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**BEFORE THE
ATTORNEY GENERAL OF CALIFORNIA**

In the Matter of the Order to Cease and Desist,
Revocation of California Charity Registration and
Assessment of Penalties Against:

FOOD FOR THE POOR, INC.,

Respondent.

Case No. 2018-CT086331

- 1. FIRST AMENDED ORDER TO CEASE AND DESIST;**
- 2. NOTICE OF REVOCATION OF CHARITY REGISTRATION**
- 3. NOTICE OF ASSESSMENT OF PENALTIES**

FOOD FOR THE POOR, INC. ("Food for the Poor"), is ordered to immediately CEASE AND DESIST from including the "95% Statement" in its solicitations to California donors (or other percentages of combined cash and non-cash donations used for programs) as referenced in paragraphs 19 through 24 of this Order/Notice. (Gov.Code, § 12591.1, subd. (b).). This order applies to Food for the Poor, its officers, directors, employees and all persons or entities acting on its behalf.

The Registrar of the Attorney General's Registry of Charitable Trusts ("AG's Registry") also intends to revoke the charity registration of Food for the Poor. As of April 11, 2018, unless a timely appeal is filed, Food for the Poor, its officers, directors, employees, agents and all persons or entities acting on its behalf are prohibited from engaging in any act for which registration with the AG's Registry is required, including the solicitation of charitable assets. The revocation is based on the findings stated in this Order and Notice.

PURSUANT TO CODE OF REGULATIONS, TITLE 11, SECTION 999.9.4, UPON

1 REVOCATION OF YOUR REGISTRATION, YOU MAY NOT CONDUCT BUSINESS IN
2 CALIFORNIA, INCLUDING THE SOLICITATION OF CHARITABLE ASSETS BY ANY
3 MEANS.

4 I.

5 FINDINGS

6 A. Jurisdiction

7 1. The Attorney General, Xavier Becerra (“the Attorney General”), is the duly elected
8 Attorney General of the State of California and is authorized to issue a cease and desist order,
9 revoke a charity registration, and assess penalties for violating the provisions of the Supervision
10 of Trustees and Fundraisers for Charitable Purposes Act (Gov. Code, § 12580 et seq.) (“The
11 Charity Supervision Act”).

12 2. Food for the Poor was incorporated in the State of Florida in 1982 and is exempt from
13 taxation under section 501(c)(3) of the Internal Revenue Code. Its principal place of business is
14 Coconut Creek, Florida. Pursuant to its amended Articles of Incorporation, its charitable purpose
15 is to improve the health, economic and social conditions of the poor throughout the world.

16 3. From 2012 through 2015, Food for the Poor conducted substantial charitable solicitation
17 activity in California, collecting over \$38,598,000 in over 727,700 donations from California
18 donors. This activity required Food for the Poor to be registered with the AG’s Registry pursuant
19 to the provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act
20 (Gov. Code, § 12580 et seq.) (“The Charity Supervision Act”). Further, as a charitable
21 organization soliciting in California, Food for the Poor was, and is, subject to the provisions of
22 the Charity Supervision Act regarding mandatory annual reporting, truthfulness in its
23 solicitations, and other provisions. Food for the Poor applied for registration in 1992 and was
24 assigned registration CT 086331. Food for the Poor has continuously operated in California since
25 that time.

26 B. Background

27 4. One of Food for the Poor’s charitable programs is to facilitate shipments of donated
28 goods, such as pharmaceuticals, food, and clothing to developing countries primarily in the

1 Caribbean, Latin America, and South America. From at least 2012 through 2015, other United
2 States charities (also referred to herein as “Charity A’s”) received pharmaceutical donations from
3 U.S. pharmaceutical companies and then partnered with Food for the Poor to deliver them
4 overseas. Typically, the transactions occurred as follows:

- 5 • U.S. pharmaceutical company offered Charity A donation of large quantities of
6 pharmaceuticals, many of which were close to expiration;
- 7 • Charity A advised Food for the Poor of the available pharmaceuticals, quantities, and
8 expiration dates either before or after the Charity A received them from the
9 pharmaceutical company;
- 10 • Food for the Poor advised one of its foreign-organization “beneficiaries” of the available
11 pharmaceuticals and the foreign organization accepted or rejected the offer;
- 12 • Food for the Poor notified the Charity A of the foreign organization’s acceptance;
- 13 • The drugs were shipped from the Charity A’s warehouse to the selected foreign-end
14 recipient.

15 5. The U.S. pharmaceutical company donors prohibited the pharmaceuticals from being
16 distributed and used in the United States. According to Food for the Poor, “[i]t is known by our
17 industry that the pharmaceutical donations should be exported outside of the United States as to
18 not damage the manufacturers [sic] market.”

19 **C. Food for the Poor’s Filing of False IRS Forms 990 and Forms RRF-1 with**
20 **The AG’s Registry – Its Overvalued Pharmaceutical Donations**

21 6. Charities that solicit in California, like Food for the Poor, are required to file, with the
22 AG’s Registry, an annual financial report (Form RRF-1) and a copy of the annual informational
23 return filed with the IRS, called the IRS Form 990. (Gov. Code section 12581, 12582.1, 12586,
24 Cal. Code Regs., tit. 11, §§ 301-306.) Both forms are required to be signed under penalty of
25 perjury. Forms RRF-1 and IRS Forms 990 are public documents and the copies filed by
26 registered charities are publicly available on the Attorney General’s website.

