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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SONOMA

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BY 
Deputy Clerk

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF SONOMA

14 THE PEOPLE OF THE STATE OF CALIFORNIA,
15 Plaintiffs,

16 v.

17
18 AID FOR STARVING CHILDREN, A DISTRICT OF
COLUMBIA NONPROFIT CORPORATION;
19 MONTE WILSON, JOSEPH SPICCIA, WENDY
SWEZY, JEFFREY BAUGHMAN, WARREN
20 HAYS, LANE PHILLIPS, AND PAUL KELLEY,
INDIVIDUALLY, AND AS DIRECTORS OR
21 OFFICERS OF AID FOR STARVING CHILDREN;
AND DOES 1 THROUGH 50, INCLUSIVE,

22 Defendants.
23

Exempt from Filing and Reporter Fees --
Gov. Code, § 6103

Case No. **SCV 264521**

COMPLAINT FOR:

- (1) MISREPRESENTATIONS IN CHARITABLE SOLICITATIONS
- (2) MISREPRESENTATIONS IN REPORTS FILED WITH THE ATTORNEY GENERAL
- (3) BREACH OF FIDUCIARY DUTY

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

26 ///

27 ///

SCV-264521
CF
Complaint Filed
102152



PARTIES

1. Plaintiff, the People of the State of California (Plaintiff) represents members of the class of charitable beneficiaries of the charitable assets and property held by defendant AID FOR STARVING CHILDREN.

2. The Attorney General, Xavier Becerra, who brings this action on behalf of the People, is the Attorney General of the State of California, and has the primary responsibility for supervising charitable trusts, "for ensuring compliance with trusts and articles of incorporation, and for protecting assets held by charitable trusts and public benefit corporations." (Gov. Code, § 12598.) The Attorney General may bring charitable trust enforcement actions under the provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act (Gov. Code, § 12580 et seq., (Supervision Act), the Nonprofit Corporation Law (Corp. Code, § 5000 et seq.) and those provisions of the Business and Professions Code that prohibit unlawful, unfair, and fraudulent business practices (Bus. & Prof. Code, § 17200 et. seq. and 17510 et seq.). Additionally, the Attorney General is entitled to recover all reasonable attorney's fees and actual costs incurred in a charitable trust enforcement action as set forth in section 12598, subdivision (b), of the Government Code, to be used for the Attorney General's charitable trust enforcement responsibilities. (Gov. Code, § 12586.2.)

3. Defendant AID FOR STARVING CHILDREN, under its prior name, incorporated in 1981 as a nonprofit corporation in Washington, District of Columbia. AID FOR STARVING CHILDREN received tax-exempt status from the Internal Revenue Service (IRS) under 26 U.S.C. section 501(c)(3) of the Internal Revenue Code in 1982.

4. AID FOR STARVING CHILDREN's principal place of business is 2360 Professional Drive, No. 105, Santa Rosa, Sonoma County, California. At incorporation, AID FOR STARVING CHILDREN was called the American/African Education Foundation, but started using the name AID FOR STARVING CHILDREN in or about 2010 and continues to use this name to the present time.

5. AID FOR STARVING CHILDREN registered with the California Secretary of State on or about July 15, 1991.

1 6. AID FOR STARVING CHILDREN registered with the Attorney General's Registry
2 of Charitable Trusts (Registry) on June 30, 2006.

3 7. Under the Supervision Act, a "charitable corporation" subject to the Act includes
4 "any nonprofit corporation organized under the laws of this State for charitable or eleemosynary
5 purposes and any similar foreign corporation doing business or holding property in this State for
6 such purposes." (Gov. Code, § 12582.1.) Therefore, the Attorney General has enforcement and
7 supervisory powers over AID FOR STARVING CHILDREN. (Supervision Act, particularly
8 Gov. Code, §§ 12581, 12588, 12598.)

9 8. At time of incorporation, AID FOR STARVING CHILDREN stated in its articles of
10 incorporation that it was organized exclusively for charitable, educational, scientific and literary
11 purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code and more
12 specifically, to offer educational opportunities in America to Africans.

13 9. Since AID FOR STARVING CHILDREN began using its current name it has
14 described its charitable mission to include providing food, medicine, shelter, and clean water to
15 children and families around the world. The IRS Form 990 for the tax year May 1, 2017 to April
16 30, 2018 states that AID FOR STARVING CHILDREN "provides assistance around the world to
17 children and their families by providing medicines, medical supplies, food, shelter, clean water,
18 immunizations, financial assistance, and emergency relief to victims of famine, natural disasters,
19 and war."

