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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:

MAP INTERNATIONAL,

Respondent.

Case No. 2018-CT103136

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

MAP INTERNATIONAL ("MAP"), is ordered to immediately CEASE AND DESIST from including the "99% Statement" in its solicitations to California donors (or other percentages of combined cash and non-cash donations used for programs) and/or dollar amounts of pharmaceuticals shipped by MAP (if dollar amounts were calculated using United States market prices for pharmaceuticals that were restricted for distribution and use overseas), as referenced in paragraphs 16 through 19 of this Order/Notice. (Gov.Code, § 12591.1, subd. (b).) This order applies to MAP, 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 MAP. As of April 11, 2018, unless a timely appeal is filed, MAP, 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. MAP was incorporated in the State of Illinois in 1965 and is exempt from taxation under
13 section 501(c)(3) of the Internal Revenue Code. Its principal place of business is Brunswick,
14 Georgia. Pursuant to its amended Articles of Incorporation, its charitable purpose is to develop
15 and support humanitarian and developmental assistance programs in less developed countries of
16 the world.

17 3. From 2012 through April 2017, MAP conducted substantial charitable solicitation
18 activity in California, collecting over \$2,156,000 from over 5,800 California donors. This
19 activity required MAP to be registered with the AG’s Registry pursuant to the provisions of the
20 Supervision of Trustees and Fundraisers for Charitable Purposes Act (Gov. Code, § 12580 et seq.)
21 (“The Charity Supervision Act”). Further, as a charitable organization soliciting in California,
22 MAP was, and is, subject to the provisions of the Charity Supervision Act regarding mandatory
23 annual reporting, truthfulness in its solicitations, and other provisions. MAP applied for
24 registration in or around 1983 and was assigned registration CT 103136. MAP has continuously
25 operated in California for many years.

26 **B. Background**

27 4. From at least 2012 through 2015, MAP and other United States charities (also referred to
28 herein as “Charity A’s”) received pharmaceutical donations from U.S. pharmaceutical companies

1 and then partnered with organizations such as Food for the Poor, Inc. to deliver them to
2 developing countries overseas. Typically, the transactions occurred as follows:

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

14 5. Some of the U.S. pharmaceutical company donors to MAP expressly prohibited the
15 pharmaceuticals from being distributed and used in the U.S. Others did not expressly prohibit the
16 distribution and use of the pharmaceuticals in the U.S., but expected that they would be used only
17 outside the U.S. This expectation was based, at least in significant part, on many prior
18 transactions with MAP, on MAP’s charitable purpose (international aid), and because MAP
19 provides very minimal assistance in the U.S. Additionally, according to Food for the Poor, “[i]t is
20 known by our industry that the pharmaceutical donations should be exported outside of the
21 United States as to not damage the manufacturers [sic] market.”

22 **C. MAP’s Filing of False IRS Forms 990 and Forms RRF-1 with The AG’s Registry**
23 **– Its Overvalued Pharmaceutical Donations**

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

1 charities are publicly available on the Attorney General's website.

2 7. True and correct copies of the IRS Forms 990 for years ended September 30th in 2012,
3 2013, 2014 and 2015 that MAP filed with the AG's Registry are attached to this Notice as
4 Exhibits 1, 2, 3, and 4, respectively. True and correct copies of the Forms RRF-1 for years ended
5 September 30th in 2012, 2013, 2014 and 2015 that MAP filed with the AG's Registry are
6 attached as Exhibits 5, 6, 7, and 8, respectively.

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

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

21 10. Under GAAP, charities can only claim the "fair market value" of gifts in kind, which is
22 defined as "the price that would be received to sell an asset or paid to transfer a liability in an
23 orderly transaction between market participants at the measurement date." (FASB ASC 820-10-
24 35-2.) GAAP also requires charities to use the "principal market" in valuing assets or, in the
25 absence of a principal market, the "most advantageous market" for the asset. (FASB ASC 820-
26 10-35-5.) Importantly, charities must have *access* to the principal or most advantageous market
27 in valuing the asset. (FASB ASC 820-10-35-6A.) For example, if a charity receives a donation
28 of pharmaceuticals from a U.S. pharmaceutical company that prohibits distribution in the U.S.,

1 then the U.S. is neither the principal nor the most advantageous market. The U.S. is *the*
2 *prohibited market*. Finally, “in the absence of evidence to the contrary, the market in which the
3 reporting entity normally would enter into a transaction to sell the asset or to transfer the liability
4 is presumed to be the principal market or, in the absence of a principal market, the most
5 advantageous market.”