27 7. True and correct copies of the IRS Forms 990 for years ended December 31st in 2012,
28 2013, 2014 and 2015 that Food for the Poor filed with the AG’s Registry are attached to this

1 Notice as Exhibits 1, 2, 3, and 4, respectively. True and correct copies of the Forms RRF-1 for
2 years ended December 31st in 2012, 2013, 2014 and 2015 that Food for the Poor filed with the
3 AG's Registry are attached as Exhibits 5, 6, 7, and 8, respectively.

4 8. Many charities, including Food for the Poor, also make their IRS Forms 990 available
5 on their own websites. They are widely available on the charity informational website hosted by
6 GuideStar, through links on the websites of organizations that rate and/or accredit charities (like
7 Charity Navigator), and through links to Food for the Poor's website in the Combined Federal
8 (employee giving) Campaign and California's "Our Promise" state employee giving campaign.
9 Charity regulators advise potential donors to do their due diligence and research charities before
10 making donations. Donors are told to review a charity's IRS Form 990 to see how much is spent
11 on charitable programs versus fundraising and overhead.

12 9. California law requires charities that solicit donations in California to follow Generally
13 Accepted Accounting Principles ("GAAP") in their financial reporting. (Bus. & Prof. Code,
14 §17510.5, subd. (a).) GAAP refers to the set of accounting principles established by the Financial
15 Accounting Standards Board ("FASB"). The FASB Accounting Standards Codification ("ASC")
16 is the single authoritative source of GAAP for nongovernmental organizations in the United
17 States.

18 10. Under GAAP, charities can only claim the "fair market value" of gifts in kind, which is
19 defined as "the price that would be received to sell an asset or paid to transfer a liability in an
20 orderly transaction between market participants at the measurement date." (FASB ASC 820-10-
21 35-2.) GAAP also requires charities to use the "principal market" in valuing assets or, in the
22 absence of a principal market, the "most advantageous market" for the asset. (FASB ASC 820-
23 10-35-5.) Importantly, charities must have *access* to the principal or most advantageous market
24 in valuing the asset. (FASB ASC 820-10-35-6A.) For example, if a charity receives a donation
25 of pharmaceuticals from a U.S. pharmaceutical company that prohibits distribution in the U.S.,
26 then the U.S. is neither the principal nor the most advantageous market. The U.S. is *the*
27 *prohibited market*. Finally, "in the absence of evidence to the contrary, the market in which the
28 reporting entity normally would enter into a transaction to sell the asset or to transfer the liability

1 is presumed to be the principal market or, in the absence of a principal market, the most
2 advantageous market.”

3 11. Even though the pharmaceuticals were prohibited from being distributed in the U.S.,
4 and thus Food for the Poor had no access to the U.S. market, it nonetheless used the very high
5 U.S. market prices to value the pharmaceutical donations it *received* from Charity A’s (as
6 revenue) and donations of those pharmaceuticals it *sent* overseas (as program expense) instead of
7 the applicable, minimal international market prices. Food for the Poor then publicly reported
8 these overvalued donations year after year in the Forms RRF-1 and IRS Forms 990 it filed with
9 AG’s Registry. This resulted in the public dissemination of materially false figures for both
10 revenue and program expense, and numerous materially false figures in the Schedules F and M to
11 the IRS Forms 990.¹

12 12. The appropriate international prices for most of the pharmaceuticals at issue were
13 a fraction of the values Food for the Poor reported. Had Food for the Poor used appropriate
14 international market prices to value its pharmaceutical donations, its reported revenue and
15 program expense figures would have been markedly decreased. This is illustrated by the
16 following sample transactions:

- 17 • Food for the Poor 2012 shipment to Nicaragua: Food for the Poor valued the
18 pharmaceutical Simvastatin at \$924,671 (total) using U.S. prices; using appropriate
19 international prices, the total value was less than \$5,000;
- 20 • Food for the Poor 2013 shipment to Guatemala: Food for the Poor valued the
21 pharmaceuticals Ciprofloxacin and Tramadol at \$553,627 (total), using U.S. prices; using
22 appropriate international prices the total value was less than \$46,000.

23 13. The impact overvalued pharmaceuticals had on Food for the Poor’s reported revenue
24 and program expense was substantial given that pharmaceutical donations constituted the vast
25 majority of its reported revenue and program expense. For 2012 through 2015, Food for the Poor
26 reported annual revenue of \$900 million to \$1.16 billion. Pharmaceuticals and medical supplies

27 ¹ There were also materially false figures in the Schedule B to the Forms 990, which are
28 filed with the AG’s Registry, but not publicly disclosed.