20 10. All of AID FOR STARVING CHILDREN's assets and property are held subject to a
21 charitable trust, for the benefit of its charitable beneficiaries. (Gov. Code, § 12582; *see also* Bus.
22 & Prof. Code, § 17510.8.) AID FOR STARVING CHILDREN is operated, and has been
23 operated, by defendants Monte Wilson, Joseph Spiccia, Wendy Swezy, Jeff Baughman, Warren
24 Hays, Lane Phillips, and Paul Kelley (collectively "Officer/Director" defendants).

25 11. Defendant MONTE WILSON (WILSON) is a resident of the state of Georgia. From
26 at least 2012 to the present, WILSON was and continues to be the chairman of the board of AID
27 FOR STARVING CHILDREN, and owed and continues to owe fiduciary duties of care and
28 loyalty to AID FOR STARVING CHILDREN and its charitable beneficiaries, and a duty to put

1 their interests ahead of his own. WILSON also has a consulting contract with AID FOR
2 STARVING CHILDREN.

3 12. Defendant JOSEPH SPICCIA (SPICCIA) is a resident of the state of Georgia. From
4 at least 2012 to May 1, 2017, SPICCIA was Vice President of AID FOR STARVING
5 CHILDREN, and owed fiduciary duties of care and loyalty to AID FOR STARVING
6 CHILDREN and its charitable beneficiaries, and a duty to put their interests ahead of his own.
7 SPICCIA had, and may continue to have, a mail order contract with AID FOR STARVING
8 CHILDREN.

9 13. Defendant WENDY SWEZY (SWEZY) is a resident of Sonoma County, California.
10 From at least May 2017, to the present, SWEZY was, and continues to be, Chief Financial
11 Officer/Administrative Director and owed and continues to owe fiduciary duties of care and
12 loyalty to AID FOR STARVING CHILDREN and its charitable beneficiaries, and a duty to put
13 their interests ahead of her own.

14 14. Defendant JEFFREY BAUGHMAN (BAUGHMAN) is a resident of the state of
15 Ohio. From at least 2012 to the present, BAUGHMAN was, and continues to be the secretary
16 and treasurer of AID FOR STARVING CHILDREN, and owed and continues to owe fiduciary
17 duties of care and loyalty to AID FOR STARVING CHILDREN and its charitable beneficiaries,
18 and a duty to put their interests ahead of his own.

19 15. Defendant WARREN HAYS (HAYS) is a resident of Sonoma County, California.
20 From at least 2012, HAYS was, and continues to be a director of AID FOR STARVING
21 CHILDREN, and owed and continues to owe fiduciary duties of care and loyalty to AID FOR
22 STARVING CHILDREN and its charitable beneficiaries, and a duty to put their interests ahead
23 of his own.

24 16. The place of residence of Defendant LANE PHILLIPS (PHILLIPS) is currently
25 unknown. From at least 2012 to May 1, 2017, PHILLIPS was, and continues to be a director of
26 AID FOR STARVING CHILDREN, and owed and continues to owe fiduciary duties of care and
27 loyalty to AID FOR STARVING CHILDREN and its charitable beneficiaries, and a duty to put
28 their interests ahead of his own.

17. The place of residence of Defendant PAUL KELLEY (KELLEY) is currently unknown. From at least May 1, 2016 to the present, KELLEY was, and continues to be a director of AID FOR STARVING CHILDREN, and owed and continues to owe fiduciary duties of care and loyalty to AID FOR STARVING CHILDREN and its charitable beneficiaries, and a duty to put their interests ahead of his own.

18. Defendants DOES 1 through 50 are named as fictitious defendants who participated with or acted in concert with and/or continues to participate or act in concert with one or more of the defendants, or who acted on behalf of or as agents, servants, employees or aider or abettor of one or more of the defendants, but whose true names and capacities, whether individual, corporate, or otherwise, are presently unknown to plaintiff. On information and belief, defendants DOES 1 through 50 have directly or indirectly participated in and are responsible for the acts and omissions that are more specifically described below, and the remedies plaintiff seeks are due to acts and omissions proximately caused by such defendants. Because plaintiff is presently uninformed as to the true names and capacities of defendants DOES 1 through 50, plaintiff sues them by fictitious names, but will seek leave to amend this Complaint when their true names and capacities are discovered.