6 11. Even though at least the majority of the pharmaceuticals MAP received from U.S.
7 pharmaceutical companies were prohibited from being distributed in the U.S., and thus MAP had
8 no access to the U.S. market, it nonetheless used the very high U.S. market prices to value all of
9 the pharmaceutical donations it *received* (revenue) and all of the donations of pharmaceuticals it
10 *sent* overseas in partnership with Food for the Poor and other charities (program expense) instead
11 of the applicable, minimal international market prices. MAP then publicly reported these
12 overvalued donations year after year in the Forms RRF-1 and IRS Forms 990 it filed with AG’s
13 Registry. This resulted in the public dissemination of materially false figures throughout MAP’s
14 Forms 990 and attached schedules.¹

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

- 19 • MAP 2013 shipment to Guatemala: MAP valued the pharmaceuticals Ciprofloxacin and
20 Tramadol at \$321,588 (total), using U.S. prices; using appropriate international prices, the
21 total value was less than \$46,000.
- 22 • MAP 2015 shipment to Guatemala: MAP valued the pharmaceutical Erythromycin
23 Ethylsuccinate at \$2.48 million, using the U.S. price. The true fair market value was less
24 than \$119,000, using the appropriate international price.

25 13. The impact overvalued pharmaceuticals had on MAP’s reported revenue and program
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27 ¹ The materially false figures in the Schedules B to MAP’s IRS Forms 990 were not
28 publicly disclosed because the Schedule B is a confidential document except in limited
circumstances.

1 expense was substantial given that pharmaceutical donations constituted the vast majority of its
2 reported revenue and program expense. For fiscal years ending September 30, 2012 through
3 September 30, 2015, MAP reported annual revenue of \$244 million to \$547 million.
4 Pharmaceuticals and medical supplies comprised 79-82% of revenue. For those same years,
5 MAP reported annual program expense of \$212 million to \$484 million, of which 97-98% was
6 pharmaceuticals and medical supplies distributed overseas. MAP's false representations in its
7 Forms 990 for fiscal years ended September 30, 2012 through September 30, 2015 (including
8 Schedules B and M) constituted false or misleading statements in reports required to be filed with
9 the AG's Registry within the meaning of Government Code section 12591.1, subdivision (b)(2),
10 California Code of Regulations, title 11, section 999.9, subdivision (c).

11 **D. MAP's Violations Related to its Audited Financial Statements**

12 14. Government Code section 12586, subdivision (e)(1) requires that organizations with
13 annual gross revenue of \$2 million or more prepare audited financial statements using generally
14 accepted accounting principles. MAP prepared audited financial statements for fiscal years ended
15 September 30th 2012 through 2015, but they were not in compliance with GAAP. This was
16 because each of those financial statements used U.S. market prices to value MAP's
17 pharmaceutical donations that were restricted for distribution and use outside the U.S. This
18 violated GAAP as well as Business and Professions Code section 17510.5.

19 15. In addition, the RRF-1 for fiscal years ended September 30th 2012 through 2015 that
20 MAP filed with the AG's Registry falsely indicated that MAP prepared audited financial
21 statements according to GAAP. These representations constituted false or misleading statements
22 in reports required to be filed with the AG's Registry within the meaning of Government Code
23 section 12591.1, subdivision (b)(2), California Code of Regulations, title 11, section 999.9,
24 subdivision (c).