1 comprised 54-71% of revenue. For those same years, Food for the Poor reported annual program
2 expense of \$859.47 million to \$1.12 billion, of which 56-73% was pharmaceuticals and medical
3 supplies distributed overseas. Food for the Poor's false representations in its Forms 990 for fiscal
4 years ended December 31, 2012 through December 31, 2015 (including Schedules B, F, and M)
5 constituted false or misleading statements in reports required to be filed with the AG's Registry
6 within the meaning of Government Code section 12591.1, subdivision (b)(2), California Code of
7 Regulations, title 11, section 999.9, subdivision (c).²

8 **D. Food for the Poor's Filing of False IRS Forms 990 with the AG's Registry – Its**
9 **Improper Shifting of Fundraising Expense to Program Expense**

10 14. In addition to Food for the Poor's false representations in its IRS Forms 990 and Forms
11 RRF-1 for 2012 through 2015 related to overvalued pharmaceuticals, it made other false
12 representations in its IRS Forms 990 related to an accounting concept called joint cost allocation.
13 Joint cost allocation is a method of allocating, i.e., "shifting," a charity's reported fundraising
14 expense over to program expense when the fundraising and program activities are conducted
15 together. This reduces a charity's reported fundraising costs, thus making it look better to
16 potential donors. But charities can only use joint cost allocation if they meet the specific criteria
17 of an accounting rule commonly referred to as Statement of Position ("SOP") 98-2 (FASB ASC
18 958-720-45).

19 15. Food for the Poor stated in its Forms 990 filed with the AG's Registry for FYE 2012
20 through 2015, at Part IX, Statement of Functional Expenses, that it was following SOP 98-2
21 (ASC 958-720) in reporting, in column (B), joint costs from a combined educational campaign
22 and fundraising solicitation. These representations were false because Food for the Poor failed to
23 comply with SOP 98-2 and was prohibited from allocating fundraising costs to program
24 expenditures. Specifically, Food for the Poor failed to meet the "audience" criterion required by
25 SOP 98-2. This criterion requires that the recipients of a solicitation be selected based on

26 ² Food for the Poor's inflated revenue due to overvalued pharmaceuticals also impacted its
27 executive compensation review. In 2015, its Board of Directors justified CEO Robin Mahfood's
28 increase in annual compensation to \$450,000 by comparing the compensation of executives of
other charities with billion-dollar revenues.

1 characteristics other than their donation history. Food for the Poor has admitted that it selected
2 the recipients of its solicitations “[b]ased on prior giving history.” This disqualified Food for the
3 Poor from using joint cost allocation in its IRS Forms 990.

4 16. For the years 2012 through 2015, the total fundraising expense Food for the Poor
5 improperly shifted to, and reported as, program expense was over \$23 million. Food for the
6 Poor’s false indications in its Forms 990 for fiscal years ended December 31, 2012 through
7 December 31, 2015 constituted false or misleading statements in reports required to be filed with
8 the AG’s Registry within the meaning of Government Code section 12591.1, subdivision (b)(2),
9 California Code of Regulations, title 11, section 999.9, subdivision (c).

10 **E. Food for the Poor’s Violations Related to its Audited Financial Statements**

11 17. Government Code section 12586, subdivision (e)(1), requires that organizations with
12 annual gross revenue of \$2 million or more prepare audited financial statements using generally
13 accepted accounting principles. Food for the Poor prepared audited financial statements for years
14 2012 through 2015, but they were not in compliance with GAAP. This was because each of those
15 financial statements used U.S. market prices to value Food for the Poor’s pharmaceutical
16 donations that were restricted for distribution and use outside the U.S. This violated GAAP as
17 well as Business and Professions Code section 17510.5.

18 18. In addition, the RRF-1 for years 2012 through 2015 that Food for the Poor filed with
19 the AG’s Registry falsely indicated that Food for the Poor prepared audited financial statements
20 according to GAAP. These representations constituted false or misleading statements in reports
21 required to be filed with the AG’s Registry within the meaning of Government Code section
22 12591.1, (b)(2), California Code of Regulations, title 11, section 999.9, subdivision (c).

23 **F. Food for the Poor’s Misrepresentations in its Charitable Solicitations**

24 19. In addition to its false IRS Forms 990, and Forms RRF-1, Food for the Poor’s
25 printed solicitation materials routinely including the following statement:

26 Our mailings cost so little, but do so much. Fundraising and other administrative costs
27 comprise less than 5% of our expenses; more than 95% of all donations go directly to
28 programs that help the poor.

EXPIRATION DATE

SIGNATURE

Would you like to receive our Food For The Poor weekly prayer via email?

EMAIL

(We never share your email address)

PHONE

Administrative Costs: 8%



Our mailings cost so little, but do so much. Fundraising and other administrative costs comprise less than 5% of our expenses; more than 95% of all donations go directly to programs that help the poor.



AR1212 / DM3372 12/13

Ministry Watch

BBB

When a project is funded, additional donations find the most urgent programs for the poor. Contributions are tax-deductible under Internal Revenue Code section 501(c)(3).

FOOD FOR THE POOR, INC. 6401 Lyons Road, Coconut Creek, FL 33073 • 900-487-1158 • www.FoodForThePoor.org

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20. True and correct copies of sample direct mail solicitations that included the above-referenced statement (hereinafter “the 95% Statement”), that were produced by Food for the Poor in the Attorney General’s audit, are attached as Exhibits 9 and 10.