JURISDICTION AND VENUE

19. At all times relevant, defendants and each of them, transacted business in Sonoma County, has their principal place of business in Sonoma County, and elsewhere in the State of California, and defendants Swezy and Hays are residents of the State of California. Defendants AID FOR STARVING CHILDREN and its current and former Officer/Director defendants operate their business in Sonoma County, California. The violations of law described in this Complaint were, and are now being carried out, in part, in Sonoma County and throughout the State of California. This Court has jurisdiction under Article VI, section 10, of the California Constitution, and section 393 of the Code of Civil Procedure.

GENERAL ALLEGATIONS

20. Whenever reference is made in this Complaint to any act of any corporate or other business defendant, such allegation shall mean that said defendant and its owners, officers,

1 directors, agents, employees, representatives, or aider or abettor did or authorized such acts while
2 engaged in the management, operation, direction, or control of the affairs of such defendant and
3 while acting within the scope and course of their duties. Whenever reference is made in this
4 Complaint to any act of defendants, such allegation shall mean that each defendant acted
5 individually and jointly with the other defendants named in that cause of action.

6 21. Whenever reference is made in this Complaint to any act of any individual defendant,
7 such allegation shall be deemed to mean that said defendant is and was acting (a) as a principal,
8 (b) under express or implied agency, and/or (c) with actual or ostensible authority to perform the
9 acts so alleged on behalf of himself and/or on behalf of every other defendant.

10 **Corporate History of AID FOR STARVING CHILDREN**

11 22. AID FOR STARVING CHILDREN was founded and incorporated on August 31,
12 1981, as "The American/African Education Foundation" with its principal office in Washington,
13 D.C. It received tax-exempt status from the IRS on March 24, 1982.

14 23. In 1989, AID FOR STARVING CHILDREN changed its name to "American/African
15 Self-Help Foundation." Then, in 1999, it changed its name again to "African American Self-Help
16 Foundation."

17 24. In 2001, the Articles of Incorporation were amended to make the following changes:
18 the location of its principal office was changed from "in or near Washington D.C." to "in
19 Northern California." The charitable purpose was also amended to read "... more specifically, to
20 offer charitable or educational opportunities to indigenous Africans and to African-American
21 single heads of households."

22 25. Other amendments to its Articles occurred in 2011. In those amendments, the
23 corporation was renamed "Aid for Starving Children." AID FOR STARVING CHILDREN also
24 changed its charitable purpose to:

25 ... more specifically, to offer charitable, vocational, or educational
26 opportunities to female African-American single heads of households as
27 well as to needy AND HUNGRY children and families worldwide. The
28 Corporation will maintain a special emphasis on feeding hungry children
and families worldwide. The Corporation may engage in or support any
activities necessary or appropriate to fulfill the foregoing purposes, and the
Corporation may exercise all power available to corporations organized

1 under the District of Columbia Non-Profit Corporation Act. (Emphasis in
2 original.)

3 26. From May 1, 2011 to April 30, 2018, AID FOR STARVING CHILDREN claims to
4 have generated approximately \$105.2 million in revenue. Of this amount, nearly \$97.4 million
5 (92.6%) of AID FOR STARVING CHILDREN's revenue was comprised of the reported value of
6 non-cash goods, commonly referred to as Gifts-in-Kind (GIK), leaving approximately \$7.4
7 million of cash revenue. During this same period, AID FOR STARVING CHILDREN paid
8 approximately \$6.2 million in overhead, salaries, consulting contracts, and fundraising expenses,
9 leaving just \$1,261,787 in cash, or approximately 1.3 cents per reported revenue dollar, available
10 to support its specially emphasized charitable feeding programs for hungry children and families.
11 Despite this fact, AID FOR STARVING CHILDREN's mail solicitations, website, and
12 information it provided to the state and federal employee-based fundraising campaigns mislead
13 potential donors into thinking a much higher percentage of their potential donations would go to
14 feeding starving children and families.

15 **AID FOR STARVING CHILDREN's Gift-In-Kind Program**

16 27. As identified in paragraph 26, approximately 92% of AID FOR STARVING
17 CHILDREN's revenue comprises of GIK donations. This GIK revenue consists almost
18 exclusively of purported donations of pharmaceuticals it received from third parties that AID
19 FOR STARVING CHILDREN then distributed outside the United States. AID FOR
20 STARVING CHILDREN uses U.S. drug price values to estimate the value of its GIK donations
21 even though the pharmaceutical donations were all distributed in foreign nations. AID FOR
22 STARVING CHILDREN includes the U.S. GIK values as revenue and program expense in its
23 publicly filed financial documents, including its IRS Form 990, which are filed with the Attorney
24 General's Registry as part of its reporting requirements. The Attorney General makes available to
25 the public, on the Attorney General's website, the IRS Forms 990 and other public reports filed
26 by charities that operate in California. IRS Forms 990 are also widely available publicly on the
27 informational website hosted by Guidestar (now Candid), and often on the websites of
28 organizations that rate and/or accredit charities, such as Charity Navigator, the Better Business

