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Fees -- Gov. Code § 6103**

Superior Court Of California,
Sacramento
03/16/2021
pvue
By _____, Deputy
Case Number:
34-2021-00296409

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF SACRAMENTO

11
12 **THE PEOPLE OF THE STATE OF CALIFORNIA,**

13 Plaintiff,

14 v.

15
16 **HEALING HEROES NETWORK, INC., A**
17 **FLORIDA NONPROFIT CORPORATION DOING**
18 **BUSINESS AS AMERICAN INJURED VETERANS,**
19 **AMERICAN INJURED VETERANS FOUNDATION,**
20 **INJURED AMERICAN VETERANS FOUNDATION,**
21 **GET THE BIKES, HARLEYS FOR HEROES,**
22 **HERO GIVEAWAYS, OUTDOORS FOR HEROES,**
23 **TABLETS FOR HEROES, AND WELCOME**
24 **HOME HEROES; HERO GIVEAWAYS LLC, A**
25 **FLORIDA LLC; STACEY J. SPIEGEL; NEAL A.**
26 **SPIEGEL; ALLAN M. SPIEGEL; AND DOES 1-**
27 **30, INCLUSIVE,**

28 Defendants.

Case No.

**COMPLAINT FOR RESTITUTION,
ACCOUNTING, INJUNCTIVE RELIEF,
CIVIL PENALTIES, AND COSTS AND
FEES ARISING OUT OF NEGLIGENT
MISREPRESENTATION IN
CHARITABLE SOLICITATION AND
REPORTING; INTENTIONAL
MISREPRESENTATION IN
CHARITABLE SOLICITATION;
NEGLIGENT HIRING AND
SUPERVISION OF PROFESSIONAL
FUNDRAISERS**

24 Plaintiff, the People of the State of California, file this Complaint, and complain and allege
25 as follows:

26 **PARTIES**

27 1. Plaintiff, the People of the State of California, are the true beneficiaries of the
28 charitable assets held by defendant HEALING HEROES NETWORK, INC., and include

1 members of the class of charitable beneficiaries of HEALING HEROES NETWORK, INC.

2 2. The Attorney General Xavier Becerra, who brings this action on behalf of the People,
3 is the Attorney General of the State of California and has the primary responsibility for
4 supervising charitable trusts, “for ensuring compliance with trusts and articles of incorporation,
5 and for protecting assets held by charitable trusts and public benefit corporations.” (Gov. Code, §
6 12598.) The Attorney General may bring charitable trust enforcement actions under the
7 provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act
8 (“Supervision Act”) (Gov. Code, § 12580 et seq.), the Nonprofit Corporation Law (Corp. Code, §
9 5000 et seq.), the Solicitations for Charitable Purposes Law (“Solicitations Law”) (Bus. & Prof.
10 Code, § 17510 et seq.), and the Penal Code provisions on nonprofit raffles (Pen. Code, § 319 et
11 seq.). (Supervision Act, Gov. Code, § 12598.) The Attorney General has jurisdiction over foreign
12 nonprofit corporations and charitable organizations doing business in California or holding
13 property in California for charitable purposes under the Supervision Act.

14 3. Defendant HEALING HEROES NETWORK, INC., a Florida nonprofit corporation,
15 was at all relevant times, also doing business as American Injured Veterans, American Injured
16 Veterans Foundation, Injured American Veterans Foundation, Get the Bikes, Harleys for Heroes,
17 Hero Giveaways, Outdoors for Heroes, Tablets for Heroes, and Welcome Home Heroes
18 (collectively, “HEALING HEROES”) has been registered with the California Secretary of State
19 since 2009 to do business in California, and was assigned California corporation number
20 C3265648. Also in 2009, HEALING HEROES registered with the California Attorney General’s
21 Registry of Charitable Trusts and was assigned registration number CT0154513. At all times
22 relevant, Defendants HEALING HEROES transacted business in California and/or held property
23 in California for charitable purposes.