21. The 95% Statement was deceptive because it included both cash and noncash donations. But noncash donations, including Food for the Poor’s overvalued pharmaceuticals, did not pay for any overhead or fundraising; only the cash donations did. The 95% Statement implies that 95% of cash and noncash donations will be used for direct aid and only a mere 5% of donations will be used for fundraising and salaries. That was false. Food for the Poor used only 66.2 % of cash donations for direct aid in 2013.

22. Likewise, in a 2015 fulfillment letter for radio call-in donations, Food for the Poor stated “Food for the Poor is the largest international relief and development organization in the nation. More than 95 percent of all donations go directly toward programs that help those in

1 need.” The 95% Statement implies that 95% of both cash and noncash donations will be used for
2 direct aid, which was false. In 2015, Food for the Poor used only 67.4% of cash donations for
3 programs.

4 23. Food for the Poor’s cash donations from California for the years 2012 through
5 2015 are as follows:

<u>Year</u>	<u>Dollars</u>	<u>#Donors</u>
2015	\$11,523,777	197,080
2014	\$ 9,881,218	187,760
2013	\$ 8,724,816	176,161
2012	\$ 8,469,137	166,761

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10 24. In sum, Food for the Poor sent solicitations with the 95% Statement to thousands
11 of Californians. The 95% Statement was unfair and deceptive and created a likelihood of
12 confusion or misunderstanding in the minds of potential donors who received solicitations with
13 the offending statement. These misrepresentations in a charitable solicitation campaign were
14 prohibited by Government Code section 12599.6.

15 **II.**

16 **GROUND FOR ISSUANCE OF THE CEASE AND DESIST ORDER**

17 25. Grounds for the issuance of a cease and desist order exist pursuant to California
18 Government Code section 12591.1, subdivision (b)(2); and California Code of Regulations, title
19 11, section 314, subdivision (a)(2), and section 999.6, subdivision (a)(2) because, as discussed in
20 paragraphs 1-16 and 18, above, Food for the Poor made material false statements in reports
21 required to be filed with the AG’s Registry.

22 26. Grounds for the issuance of a cease and desist order exist pursuant to California
23 Government Code section 12591.1, subdivision (b); and California Code of Regulations, title 11,
24 section 314, subdivision (a)(2), and section 999.6, subdivision (a)(2) because, as discussed in
25 paragraphs 1-17, above, Food for the Poor failed to prepare annual financial statements using
26 generally accepted accounting principles as required by Government Code section 12586,
27 subdivision (e)(1).

28 27. Grounds for the issuance of a cease and desist order exist pursuant to California

1 Government Code section 12591.1, subdivision (b)(4) and California Code of Regulations, title
2 11, section 314, subdivision (a)(4), because Food for the Poor's misrepresentations in its
3 solicitations, as discussed in paragraphs 1-16, 19-24, above, constituted "unfair or deceptive acts
4 or practices or engaging in any fraudulent conduct that creates a likelihood of confusion or
5 misunderstanding," in violation of Government Code section 12599.6, subdivision (f)(2).

6 **III**

7 **GROUND FOR REVOKING FOOD FOR THE POOR'S CHARITY**

8 **REGISTRATION WITH THE AG'S REGISTRY**

9 28. Government Code section 12598, subdivision (e)(1), and California Code of
10 Regulations, title 11, section 999.6, provide that the Attorney General may revoke the registration
11 of a charitable corporation for violations of the Charity Supervision Act.

12 29. Food for the Poor violated the Charity Supervision Act by filing, and making available
13 to the public, false and misleading IRS Forms 990, which are required to be filed with the AG's
14 Registry. (Paragraphs 1-17, above; Gov. Code, § 12591.1 subd. (b)(2).)

15 30. Food for the Poor violated the Charity Supervision Act by filing, and making available
16 to the public, false and misleading Forms RRF-1, which are required to be filed with the AG's
17 Registry. (Paragraphs 1-13, 18, above; Gov. Code, § 12591.1 subd. (b)(2).)

18 31. Food for the Poor violated the Charity Supervision Act by making representations in its
19 solicitations to California donors that were false and deceptive, and created a likelihood of
20 confusion or misunderstanding. (Paragraphs 1-16, 19-24; Gov. Code, §§ 12591.1, subd. (b)(4),
21 12599.6, subd. (f)(2).)

22 32. Food for the Poor violated the Charity Supervision Act by failing to prepare annual
23 financial statements using generally accepted accounting principles. (Paragraphs 1-17, above;
24 Gov. Code, §§ 12586, subd. (e)(1).)

25 33. The revocation of Food for the Poor's California charity registration with the AG's
26 Registry is necessary and appropriate pursuant to Government Code section 12598, subdivision
27 (e)(1) and California Code of Regulations, title 11, section 999.9, subdivisions (b), (c), and (e).