25 **E. MAP's Misrepresentations in its Charitable Solicitations**

26 16. In addition to its false IRS Forms 990, and Forms RRF-1, from 2012 through April
27 2017, MAP used its substantially inflated pharmaceutical gift-in-kind values to bolster its
28 statements about program size and efficiency on its website and in solicitation materials. MAP's

1 misrepresentations included, but were not limited to, the following:

- 2 • “99% of MAP’s donated resources go directly to programs that help hurting people.”
3 (2012 & 2013 direct mail solicitations; “the 99% Statement”). The 99% Statement was
4 deceptive because it included both cash and noncash donations. But noncash donations,
5 including MAP’s overvalued pharmaceuticals, did not pay for any overhead or
6 fundraising; only the cash donations did. The 99% Statement implies that 99% of cash
7 and noncash donations will be used for direct aid and only a mere 1% of donations will
8 be used for fundraising and salaries. That was false. In reality, only 84% of cash
9 donations were left over for MAP’s programs in 2012.
- 10 • **“Every \$1 you send lets us ship \$60 worth of vital medicines and save countless lives.”**
11 (2013 direct mail solicitations, emphasis in original.)
- 12 • **“When the \$100,000 [Matching] Challenge is fully matched . . . the result will be**
13 **wonderful: over \$12 MILLION worth of medicine shipped. . .”** (December 2015 direct
14 mail solicitation, emphasis in original.)

15 17. True and correct copies of sample direct mail solicitations that included the above-
16 referenced misrepresentations that were produced by MAP in the Attorney General’s audit, are
17 attached as Exhibits 9, 10, and 11.

18 18. MAP’s cash donations from California for the years 2012 through 2015 are as follows:

<u>Year</u>	<u>Dollars</u>	<u># of Unique Donors²</u>
20 2015	\$371,891	1,464
21 2014	\$619,833	1,200
22 2013	\$413,541	1,118
2012	\$407,800	967

23 19. In sum, MAP sent solicitations with the misrepresentations discussed above to
24 thousands of Californians. The misrepresentations were unfair and deceptive and created a
25 likelihood of confusion or misunderstanding in the minds of potential donors who received
26 solicitations with the offending statements. These misrepresentations in a charitable solicitation

27 ² This is the number of actual donations. It does not include the persons in California who
28 received MAP’s direct mail solicitations and did not donate.

1 campaign were prohibited by Government Code section 12599.6.

2 **II.**

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

4 20. Grounds for the issuance of a cease and desist order exist pursuant to California
5 Government Code section 12591.1, subdivision (b)(2); and California Code of Regulations, title
6 11, section 314, subdivision (a)(2), and section 999.6, subdivision (a)(2) because, as discussed in
7 paragraphs 1-13 and 15, above, MAP made material false statements in reports required to be
8 filed with the AG's Registry.

9 21. Grounds for the issuance of a cease and desist order exist pursuant to California
10 Government Code section 12591.1, subdivision (b); and California Code of Regulations, title 11,
11 section 314, subdivision (a)(2), and section 999.6, subdivision (a)(2) because, as discussed in
12 paragraphs 1-14, above, MAP failed to prepare annual financial statements using generally
13 accepted accounting principles as required by Government Code section 12586, subdivision
14 (e)(1).

15 22. Grounds for the issuance of a cease and desist order exist pursuant to California
16 Government Code section 12591.1, subdivision (b)(4) and California Code of Regulations, title
17 11, section 314, subdivision (a)(4), because MAP's misrepresentations in its solicitations, as
18 discussed in paragraphs 1-13, 16-19, above, constituted "unfair or deceptive acts or practices or
19 engaging in any fraudulent conduct that creates a likelihood of confusion or misunderstanding,"
20 in violation of Government Code section 12599.6, subdivision (f)(2).

21 **III**

22 **GROUND FOR REVOKING MAP'S CHARITY**

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

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

27 24. MAP violated the Charity Supervision Act by filing, and making available to the
28 public, false and misleading IRS Forms 990, which are required to be filed with the AG's

1 Registry. (Paragraphs 1-13, above; Gov. Code, § 12591.1 subd. (b)(2).)

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

5 26. MAP violated the Charity Supervision Act by making representations in its
6 solicitations to California donors that were false and deceptive, and created a likelihood of
7 confusion or misunderstanding. (Paragraphs 1-13, 16-19, above; Gov. Code, §§ 12591.1, subd.
8 (b)(4), 12599.6, subd. (f)(2).)