24 4. According to its Articles of Incorporation, the charitable purpose of Defendant
25 HEALING HEROES is to “provid[e] therapy to members of our armed forces through a
26 nationwide network of providers, to assist those who were injured in the line of duty; promot[e]
27 mental and physical rehabilitation to the wounded heroes who have sustained traumatic injuries,
28 with the hope that they may return to productive lives; and provid[e] therapies and services not

1 currently provided by the U.S. Department of Veterans Affairs, for which these heroes are in
2 desperate need.”

3 5. Defendant HERO GIVEAWAYS, LLC, (“HERO GIVEAWAYS”) is and was at all
4 relevant times a Florida for-profit company doing business and soliciting charitable donations in
5 California in 2018 and 2019.

6 6. Defendant STACEY J. SPIEGEL is and was at all relevant times a director, officer,
7 and/or agent of HEALING HEROES and HERO GIVEAWAYS and is a resident of Florida.

8 7. Defendant NEAL M. SPIEGEL is and was at all relevant times an officer, employee
9 and/or agent of HEALING HEROES and a director, officer, and/or agent of HERO
10 GIVEAWAYS and is a resident of Florida.

11 8. Defendant ALLAN M. SPIEGEL is a medical doctor, and was at all relevant times
12 Complaint a director, officer, and/or agent of HEALING HEROES and is a resident of Florida.

13 9. Plaintiff is not aware of the true names and capacities of those defendants sued as
14 Defendants DOES 1 through 30, and therefore sues these defendants by fictitious names. Each
15 fictitiously named defendant is responsible in some manner for the violations of law alleged,
16 including for aiding and abetting violations of the Supervision Act. (Gov. Code, § 12596, subd.
17 (c).) Plaintiff will amend this Complaint to add the true names of the fictitiously named
18 defendants once they are discovered. Whenever reference is made to “Defendants,” such
19 reference shall include DOES 1 through 30 as well as the named defendants.

20 10. At all relevant times, each Defendant acted jointly with every other named Defendant
21 in committing all acts or omissions alleged in this Complaint.

22 11. At all relevant times, each Defendant acted as principal, under express or implied
23 agency, or with actual or ostensible authority to perform the acts or omissions alleged in this
24 Complaint on behalf of every other named Defendant. Some or all Defendants acted as the agent
25 of the others, and all Defendants acted within the scope of their agency if acting as an agent of
26 another.

27 12. This action is subject to the ten-year statute of limitations for civil charitable trust
28 enforcement actions brought by the Attorney General against any charitable corporation, trustees

1 or other persons holding property in trust for charitable purposes, or any director or officer
2 thereof, or any person who aids and abets a violation of the Supervision Act, and is not time-
3 barred. (Gov. Code, § 12596.)

4 JURISDICTION AND VENUE

5 13. The violations of law described in this Complaint, including Defendants' solicitation
6 of charitable donations from California donors, were at all relevant times carried out throughout
7 the State of California. This Court has jurisdiction under Article VI, section 10, of the California
8 Constitution, and section 393 of the Code of Civil Procedure.

9 14. The principal corporate and/or business offices of Defendants HEALING HEROES
10 and HERO GIVEAWAYS are not in California, and none of the individually named defendants
11 reside in California. The Attorney General has an office in the County of Sacramento. Plaintiff
12 alleges that venue is proper in any County of this State. (Code Civ. Proc., § 395, subd. (a).)

13 FIRST CAUSE OF ACTION

14 NEGLIGENT MISREPRESENTATIONS IN CHARITABLE SOLICITATIONS AND REPORTING 15 (AGAINST DEFENDANTS HEALING HEROES, STACEY SPIEGEL, ALLAN SPIEGEL, 16 NEAL SPIEGEL, HERO GIVEAWAYS, AND DOES 1-30)

17 15. People incorporate by reference all preceding allegations as though fully set forth
18 here.