28 **IV.**

ASSESSMENT OF PENALTIES

34. Pursuant to Government Code section 12591.1, subdivision (c), and California Code of Regulations, title 11, sections 315 and 999.6, subdivision (a)(3), the Attorney General may assess a penalty of up to \$1,000 for each act or omission constituting a violation of the Charity Supervision Act or Chapter 4 of Division 1 of title 11 of the California Code of Regulations. The assessment of penalties is in addition to all other remedies available to the Attorney General and the Attorney General reserves the right to assert all other remedies. The Attorney General assesses the following penalties:

	VIOLATION	AMOUNT
a.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for fiscal year ended [FYE] 12/31/2012), by stating, in Part I Summary, contributions and grants received (revenue) as \$899,936,574. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
b.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2012), by stating, in Part I Summary, total grants and similar amounts paid as \$827,570,023. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
c.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2012) by stating, in Part VIII Statement of Revenue, noncash contributions as \$791,180,405. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00

1	d.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2012), by stating, in Part IX Statement of Functional Expenses, grants and other assistance to governments, organizations and individuals outside the United States as \$827,466,918. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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8	e.	Food for the Poor made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2012), by stating, in Schedule B (noncash donations to Food for the Poor), that it valued pharmaceutical donations it received at "FMV" (fair market value). This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), the four donation figures stated used U.S. market prices to value pharmaceuticals that were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).) Each of the four references to donations at fair market value constitutes a separate violation.	\$4,000.00
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15	f.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2012), by stating, in Schedule F (grants and other assistance to organizations outside the United States), that it valued pharmaceutical donations at FMV (fair market value). This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), the figures stated used U.S. market prices to value pharmaceuticals that were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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21	g.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2012), by stating, in Schedule M (noncash contributions received), that Food for the Poor received \$510,719,540 in donations of "drugs and medical supplies." and medical supplies. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), it used U.S. market prices to value pharmaceuticals that could not be distributed or used in the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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27	h.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for	\$1,000.00
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1		FYE 12/31/2012) by its checkmark in its Statement of Functional Expenses claiming it was following SOP 98-2 (ASC 958-720) in reporting, in column (b), joint costs from a combined educational campaign and fundraising solicitation. This was false because Food for the Poor failed to meet all criteria for using SOP 98-2 in allocating joint costs. (Gov. Code §§ 12586, 12591.1(b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
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6	i.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Part I Summary, contributions and grants received in revenue as \$1,029,428,385. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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11	j.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Part I Summary, total grants and similar amounts paid as \$959,782,194. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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17	k.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Part VIII Statement of Revenue, noncash contributions as \$916,006,638. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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23	l.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Part IX Statement of Functional Expenses, grants and other assistance to governments, organizations and individuals outside the United States as \$959,661,621. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal.	\$1,000.00
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1		Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
2	m.	Food for the Poor made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Schedule B (noncash donations to Food for the Poor), that it valued pharmaceutical donations it received at FMV (fair market value). This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), the four donation figures stated used U.S. market prices to value pharmaceuticals that were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).) Each of the four references to fair market value constitutes a separate violation.	\$4,000.00
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9	n.	Food for the Poor made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Schedule F (grants and other assistance to organizations outside the United States), that it valued pharmaceutical donations at FMV (fair market value). This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), the figures stated used U.S. market prices to value pharmaceuticals that were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).) Each of the 13 pharmaceutical donations claimed to be valued at FMV constitutes a separate violation.	\$13,000.00
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16	o.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by stating, in Schedule M (noncash contributions received), that Food for the Poor valued donations of "drugs and medical supplies" received at the fair value of \$607,895,129. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), it used U.S. market prices to value pharmaceuticals that could not be distributed or used in the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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22	p.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2013), by its checkmark in its Statement of Functional Expenses claiming it was following SOP 98-2 (ASC 958-720) in reporting, in column (b), joint costs from a combined educational campaign and fundraising solicitation. This was false because Food for the Poor failed to meet all criteria for using SOP 98-2 in allocating joint costs. (Gov. Code §§ 12586, 12591.1(b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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28	q.	Food for the Poor made a material false statement in a document filed	\$1,000.00

1		and required to be filed with the AG's Registry (the IRS Form 990 for	
2		FYE 12/31/2014), by stating, in Part I Summary, contributions and	
3		grants received in revenue as \$912,451,190. This was false because, in	
4		violation of GAAP and Business and Professions Code section 17510.5,	
5		subdivision (a), this figure included pharmaceuticals that were valued at	
6		U.S. market prices, even though they were restricted for distribution and	
7		use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c);	
8		Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
9	r.	Food for the Poor made a material false statement in a document filed	\$1,000.00
10		and required to be filed with the AG's Registry (the IRS Form 990 for	
11		FYE 12/31/2014), by stating, in Part I Summary, total grants and similar	
12		amounts paid as \$839,047,499. This was false because, in violation of	
13		GAAP and Business and Professions Code section 17510.5, subdivision	
14		(a), this figure included pharmaceuticals that were valued at U.S. market	
15		prices, even though they were restricted for distribution and use outside	
16		the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code	
17		Regs., tit. 11, § 999.6, subd. (a)(3).)	
18	s.	Food for the Poor made a material false statement in a document filed	\$1,000.00
19		and required to be filed with the AG's Registry (the IRS Form 990 for	
20		FYE 12/31/2014), by stating, in Part VIII Statement of Revenue,	
21		noncash contributions as \$789,508,240. This was false because, in	
22		violation of GAAP and Business and Professions Code section 17510.5,	
23		this figure included pharmaceuticals that were valued at U.S. market	
24		prices, even though they were restricted for distribution and use outside	
25		the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit.	
26		11, § 999.6, subd. (a)(3).)	
27	t.	Food for the Poor made a material false statement in a document filed	\$1,000.00
28		and required to be filed with the AG's Registry (the IRS Form 990 for	
		FYE 12/31/2014), by stating, in Part IX Statement of Functional	
		Expenses, grants and other assistance to governments, organizations and	
		individuals outside the United States as \$839,010,499. This was false	
		because, in violation of GAAP and Business and Professions Code	
		section 17510.5, this figure included pharmaceuticals that were valued	
		at U.S. market prices, even though they were restricted for distribution	
		and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal.	
		Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
	u.	Food for the Poor made material false statements in a document filed	\$4,000.00
		and required to be filed with the AG's Registry (the IRS Form 990 for	
		FYE 12/31/2014), by stating in Schedule B (noncash donations to Food	
		for the Poor) that it valued pharmaceutical donations it received at FMV	
		(fair market value). This was false because, in violation of GAAP and	
		Business and Professions Code section 17510.5, subdivision (a), the	
		four donation figures stated used U.S. market prices to value	
		pharmaceuticals that were restricted for distribution and use outside the	