1 Bureau/Wise Giving Alliance, and the Evangelical Council for Financial Accountability.
2 Because AID FOR STARVING CHILDREN uses U.S. prices to value the GIK pharmaceuticals,
3 it is able to report much higher revenue on its IRS form 990 and much higher program related
4 expenses than a cash-based charity would be able to report. The low fundraising and
5 administrative percentages and high revenue and program expenses resulting from the GIK
6 revenue appear on AID FOR STARVING CHILDREN's mail solicitations, its website, and on
7 information contained in both state and federal employee-based fundraising campaigns.

8 28. As part of its GIK program, AID FOR STARVING CHILDREN does not receive
9 drug shipments directly from the pharmaceutical manufacturers; instead, the drugs are generally
10 "donated" to AID FOR STARVING CHILDREN by another nonprofit organization. These
11 donations to AID FOR STARVING CHILDREN are made without any documentation that
12 establish how the donor nonprofit came into possession of the drugs, or whether that donor had
13 proper ownership of the drugs before they were again "donated" to AID FOR STARVING
14 CHILDREN.

15 29. In conducting its GIK program, AID FOR STARVING CHILDREN utilized Charity
16 Services International, a for-profit entity headquartered in South Carolina, to facilitate several of
17 its GIK transactions. For a "procurement fee," Charity Services International would locate a
18 shipment of donated goods, match the goods with its client charity, then ship those goods
19 overseas in the client charity's name. For this procurement fee, charities such as AID FOR
20 STARVING CHILDREN position themselves to report millions in revenue and charitable
21 program expenses on their IRS Form 990.

22 30. On March 21, 2012, the IRS sent AID FOR STARVING CHILDREN a letter
23 regarding an examination the IRS conducted on AID FOR STARVING CHILDREN for tax years
24 2006 and 2007, including its GIK program. According to the letter, the IRS identified "certain
25 deficiencies" in AID FOR STARVING CHILDREN's record keeping and reporting practices and
26 procedures. The IRS noted deficiencies in AID FOR STARVING CHILDREN's "ability to
27 demonstrate that . . . claimed receipts of GIK goods occurred or that the GIK goods allegedly
28 received and distributed were used in furtherance of [its] exempt purpose."

1 31. Among the actions recommended by the IRS to AID FOR STARVING CHILDREN
2 were to maintain records as to how the foreign recipients of the GIK were identified, how those
3 recipients further AID FOR STARVING CHILDREN's charitable purpose, and for AID FOR
4 STARVING CHILDREN to request periodic accountings from the foreign recipients. AID FOR
5 STARVING CHILDREN's records do not demonstrate that it properly followed the IRS's
6 recommended actions.

7 32. After the IRS examination letter, AID FOR STARVING CHILDREN continued to
8 participate in its GIK transactions, both accepting donations from other charities and making
9 distributions of pharmaceuticals to foreign recipients. AID FOR STARVING CHILDREN'S
10 revenue from GIK donations allowed the charity to increase its revenue significantly:¹

- 11 • For fiscal year ending 4/30/2012: \$9,637,611 of GIK pharmaceuticals to the
12 Philippines. Alendronate Sodium, a drug generally prescribed for post-menopausal
13 women, made up the bulk of the value of these distributions.
- 14 • For fiscal year ending 4/30/2013: \$11,451,979 to the same recipient in the
15 Philippines as the previous year's shipment. Of the alleged \$11.8 million, over \$3
16 million of the value of the drugs were for medicines to treat dementia, while \$4
17 million were for medicine to treat high cholesterol.
- 18 • For fiscal year ending 4/30/2014: \$14,269,860 in revenue and involved two
19 shipments, one to Honduras and one to El Salvador. The bulk of the value of this
20 transaction consisted of drugs that treat high cholesterol.
- 21 • For fiscal year ending 4/30/2015: \$15,999,557 in revenue and involved two
22 shipments, one to Dominican Republic and one to El Salvador. A large percentage
23 of this shipment also consisted of drugs that treat high cholesterol.
- 24 • For fiscal year ending 4/30/2016: \$19,868,597 in revenue and involved two
25 shipments to the Dominican Republic and El Salvador. Included in these shipments
26 were drugs for high cholesterol and for dialysis patients.
- 27 • For fiscal year ending 4/30/2017: \$13,224,458 in revenue, and the GIK
28 pharmaceuticals shipped to El Salvador. Included in this shipment was skin
 ointment and ulcer medication.
- For fiscal year ending 4/30/2018: \$12,912,454 in revenue, and the GIK
 pharmaceuticals shipped to Central America.