9 27. MAP violated the Charity Supervision Act by failing to prepare annual financial
10 statements using generally accepted accounting principles. (Paragraphs 1-17, above; Gov. Code,
11 §§ 12586, subd. (e)(1).)

12 28. The revocation of MAP's California charity registration with the AG's Registry is
13 necessary and appropriate pursuant to Government Code section 12598, subdivision (e)(1) and
14 California Code of Regulations, title 11, section 999.9, subdivisions (b), (c), (e).

15 **IV.**

16 **ASSESSMENT OF PENALTIES**

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

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	VIOLATION	AMOUNT
26	a. MAP made a material false statement in a document filed and required 27 to be filed with the AG's Registry (the IRS Form 990 for fiscal year 28 ended [FYE] 09/30/2012), by stating, in Part I Summary, contributions and grants received (revenue) as \$241,274,318. This was false because,	\$1,000.00

1		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).)	
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4	b.	MAP 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 09/30/2012), by stating, in Part I Summary, total expenses as \$214,345,068. 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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10	c.	MAP 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 09/30/2012) by stating, in Part VIII Statement of Revenue, noncash contributions as \$233,498,211. 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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16	d.	MAP 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 09/30/2012), by stating, in Part IX Statement of Functional Expenses, other program expenses of \$205,510,299 in medicines and medical supplies. 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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22	e.	MAP made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2012), by stating, in Schedule B (noncash donations to MAP), 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), at least some of the 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).)	\$1,000.00
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1	f.	MAP made a material omission in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2012), by failing to include almost any of its pharmaceutical donations overseas in its Schedule F (grants and other assistance to organizations outside the United States). (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (b)(3), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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5	g.	MAP 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 09/30/2012), by stating, in Schedule M (noncash contributions received), that MAP received \$233,410,926 in donations of "drugs and medical supplies" that it valued at "fair value." 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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12	h.	MAP 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 09/30/2013), by stating, in Part I Summary, contributions and grants received in revenue as \$346,391,502. 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	i.	MAP 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 09/30/2013), by stating, in Part I Summary, total expenses as \$352,609,761. 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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23	j.	MAP 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 09/30/2013), by stating, in Part VIII Statement of Revenue, noncash contributions as \$339,349,444. 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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1	k.	MAP 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 09/30/2013), by stating, in Part IX Statement of Functional Expenses, other program expenses of \$343,172,258 in medicines and medical supplies. 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	l.	MAP made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2013), by stating, in Schedule B (noncash donations to MAP), 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), at least some of the 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).)	\$1,000.00
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14	m.	MAP made a material omission in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2013), by failing to include almost any of its pharmaceutical donations overseas in its Schedule F (grants and other assistance to organizations outside the United States). (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (b)(3), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
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18	n.	MAP 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 09/30/2013), by stating, in Schedule M (noncash contributions received), that MAP received \$338,440,379 in donations of "drugs and medical supplies" that it valued at "fair value." 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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24	o.	MAP 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 09/30/2014), by stating, in Part I Summary, contributions and grants received in revenue as \$317,650,284. 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	\$1,000.00
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1		use outside the U.S. (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
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3	p.	MAP 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 09/30/2014), by stating, in Part I Summary, total expenses as \$304,283,753. 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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8	q.	MAP 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 09/30/2014), by stating, in Part VIII Statement of Revenue, noncash contributions as \$309,903,039. 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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14	r.	MAP 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 09/30/2014), by stating, in Part IX Statement of Functional Expenses, other program expenses of \$293,710,508 in medicines and medical supplies. 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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20	s.	MAP made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2014), by stating, in Schedule B (noncash donations to MAP), 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), at least some of the 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).)	\$1,000.00
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27	t.	MAP made a material omission in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2014), by failing to include any of its pharmaceutical donations overseas in its	\$1,000.00
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1		Schedule F (grants and other assistance to organizations outside the United States). (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (b)(3), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
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3	u.	MAP 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 09/30/2014), by stating, in Schedule M (noncash contributions received), that MAP received \$309,851,653 in donations of "drugs and medical supplies" that it valued at "fair value." 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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10	v.	MAP 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 09/30/2015), by stating, in Part I Summary, contributions and grants received in revenue as \$544,923,911. 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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15	w.	MAP 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 09/30/2015), by stating, in Part I Summary, total expenses as \$486,528,185. 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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21	x.	MAP 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 09/30/2015), by stating, in Part VIII Statement of Revenue, noncash contributions of \$535,226,391. 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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27	y.	MAP 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 09/30/2015), by stating, in Part IX Statement of Functional Expenses,	\$1,000.00
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1		other program expenses of \$475,178,180 in medicines and medical supplies. 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).)	
2	z.	MAP made material false statements in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2015), by stating, in Schedule B (noncash donations to MAP), 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), at least some of the 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).)	\$1,000.00
3	aa.	MAP made a material omission in a document filed and required to be filed with the AG's Registry (the IRS Form 990 for FYE 09/30/2015), by failing to include any of its pharmaceutical donations overseas in its Schedule F (grants and other assistance to organizations outside the United States). (Gov. Code, §§ 12586, 12591.1, subd. (b)(2), (b)(3), (c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	\$1,000.00
4	bb.	MAP 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 09/30/2015), by stating, in Schedule M (noncash contributions received), that MAP received \$535,104,873 in donations of "drugs and medical supplies" that it valued at "fair value." 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
5	cc.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2012), 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, MAP's audited financial statements for FYE 09/30/12 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