1		U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).) Each of the four references to fair market value constitutes a separate violation.	
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3	v.	Food for the Poor made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2014), by stating, in Schedule F (grants and other assistance to organizations outside the United States), that it valued pharmaceutical donations at FMV (fair market value). This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), the figures stated used U.S. market prices to value pharmaceuticals that were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).) Each of the 11 pharmaceutical donations claimed to be valued at FMV constitutes a separate violation.	\$11,000.00
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10	w.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2014), by stating, in Schedule M (noncash contributions received), that Food for the Poor valued donations of "drugs and medical supplies" received at the fair value of \$487,912,687. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), it used U.S. market prices to value pharmaceuticals that could not be distributed or used in the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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16	x.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2014), by its checkmark in its Statement of Functional Expenses claiming it was following SOP 98-2 (ASC 958-720) in reporting, in column (b), joint costs from a combined educational campaign and fundraising solicitation. This was false because Food for the Poor failed to meet all criteria for using SOP 98-2 in allocating joint costs. (Gov. Code §§ 12586, 12591.1(b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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22	y.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2015), by stating, in Part I Summary, contributions and grants received in revenue as \$1,157,509,481. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), this figure included pharmaceuticals that were valued at U.S. market prices, even though they were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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28	z.	Food for the Poor made a material false statement in a document filed	\$1,000.00

1		and required to be filed with the AG's Registry (the IRS Form 990 for	
2		FYE 12/31/2015), by stating, in Part I Summary, total grants and similar	
3		amounts paid as \$1,086,026,051. This was false because, in violation of	
4		GAAP and Business and Professions Code section 17510.5, subdivision	
5		(a), this figure included pharmaceuticals that were valued at U.S. market	
6		prices, even though they were restricted for distribution and use outside	
7		the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code	
8		Regs., tit. 11, § 999.6, subd. (a)(3).)	
9	aa.	Food for the Poor made a material false statement in a document filed	\$1,000.00
10		and required to be filed with the AG's Registry (the IRS Form 990 for	
11		FYE 12/31/2015), by stating, in Part VIII Statement of Revenue,	
12		noncash contributions of \$1,033,332,213. This was false because, in	
13		violation of GAAP and Business and Professions Code section 17510.5,	
14		this figure included pharmaceuticals that were valued at U.S. market	
15		prices, even though they were restricted for distribution and use outside	
16		the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit.	
17		11, § 999.6, subd. (a)(3).)	
18	bb.	Food for the Poor made a material false statement in a document filed	\$1,000.00
19		and required to be filed with the AG's Registry (the IRS Form 990 for	
20		FYE 12/31/2015), by stating, in Part IX Statement of Functional	
21		Expenses, grants and other assistance to governments, organizations and	
22		individuals outside the United States as \$1,085,877,473. This was false	
23		because, in violation of GAAP and Business and Professions Code	
24		section 17510.5, this figure included pharmaceuticals that were valued	
25		at U.S. market prices, even though they were restricted for distribution	
26		and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal.	
27		Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
28	cc.	Food for the Poor made material false statements in a document filed	\$5,000.00
		and required to be filed with the AG's Registry (the IRS Form 990 for	
		FYE 12/31/2015), by stating, in Schedule B (noncash donations to Food	
		for the Poor), that it valued pharmaceutical donations it received at fair	
		market value. This was false because, in violation of GAAP and	
		Business and Professions Code section 17510.5, subdivision (a), the	
		four donation figures stated used U.S. market prices to value	
		pharmaceuticals that were restricted for distribution and use outside the	
		U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs.,	
		tit. 11, § 999.6, subd. (a)(3).) Each of the five references to fair market	
		value constitutes a separate violation.	
	dd.	Food for the Poor made material false statements in a document filed	\$10,000.00
		and required to be filed with the AG's Registry (the IRS Form 990 for	
		FYE 12/31/2015), by stating, in Schedule F (grants and other assistance	
		to organizations outside the United States), that it valued pharmaceutical	
		donations at FMV (fair market value). This was false because, in	
		violation of GAAP and Business and Professions Code section 17510.5,	

