

**1. *What was the sentence imposed by the court at the conclusion of the case against Child Foundation?***

Child Foundation was sentenced to a fine of \$50,000, and a probationary period of two years in which it must meet special conditions set forth by the court.

**2. *What are the special conditions that CF must meet during the two- year probationary period?***

In order to meet the special conditions set forth by the court, Child Foundation must comply with the following requirements for the next two years:

- Pay the fine in not less than \$2000/month installments,
- Receive approval from the Office of Foreign Asset Control (OFAC) for all transactions with Iran,
- Send a notice to donors informing them of the criminal case and result (within 60 days),
- Submit a compliance program to the court, and
- Authorize the release of all financial information to the US probation officer.

**3. *How will CF pay the fine?***

Child Foundation will pay the fine in monthly installments of \$2,000/month with no interest until the full \$50,000 fine is paid in full. These payments will be made from CF's general operating account, and will not impact CF's sponsorship program funds.

**4. *How do I know I can trust Child Foundation?***

CF was registered in the United States over 17 years ago. Since that time, we have assisted over 12,000 children and youth in improving their lives. Currently we are helping about 3000 children continue their education so they may overcome poverty. To provide transparency to all stakeholders, all of our financial reports and tax filings are available online on our website.

All of our sponsors know where their donations go, since we provide them with the name and files of the children they sponsor. Twice a year, our sponsors receive updates about the latest news and condition of their sponsored children. We also facilitate communications between sponsors and their children through written correspondence, telephone calls, and even supervised in-person visits. Often this is a great source of support for the children, who also may write letters and send pictures to their sponsor as well.

Child Foundation is an independent, non-religious, non-political charity organization focusing on helping children in need. The majority of these children are in Iran. Our sister organization in Iran, Refah Koodak (RK), is registered with the Ministry of Interior as an independent Charity Organization in Iran. RK has also received consultancy status from the United Nations Economic and Social Council.

RK is audited every year by an independent monitoring organization, SGS, which is based in Switzerland. The independent audit by SGS verifies RK's compliance with best accounting practices and NGO benchmarking standards. A copy of RK's independent audit certification from SGS is available online at: <http://childf.com/WebSite/WebPages/Benchmark.aspx#>

**5. *Why did CF agree to plead guilty to these charges and pay a \$50K fine?***

After consulting with attorneys and considering all the available options, CF pled guilty to being vicariously liable for the acts admitted to by its former President in violation of US sanctions against Iran. CF agreed to plead guilty to a single count of violating the law, rather than spending hundreds of thousands of dollars in additional legal fees to defend our case at trial. None of the allegations admitted by Child Foundation or its former President involved the mismanagement or misuse of funds for any improper purpose – all charitable contributions to Child Foundation intended for Iran were used to provide food to sponsored children.

Though the prosecutors sought a sentence of \$125,000 fine and four years of probation against CF, the judge found that unwarranted, and imposed a lesser fine of \$50,000, and two years probation. The court specifically found that there was no evidence that Child Foundation had ever supported the Iranian government, and that CF had acted at all times with a humanitarian purpose.

**6. *How does CF ensure that its current sponsorship programs in Iran do not violate US sanctions?***

The US economic sanctions and the system of related export control laws currently in force against Iran are complex. Therefore, CF has retained attorneys with appropriate expertise and experience in Office of Foreign Asset Control (OFAC) compliance matters. In consultation with our attorneys, CF has developed and implemented specific Legal Guidelines for CF's Iranian Child Sponsorship Program.

In general, US persons (including organizations incorporated within the U.S., such as Child Foundation) are prohibited by law from transferring funds, goods or services to individuals or entities located in Iran. However, there is an exception to this prohibition for donations of articles intended to relieve human suffering (such as food, clothing and medicine). Thus, in order to comply with US law, CF transfers food items (only) to an Iranian non-governmental organization. The Iranian NGO in turn distributes the food to CF's sponsored children in Iran. CF also discloses its activities to OFAC and seeks specific licenses for Iranian transactions.

In order to ensure that CF's Iranian child sponsorship program is fully compliant with OFAC trade restrictions and sanctions, CF deals exclusively with the non-governmental organization, Refah Koudak (RK), in Iran. The terms of CF's agreement with RF to provide humanitarian assistance to Iranian children are set forth in a detailed written Memorandum of Understanding (MOU). CF staff and Board are prohibited from providing or receiving funds, goods, or services to/from any private person or entity located within Iran, other than with RK in accordance with the MOU. In addition, CF staff and Board are prohibited from providing or receiving funds, goods or services of any kind from any office or agent of the Iranian government.