19 16. Charitable organizations and commercial fundraisers for charitable purposes are
20 prohibited from misrepresenting the purpose of the charitable organization, or the nature, purpose,
21 or beneficiary of a solicitation. (Gov. Code, § 12599.6, subd. (a).) A misrepresentation may be
22 accomplished by words or conduct or failure to disclose a material fact. (*Id.*)

23 17. Defendants HEALING HEROES, STACEY SPIEGEL, ALLAN SPIEGEL, AND
24 NEAL SPIEGEL, and their agents, HERO GIVEAWAYS, and DOES 1-30, violated the
25 Supervision Act in that, among other violations, they misrepresented the purpose of the charitable
26 organization or the nature or purpose or beneficiary of solicitations. (Gov. Code, § 12599.6,
27 subd. (a).)

28 ///

1 **Misleading Use of Program Names**

2 18. Government Code, section 12599.6, subdivision (f)(2), proscribes using any unfair or
3 deceptive practices or engaging in any fraudulent conduct that creates a likelihood of confusion or
4 misunderstanding in charitable solicitations.

5 19. From approximately 2013 through 2017, HEALING HEROES operated variously as
6 American Injured Veterans, American Injured Veterans Foundation, Injured American Veterans
7 Foundation, Get the Bikes, Harleys for Heroes, Outdoors for Heroes, Tablets for Heroes, and
8 Welcome Home Heroes. By using multiple names, without disclosing that they are organizations
9 founded and/or operated by Defendants, and without disclosing that they are other business
10 names of HEALING HEROES, STACEY SPIEGEL, ALLAN SPIEGEL NEAL SPIEGEL,
11 and/or HERO GIVEAWAYS, Defendants and DOES 1-30 and their agents increased the
12 likelihood of confusing such donors into making multiple donations to the same entity and/or
13 individuals.

14 20. The use of multiple names without the disclosures described above by Defendants
15 and their agents, and DOES 1-30, is an unfair or deceptive practice that violates Government
16 Code section 12599.6, subdivision (f)(2).

17 **Misleading Donors as to Charitable Use**

18 21. Government Code section 12599.6, subdivision (f)(4), proscribes misrepresenting or
19 misleading anyone in any manner to believe that the person on whose behalf a solicitation or
20 charitable sales promotion is being conducted is a charitable organization or that the proceeds of
21 the solicitation or charitable sales promotion will be used for charitable purposes when that is not
22 the fact.

23 22. When HEALING HEROES filed for dissolution of its corporate status in 2017, its
24 directors and officers were obligated by Article X of its Articles of Incorporation to distribute its
25 assets “exclusively to charitable, religious, scientific, literary, or educational organizations which
26 would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code” and
27 to ensure that “none of the assets ... be distributed to any member, officer or director of the
28 Corporation or to any private individual.”

Improper Reporting of Joint Costs

1
2 29. Charities soliciting donations in California must maintain financial statements on the
3 basis of generally accepted accounting principles (GAAP) as defined by the American Institute of
4 Certified Public Accountants, the Governmental Accounting Standards Board, or the Financial
5 Accounting Standards Board. (Bus. & Prof. Code, § 17510.5, subd. (a); Gov. Code, § 12586,
6 subd. (e); see also Cal. Code Regs., tit. 11, § 999.9, subd. (e).)

7 30. In 1998, the American Institute of Certified Public Accountants (AICPA) adopted
8 Statement of Position 98-2, entitled Accounting for Costs of Activities of Not-for-Profit
9 Organizations.

10 31. AICPA's Statement of Position 98-2 permits a joint allocation of fundraising costs
11 and program-service costs only when: (a) the purpose of the joint activity includes accomplishing
12 program functions, (b) the audience was not selected based on its ability or likelihood to
13 contribute to the charity, and (c) the joint activity calls for specific action by the recipient that will
14 help accomplish the charity's mission.

15 32. Defendants STACEY SPIEGEL, ALLAN SPIEGEL, and NEAL SPIEGEL breached
16 their duty to accurately report fundraising and program-service costs by allocating a portion of
17 fundraising costs to program-service costs even though AICPA's criteria for allocating joint costs
18 were not met.

19 33. Defendants' joint-costs reports were inaccurate as to as to the ultimate beneficiary of
20 charitable donations.

21 34. Regardless of injury, it is unlawful to use any unfair or deceptive solicitation
22 practices, to mislead donors as to the purpose of a donation, to misrepresent the characteristics
23 and uses of any services, and to represent that charity will receive a greater percentage of funds
24 than can be reasonably expected. (Gov. Code, § 12599.6, subd. (f).)