1		subdivision (a), the figures stated used U.S. market prices to value pharmaceuticals that were restricted for distribution and use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).) Each of the 10 pharmaceutical donations claimed to be valued at FMV constitutes a separate violation.	
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4	ee.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2015), by stating, in Schedule M (noncash contributions received), that Food for the Poor valued donations of "drugs and medical supplies" received at the fair value of \$818,692,704. This was false because, in violation of GAAP and Business and Professions Code section 17510.5, subdivision (a), it used U.S. market prices to value pharmaceuticals that could not be distributed or used in the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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11	ff.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 12/31/2015), by its checkmark in its Statement of Functional Expenses claiming it was following SOP 98-2 (ASC 958-720) in reporting in column (b) joint costs from a combined educational campaign and fundraising solicitation. This was false because Food for the Poor failed to meet all criteria for using SOP 98-2 in allocating joint costs. (Gov. Code §§ 12586, 12591.1(b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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17	gg.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2012), by checking the box "yes" in response to Part B, Question 9: "Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?" This was false because, in violation of GAAP, Food for the Poor's audited financial statements for FYE 12/31/12 included pharmaceutical donations valued at U.S. market prices even though the pharmaceuticals were restricted to distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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23	hh.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2012), by stating gross annual revenue as \$900,123,377. This figure was false because, in violation of GAAP and Business and Professions Code section 17510.5, it included pharmaceuticals valued at U.S. market prices even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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1	ii.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2013), by checking the box "yes" in response to Part B, Question 9: "Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?" This was false because, in violation of GAAP, Food for the Poor's audited financial statements for FYE 12/31/13 included pharmaceutical donations valued at U.S. market prices even though the pharmaceuticals were restricted to distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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8	jj.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2013), by stating gross annual revenue as \$1,029,796,991. This figure was false because, in violation of GAAP and Business and Professions Code section 17510.5, it included pharmaceuticals valued at U.S. market prices even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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13	kk	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2014), by checking the box "yes" in response to Part B, Question 9: "Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?" This was false because, in violation of GAAP, Food for the Poor's audited financial statements for FYE 12/31/14 included pharmaceutical donations valued at U.S. market prices even though the pharmaceuticals were restricted to distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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20	ll.	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2014), by stating gross annual revenue as \$912,732,694. This figure was false because, in violation of GAAP and Business and Professions Code section 17510.5, it included pharmaceuticals valued at U.S. market prices even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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25	mm	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2015), by checking the box "yes" in response to Part B, Question 9: "Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this	\$1,000.00
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1		reporting period?" This was false because, in violation of GAAP, Food for the Poor's audited financial statements for FYE 12/31/15 included pharmaceutical donations valued at U.S. market prices even though the pharmaceuticals were restricted to distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	
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5	nn	Food for the Poor made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 12/31/2015), by stating gross annual revenue as \$1,158,156,705. This figure was false because, in violation of GAAP and Business and Professions Code section 17510.5, it included pharmaceuticals valued at U.S. market prices even though they were restricted for distribution and use outside the U.S. (Gov. Code, § 12591.1, subd. (b)(2), (c); Cal. Code of Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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10	oo	Food for the Poor failed to prepare its annual financial statements for FYE 12/31/12 using GAAP as required by Government Code section 12586, subd. (e)(1). Its use of U.S. market prices to value its pharmaceutical donations despite the fact they were restricted for distribution and use outside the U.S. violated GAAP. (Gov. Code, § 12591.1, subd. (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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14	pp	Food for the Poor failed to prepare its annual financial statements for FYE 12/31/13 using GAAP as required by Government Code section 12586, subd. (e)(1). Its use of U.S. market prices to value its pharmaceutical donations despite the fact they were restricted for distribution and use outside the U.S. violated GAAP. (Gov. Code, § 12591.1, subd. (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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18	qq	Food for the Poor failed to prepare its annual financial statements for FYE 12/31/14 using GAAP as required by Government Code section 12586, subd. (e)(1). Its use of U.S. market prices to value its pharmaceutical donations despite the fact they were restricted for distribution and use outside the U.S. violated GAAP. (Gov. Code, § 12591.1, subd. (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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22	rr.	Food for the Poor failed to prepare its annual financial statements for FYE 12/31/15 using GAAP as required by Government Code section 12586, subd. (e)(1). Its use of U.S. market prices to value its pharmaceutical donations despite the fact they were restricted for distribution and use outside the U.S. violated GAAP. (Gov. Code, § 12591.1, subd. (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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26	ss.	Food for the Poor violated the Charity Supervision Act by making representations in its solicitations to California donors that were false and deceptive, and created a likelihood of confusion or misunderstanding. (Gov. Code, §§ 12591.1, subd. (b)(4), 12599.6,	\$1,000,000.00
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1	subd. (f)(2).) Each misrepresentation constitutes a separate violation.	
2		TOTAL PENALTY: \$1,088,000.00

3 **CEASE AND DESIST ORDER**

4
5 1. FOOD FOR THE POOR, INC. ("Food for the Poor") shall immediately CEASE AND
6 DESIST from including the "95% Statement" in its solicitations to California donors (or other
7 percentages of combined cash and non-cash donations used for programs). This order applies to
8 Food for the Poor, its officers, directors, employees and all persons or entities acting on its behalf,
9 including commercial fundraisers for charitable purposes soliciting on its behalf.