1	dd	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2012), by stating gross annual revenue as \$241,274,318. 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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6	ee.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2013), 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, MAP's audited financial statements for FYE 09/30/13 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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13	ff.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2013), by stating gross annual revenue as \$348,966,391. 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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18	gg.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2014), 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, MAP's audited financial statements for FYE 09/30/14 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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24	hh.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2014), by stating gross annual revenue as \$320,091,234. 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.,	\$1,000.00
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1		tit. 11, § 999.6, subd. (a)(3).)	
2	ii.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2015), 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 reporting period?" This was false because, in violation of GAAP, MAP's audited financial statements for FYE 09/30/15 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).)	\$1,000.00
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8	jj.	MAP made a material false statement in a document filed and required to be filed with the AG's Registry (the RRF-1 for FYE 09/30/2015), by stating gross annual revenue as \$547,123,036. 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	MAP failed to prepare its annual financial statements for FYE 09/30/12 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 many or most 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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17	ll.	MAP failed to prepare its annual financial statements for FYE 09/30/13 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 many or most 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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21	mm	MAP failed to prepare its annual financial statements for FYE 09/30/14 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 many or most 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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25	nn	MAP failed to prepare its annual financial statements for FYE 09/30/15 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 many or most were restricted for distribution and use outside the U.S. violated GAAP. (Gov. Code, § 12591.1, subd.	\$1,000.00
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1	(c); Cal. Code Regs., tit. 11, § 999.6, subd. (a)(3).)	
2	oo MAP violated the Charity Supervision Act by making representations in	\$118,725.00
3	its solicitations to California donors that were false and deceptive, and	
4	created a likelihood of confusion or misunderstanding. (Gov. Code, §§	
5	12591.1, subd. (b)(4), 12599.6, subd. (f)(2).) Each misrepresentation	
6	constitutes a separate violation.	
	TOTAL PENALTY:	\$158,725.00

CEASE AND DESIST ORDER

1. MAP INTERNATIONAL (“MAP”) shall immediately CEASE AND DESIST from including the “99% Statement” in its solicitations to California donors (or other percentages of combined cash and non-cash donations used for programs) and/or dollar amounts of pharmaceuticals shipped by MAP (if dollar amounts were calculated using United States market prices for pharmaceuticals restricted to overseas distribution and use), as referenced in paragraphs 16 through 19 of this Order/Notice. This order applies to MAP, its officers, directors, employees and all persons or entities acting on its behalf, including commercial fundraisers for charitable purposes soliciting on its behalf.