25 35. As a result of defendants' acts, omissions, misstatements, and misrepresentations,
26 California donors were damaged in that they were misled into donating money, misled about the
27 charitable program services conducted by HEALING HEROES, and misled about HEALING
28 HEROES's efficiency in running its charitable operations.

1 representations that the sweepstakes mailers contained a “check release” form, that
2 the consumer had received a number that “matches” the winning number, that a
3 charity representative was personally interested in the recipient winning the
4 sweepstakes, that the mailer came from a public servant, official, or office, and
5 that the recipient was about to forego an opportunity to claim prize money.

6 42. As a result of Defendants’ intentional conduct, California residents were misled into
7 donating money that they otherwise would not have donated, and Defendants diverted those funds
8 to non-charitable use. The exact amount is unknown but is currently estimated in excess of
9 \$300,000.

10 43. The People reserve the right to seek civil penalties under Government Code, section
11 12591.1, from each Defendant, to be paid to the Attorney General and used by the Department of
12 Justice solely for administration of the Attorney General’s trust enforcement responsibilities, as
13 stated in Government Code, sections 12586.2 and 12591.1, subdivision (g).

14 44. The People also seek restitution according to proof and judgment as set forth below.

15 **THIRD CAUSE OF ACTION**

16 **NEGLIGENT HIRING AND SUPERVISION OF PROFESSIONAL FUNDRAISERS** 17 **(AGAINST DEFENDANTS HEALING HEROES, STACEY SPIEGEL, ALLAN SPIEGEL,** 18 **NEAL SPIEGEL, AND DOES 1-30)**

19 45. People incorporate by reference paragraphs 1 through 38 as though fully set forth
20 here.

21 46. A fiduciary relationship exists between a charity, or any other person or entity
22 soliciting on behalf of a charity, and a person from whom a charitable contribution is being
23 solicited. (Bus. & Prof. Code, § 17510.8.) Defendants HEALING HEROES, NEAL SPIEGEL,
24 ALLEN SPIEGEL, and STACEY SPIEGEL, and DOES 1-30, owed a duty to California residents
25 and prospective donors to comply with applicable law and to use the donated funds for the
26 purposes for which they were solicited. (*Id.*) And a charitable organization must establish and
27 exercise control over fundraising activities conducted for its benefit. (Gov. Code, § 12599.6,
28 subd. (b).)

1 62. In California, a lottery is “any scheme for the disposal or distribution of property by
2 chance, among persons who have paid or promised to pay any valuable consideration for the
3 chance of obtaining such property or a portion of it, or for any share or any interest in such
4 property, upon any agreement, understanding, or expectation that it is to be distributed or
5 disposed of by lot or chance, whether called a lottery, raffle, or gift enterprise, or by whatever
6 name the same may be known.” (Pen. Code, § 319.) A donation to charity is valuable
7 consideration for purposes of determining whether a lottery exists. (64 Ops. Cal. Atty. Gen. 114
8 (Cal.A.G. Opinion No. 80-1010), 1981 WL 126721.)

9 63. From approximately 2015 through 2017, HEALING HEROES’s direct-mail
10 sweepstakes offered prizes distributed by chance to persons who paid valuable consideration for
11 the chance. HEALING HEROES’s direct-mail sweepstakes therefore constituted a lottery subject
12 to regulation in California. (Pen. Code, § 320.5.)

13 64. Charities may conduct a lottery to raise funds for a charitable purpose only if the
14 lottery is registered as a charity raffle with the Attorney General’s Registry of Charitable Trusts.
15 (Pen. Code, § 320.5, subd. (h)(1).) Organizations conducting charity raffles in California must
16 report annually to the Registry of Charitable Trusts as to the gross receipts, direct costs, and
17 charitable purposes of the raffle. (*Id.*, subd. (h)(6).) The draw of a charity raffle must occur in
18 California. (*Id.*, subd. (b)(3).) Charity raffles must allocate 90 percent of their proceeds to
19 charitable programs. (*Id.*, subd. (b)(4).) And individuals or entities holding a financial interest in
20 conduct of a charity raffle may not conduct the raffle. (*Id.*, subd. (g).)