10 2. Within 10 days from the date of this order, Food for the Poor will provide a copy of this
11 order to:

12 a. Every commercial fundraiser for charitable purposes and fundraising counsel for
13 charitable purposes with which it currently contracts.

14 b. Every officer, director and employee of Food for the Poor;

15 3. Within 15 days from the date of this order, Food for the Poor shall: Provide written
16 confirmation that it is in compliance with this order, including proof of service of the order as
17 required by Item No. 2.

18 4. Food for the Poor is ordered to preserve and prevent destruction of all documents and
19 information in its possession, custody, or control (including all electronically stored information)
20 that was created, sent and/or received during the period of January 1, 2012, until the date the
21 order on this administrative action becomes final (within the meaning of California Code of
22 Regulations, title 11, sections 999.6, subdivision (c) or 999.8, subdivision (c)), related to the
23 following: recordings of solicitations; communications with cash and noncash donors (including
24 donors of pharmaceuticals); communications with any and all accountants and auditors providing
25 services to Food for the Poor; communications with any and all members and employees of the
26 Financial Accounting Standards Board, the Not-for-Profit Advisory Committee of FASB, and/or
27 the American Institute of Certified Public Accountants related to any matter set forth herein; and
28 for each direct mail solicitation package mailed to recipients located in California, samples of the

1 complete package and reports, charts and/or graphs indicating the numbers of packages Food for
2 the Poor mailed to recipients in California.

3 5. All responses shall be sent to:

4 Sonja K. Berndt, Deputy Attorney General
5 California Department of Justice
6 Office of the Attorney General
7 300 South Spring Street, Suite 1702
8 Los Angeles, CA 90013
9 (213) 269-6553
10 (213) 897-7605 (fax)
11 Sonja.berndt@doj.ca.gov

12 6. Failure to comply with the terms of this order constitutes disobedience or resistance to a
13 lawful order pursuant to Government Code section 11455.10. The Attorney General may pursue
14 a contempt sanction of violations pursuant to Government Code section 11455.20, in addition to
15 all other remedies available to the Attorney General. The Attorney General is also entitled to
16 pursue any relief specified in Government Code section 12591.1, subdivision (f).

17 **ORDER ASSESSING PENALTIES**

18 1. Payment of the \$1,088,000.00 penalty is due within 30 days unless a timely written
19 appeal of the assessment of penalty is received by the Attorney General. Payment shall be made
20 payable to the California Attorney General.

21 **PRAYER RE: REVOCATION**

22 WHEREFORE, Complainant requests that an order issue:

- 23 1. Revoking Food for the Poor's charity registration with the AG's Registry, #086331.
24 2. Providing that Food for the Poor may not solicit assets for charitable purposes and
25 may not engage in any activity for which registration with the Attorney General is required.
26 3. Providing that, within 30 days of the revocation of Food for the Poor's charity
27 registration, it shall provide an accounting of all charitable assets within Food for the Poor's
28 possession, custody or control that it received from California donors during the 180 days prior to
the effective date of the order.
4. Providing that Food for the Poor may not distribute or expend any charitable assets

1 that it received from California donors during the 180 days prior to the effective date of the
2 revocation order without the written approval of the Attorney General. Further providing that
3 members of the board of directors of Food for the Poor or any person directly involved in
4 distributing or expending those charitable assets may be held personally liable in a civil action
5 brought by the Attorney General for any charitable assets that are distributed or expended in
6 violation of California Code of Regulations, title 11, section 999.9.3, subdivision (b).

7 5. Providing that the Attorney General may direct Food for the Poor to distribute some or
8 all of the charitable assets that it received from California donors during the 180 days prior to the
9 effective date of the revocation order to another charitable organization or into a blocked account.

10 6. Taking such other and further action as deemed necessary and proper.

11
12 **RIGHT TO APPEAL/REQUEST FOR HEARING**

13 You have the opportunity to appeal this order and assessment of penalties by filing a
14 written appeal and request for hearing within 30 calendar days of the date of this notice. The
15 appeal procedures are found in California Code of Regulations, title 11, sections 999.6 through
16 999.8 and are available on the Attorney General's website at: oag.ca.gov/charities/laws. Filing of
17 an appeal does not stay the effect of the Cease and Desist Order.

18 Dated: March 12, 2018

19 Respectfully Submitted,

20 XAVIER BECERRA
21 Attorney General of California

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23 DAVID ELLER, Registrar
24 *Registry of Charitable Trusts*

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APPEAL AND REQUEST FOR HEARING

_____ (name),

_____ (title/affiliation to registrant) of

_____ (organization),

requests a hearing of the Attorney General's:

- Order to Cease and Desist**
- Notice of Revocation of Charity Registration**
- Notice of Assessment of Penalties**

Appellant's address (required):

_____ telephone number (required).

Statement for basis of appeal (required):

check this box if you are attaching additional information or documents.

_____ Date

_____ Signature