2. Within 10 days from the date of this order, MAP will provide a copy of this order to:
- a. Every commercial fundraiser for charitable purposes and fundraising counsel for charitable purposes with which it currently contracts.
 - b. Every officer, director and employee of MAP.

3. Within 15 days from the date of this order, MAP will provide written confirmation that it is in compliance with this order, including proof of service of the order as required by Item No. 2.

4. MAP is ordered to preserve and prevent destruction of all documents and information in its possession, custody, or control (including all electronically stored information) that was created, sent and/or received during the period of January 1, 2012, until the date the order on this administrative action becomes final (within the meaning of California Code of Regulations, title 11, sections 999.6, subdivision (c) or 999.8, subdivision (c)), related to the following: recordings

1 of solicitations, communications with cash and noncash donors (including donors of
2 pharmaceuticals); communications with any and all accountants and auditors providing services
3 to MAP; communications with any and all members and employees of the Financial Accounting
4 Standards Board, the Not-for-Profit Advisory Committee of FASB, and/or the American Institute
5 of Certified Public Accountants related to any matter set forth herein; and for each direct mail
6 solicitation package mailed to recipients located in California, samples of the complete package
7 and reports, charts and/or graphs indicating the numbers of packages MAP mailed to recipients in
8 California.

9 5. All responses shall be sent to:

10 Sonja K. Berndt, Deputy Attorney General
11 California Department of Justice
12 Office of the Attorney General
13 300 South Spring Street, Suite 1702
14 Los Angeles, CA 90013
15 (213) 269-6553
16 (213) 897-7605 (fax)
17 Sonja.berndt@doj.ca.gov

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

23 **ORDER ASSESSING PENALTIES**

24 1. Payment of the \$158,725.00 penalty is due within 30 days unless a timely written appeal
25 of the assessment of penalty is received by the Attorney General. Payment shall be made payable
26 to the California Attorney General.

27 **PRAYER RE: REVOCATION**

28 WHEREFORE, Complainant requests that an order issue:

1. Revoking MAP's charity registration with the AG's Registry, #103136.
2. Providing that MAP may not solicit assets for charitable purposes and may not engage

1 in any activity for which registration with the Attorney General is required.

2 3. Providing that, within 30 days of the revocation of MAP's charity registration, it shall
3 provide an accounting of all charitable assets within MAP's possession, custody or control that it
4 received from California donors during the 180 days prior to the effective date of the order.

5 4. Providing that MAP may not distribute or expend any charitable assets that it received
6 from California donors during the 180 days prior to the effective date of the revocation order
7 without the written approval of the Attorney General. Further providing that members of the
8 board of directors of MAP or any person directly involved in distributing or expending those
9 charitable assets may be held personally liable in a civil action brought by the Attorney General
10 for any charitable assets that are distributed or expended in violation of California Code of
11 Regulations, title 11, section 999.9.3, subdivision (b).

12 5. Providing that the Attorney General may direct MAP to distribute some or all of the
13 charitable assets that it received from California donors during the 180 days prior to the effective
14 date of the revocation order to another charitable organization or into a blocked account.

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

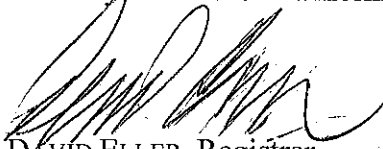
16 **RIGHT TO APPEAL/REQUEST FOR HEARING**

17 You have the opportunity to appeal this order and assessment of penalties by filing a
18 written appeal and request for hearing within 30 calendar days of the date of this notice. The
19 appeal procedures are found in California Code of Regulations, title 11, sections 999.6 through
20 999.8 and are available on the Attorney General's website at: oag.ca.gov/charities/laws. Filing of
21 an appeal does not stay the effect of the Cease and Desist Order.

22 Dated: March 12, 2018

23 Respectfully Submitted,

24 XAVIER BECERRA
25 Attorney General of California

26 
27 DAVID ELLER, Registrar
28 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