21 65. HEALING HEROES never registered its sweepstakes as a charity raffle with the
22 Registry of Charitable Trusts. HEALING HEROES never complied with California’s raffle
23 reporting requirements. HEALING HEROES’s sweepstakes draw did not occur in California.
24 HEALING HEROES did not allocate 90 percent of its raffle proceeds to charity. HEALING
25 HEROES’s raffle was conducted by individuals and entities holding a financial interest in its
26 conduct.

27 66. As a result of Defendants’ negligent hiring and supervision of commercial
28 fundraisers, Defendants failed to comply with applicable law requiring solicitation disclosures,

1 commercial-fundraiser registration, and raffle registration and reporting, and California donors
2 were damaged in that they were misled into donating money that they otherwise would not have
3 donated. The exact amount is unknown but is estimated in excess of \$874,000.

4 67. People reserve the right to seek civil penalties for each act or omission that constitutes
5 a violation of the Supervision Act. (Gov. Code, § 12591.1.) Each mailing or request for donation
6 constitutes a separate violation of the Supervision Act regardless of whether it resulted in a
7 donation. (*Id.*)

8 68. People therefore seek restitution and penalties according to proof and seeks judgment
9 as set forth below.

10 **FOURTH CAUSE OF ACTION**

11 **(ACCOUNTING AGAINST DEFENDANTS HEALING HEROES NETWORK AND 12 HERO GIVEAWAYS, AND DOES 1-30)**

13 69. The People incorporate by reference all preceding paragraphs.

14 70. Under Government Code sections 12582 and 12582.1, Defendant HEALING
15 HEROES is a charitable corporation and/or a charitable trustee and Defendant HERO
16 GIVEAWAYS is a charitable trustee whose assets were and are held in a charitable trust for the
17 unnamed charitable beneficiaries, including the People of the State of California.

18 71. Under Government Code section 12585 and 12586, Defendants HEALING HEROES
19 and HERO GIVEAWAYS are required to file written reports with the Attorney General's
20 Registry of Charitable Trusts, as to the nature of the assets it holds for charitable purposes and as
21 to the administration of the charitable corporation and/or trust.

22 72. Due to the misrepresentations and misconduct alleged herein, the People are unable to
23 determine the true nature of the assets held for charitable purposes and whether any improper
24 profit or benefits were taken.

25 73. For the foregoing reasons, the People pray for an accounting.

26 **PRAYER FOR RELIEF**

27 Wherefore, the People of the State of California seek relief as follows:

28 1. Restitution in an amount in excess of \$1,000,000, or according to proof;

1 2. Civil penalties under Government Code, section 12591.1, from each Defendant, to be
2 paid to the Attorney General and used by the Department of Justice solely for
3 administration of the Attorney General's charitable trust enforcement responsibilities, as
4 required by Government Code, sections 12586.2 and 12591.1;

5 3. Injunctive relief enjoining and restraining Defendants and their representatives,
6 successors, assigns, officers, agents, employees, and all other persons acting or claiming to
7 act for, on behalf of, or in participation with Defendants, from the unlawful activities
8 described herein, from soliciting charitable donations in California, and from accepting or
9 holding any position as an officer, director, fiduciary or trustee in any California charitable
10 organization or trust;

11 4. An accounting of all assets received and disbursed from 2009 through the present;

12 5. Attorneys' fees and actual costs incurred in this charitable trust enforcement action to
13 be used for the Attorney General's charitable trust enforcement responsibilities under
14 Government Code, section 12586.2; and

15 6. For such other relief as the Court may deem just and proper.

16
17 THIS COMPLAINT IS DEEMED VERIFIED UNDER THE PROVISIONS OF CODE OF
18 CIVIL PROCEDURE SECTION 446.

19 Dated: March 11, 2021

Respectfully Submitted,

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22 Attorney General of California
23 ELIZABETH S. KIM
24 Supervising Deputy Attorney General

25 

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