incorporated and engaged in providing food, clothing and/or other benefits to needy women, children and families in the Chicago metropolitan area, as the Attorney General, in her sole discretion, shall select;
- C. Defendant ZORICH hereby agrees, and it is hereby Ordered, that based on Defendant ZORICH's inability to account for his use of \$348,447 of CZF assets while serving as a charitable trustee of CZF during the period May 31, 2002 through December 31, 2011 as set forth above, Defendant ZORICH is subject to an equitable surcharge for such unaccounted funds and an equitable surcharge judgment is hereby entered in favor of the Plaintiff and against Defendant ZORICH in the amount of \$348,447 (hereinafter the "\$348,447 Judgment");
- D. Defendant ZORICH and the Attorney General hereby agree, and it is hereby Ordered, that any and all monies paid by Defendant ZORICH in satisfaction of the \$348,447 Judgment entered herein shall be deposited into the Attorney General's State Projects and Court Ordered Distribution Fund and held for *cy pres* distribution to the University of Notre Dame to be used to provide tuition assistance and/or other financial assistance for needy Chicago-area students from Illinois who attend the University of Notre Dame in South Bend, Indiana;
- E. Defendant ZORICH hereby agrees, and it is hereby Ordered, that Defendant ZORICH shall not seek to discharge any part of the \$348,447 Judgment entered herein in bankruptcy for a period of ten (10) years from the date of the entry of this Consent Decree And Final Judgment;
- F. Defendant ZORICH hereby agrees, and it is hereby ordered, that Defendant ZORICH shall satisfy the above \$348,447 Judgment as follows:
1. Beginning on the fifteenth (15th) day of the first (1st) month immediately following the entry of this Consent Decree And Final Judgment, and continuing on the fifteenth (15th) day of each month thereafter for twenty-four (24) successive months, Defendant ZORICH shall deliver to the Attorney General's Charitable Trusts Bureau a monthly payment of no less than \$2,500 by certified/bank check(s) or like tender, made payable to the "Attorney General's State Projects And Court Ordered Distribution Fund";
 2. Beginning on the fifteenth (15th) day of the twenty-fifth (25th) month following the entry of this Consent Decree And Final Judgment, and continuing on the fifteenth (15th) day of each successive month thereafter through the eighty-fourth (84th) month following the entry of this Consent Decree And Final Judgment, Defendant ZORICH shall deliver to the Attorney General's Charitable Trusts Bureau a monthly payment of no less than \$1,000 by certified/bank check(s) or like tender, made payable to the "Attorney General's State Projects And Court Ordered Distribution Fund";
 3. So long as Defendant ZORICH timely makes each of the payments as set forth in Paragraphs D(1) and D(2) above no interest shall accrue on the \$348,447 Judgment during the first eighty-four (84) months following the entry of this Consent Decree and Final Judgment;



4. If Defendant ZORICH fails to timely make any of payments set forth in Paragraphs D(1) and D(2) above, then the entire remaining unpaid balance of the \$348,447 Judgment as of the date of said failure shall immediately and irrevocably become due and owing, Plaintiff may immediately act to execute and collect thereon, and the interest on any remaining unpaid balance of the \$348,447 Judgment shall be computed and charged at the rate of 9% per annum in accordance with 735 ILCS 5/2-1303 (hereinafter the "statutory rate") from the date of the entry of this Consent Decree and Judgment; and
 5. Beginning on the fifteenth (15th) day of the eighty-fifth (85th) month following the entry of this Consent Decree And Final Judgment, any remaining unpaid balance of the \$348,447 Judgment as of that date shall become due and owing and Plaintiff may thereafter act to execute and collect thereon. Interest on any remaining unpaid balance of the \$348,447 Judgment then due shall accrue at the statutory rate beginning from the fifteenth (15th) day of the eighty-fifth (85th) month following the entry of this Consent Decree And Final Judgment;
- G. Nothing in Paragraph F above shall prevent the Parties from modifying the payment schedule set forth therein. Any modification request on behalf of ZORICH's shall be presented to the Attorney General accompanied by financial records and other documentation sufficient to establish to Plaintiff's satisfaction (a) Defendant ZORICH's then current financial position; (b) Defendant ZORICH's ability to pay any remaining unpaid balance of the \$348,447 Judgment then due; and (c) that Defendant ZORICH had previously used his best efforts to pay off as much of the \$348,447 Judgment as he could (e.g., from time to time as his financial position allowed, Defendant ZORICH paid more than the minimum payments due pursuant to Paragraphs F(1) and/or F(2) above).
- H. Defendant ZORICH hereby agrees, and it is hereby Ordered, that if at any time subsequent to the entry of this Consent Decree And Final Judgment, Defendant ZORICH is found after hearing to have violated any of the provisions of Paragraph A(3) of this Consent Decree And Final Judgment, the Plaintiff, the PEOPLE OF THE STATE OF ILLINOIS, shall, upon such finding by the Chancery Division of the Circuit Court of Cook County, Illinois, be entitled by the irrevocable agreement of Defendant ZORICH to a Stipulated Penalty in the form of a Judgment in favor of the Plaintiff PEOPLE and against Defendant ZORICH in the amount of \$1,000 (hereinafter a "\$1,000 Judgment") for each violation, and any such \$1,000 Judgment shall be in addition to any and all applicable judgments, surcharges, forfeitures, fines and/or penalties as appropriate and as provided for under the provisions of the Charitable Trust Act (760 ILCS 55/1 *et seq.*) and/or the Solicitation For Charity Act (225 ILCS 460/1 *et seq.*), and shall further be in addition to any other and further relief as the Court deems appropriate for said violations, including but not limited to money damages for contempt of court;
- I. Defendant ZORICH hereby further agrees, and it is hereby Ordered, that the \$1,000 Judgment referred to in Paragraph H above as relief for each and every violation of Paragraph A(3) herein, shall not require any proof of further loss and shall be entered by the Court upon a finding that Defendant ZORICH violated Paragraph A(3);
- J. Nothing contained in this Consent Decree And Final Judgment shall be construed to limit in any manner the Attorney General's common-law or statutory powers and duty to protect charitable assets and property in Illinois, or her authority to investigate and/or take any and all additional action necessary to enforce the laws of the State of Illinois pertaining to individuals and/or entities soliciting, receiving, and/or holding charitable assets in any manner whatsoever in Illinois; and



K. This matter is hereby dismissed; however, this Court retains jurisdiction of this cause for the purposes of enforcement of this Consent Decree And Final Judgment.

AGREED TO:

PEOPLE OF THE STATE OF ILLINIOS *ex rel.*
LISA MADIGAN, Attorney General of Illinois,

BY:

Therese Harris
Assistant Attorney General

CHRISTOPHER ZORICH, individually and as
trustee of the Christopher Zorich Foundation,

BY:

Matthew A. Rybak
Christopher Zorich or one of his Attorneys

ENTER: _____

JUDGE

DATE: _____

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