33. In 2013, World Help, the nonprofit that donated these drugs to AID FOR
STARVING CHILDREN, informed AID FOR STARVING CHILDREN that it could not

¹ AID FOR STARVING CHILDREN's fiscal years run from May 1 to April 30.

1 document World Help's proper ownership of the three 2012 shipments to the Philippines before
2 they were provided to AID FOR STARVING CHILDREN. Therefore, World Help could not
3 properly pass ownership of the drugs to AID FOR STARVING CHILDREN. World Help
4 advised AID FOR STARVING CHILDREN that it would not recognize any contribution revenue
5 or program service expenses related to these GIK transactions involving World Help and AID
6 FOR STARVING CHILDREN. Despite this information, AID FOR STARVING CHILDREN
7 did not revise the revenue it reported on its IRS Form 990 for the fiscal year 2012 for these GIK
8 donations.

9 34. In conducting its GIK program, both pre and post IRS audit, AID FOR STARVING
10 CHILDREN never had actual physical possession of the GIK donations, and it did not have any
11 direct contact with the upstream manufacturer/donor. Other than paying Charity Services
12 International's fees and shipping costs, AID FOR STARVING CHILDREN, in numerous
13 instances, did nothing to solicit, locate, or facilitate the contributions it supposedly received from
14 upstream donors, which were themselves nonprofit organizations. AID FOR STARVING
15 CHILDREN did not know the identity of the manufacturers of the pharmaceuticals, or the origin
16 of the goods. AID FOR STARVING CHILDREN did nothing to verify that the supposed donors
17 of the GIK actually possessed the right to transfer title of the goods to AID FOR STARVING
18 CHILDREN, or to determine whether use of the goods was restricted in any way. AID FOR
19 STARVING CHILDREN also, in numerous instances, lacked documents related to these GIK
20 transactions that owners of GIK goods are expected to maintain. The documentation AID FOR
21 STARVING CHILDREN did have came from Charity Services International and did not
22 adequately substantiate its claimed receipt, possession, and subsequent distribution of the goods.
23 As a result, AID FOR STARVING CHILDREN should not have reported the value of the GIK
24 donations as contributed revenue or program expenses on its IRS Forms 990 informational
25 returns, and subsequently file same with the Attorney General's Registry.

26 35. Under the circumstances, AID FOR STARVING CHILDREN did not own the GIK
27 donations; rather, it was simply acting as an agent, intermediary, or "pass-through" between the
28 upstream donors and end recipients. Such intermediaries may not report the value of GIK

1 donations passing through their hands as contributed revenue or as program service expenses in
2 their financial statements.

3 Mail Solicitations and Website

4 36. In approximately 2011, AID FOR STARVING CHILDREN began a mail solicitation
5 program. One of its solicitations was a two-sided mailer. The front side stated "Yes, Dr. Wilson
6 I will help you feed these starving children" and included a photograph of defendant WILSON
7 holding a crying, emaciated child. It also included boxes to check next to the following options:
8 "\$9 from AID FOR STARVING CHILDREN can help feed a child for 90 days; \$18 can help
9 feed a child for six months; \$660 from AID FOR STARVING CHILDREN can help purchase
10 ONE TON of food for a starving village." (See copy of mail solicitation, attached as Exhibit
11 "A.")

12 37. AID FOR STARVING CHILDREN's mailers also contain pie charts that purport to
13 show the percentage of donations spent on its charitable programs relative to donations received.
14 The above described mailer included a pie chart stating that of the \$17,391,056 of donations,
15 "96.3% of all donations were allocated to life-saving programs!*" The asterisk refers to small
16 print at the bottom of the page that states, "Administration overhead just 3.7%, based upon total
17 income from all sources, including gifts-in-kind, contained in our most recent audited financial
18 statements. Donations are used to support AID FOR STARVING CHILDREN's emergency
19 relief, shipments of medical supplies, education, the administration of all of AID FOR
20 STARVING CHILDREN's programs and to tell others of this tremendous need."

21 38. Another AID FOR STARVING CHILDREN mailer included the following
22 statement: "Just 10 cents Can Remove This Armband of Death." This mailer also includes
23 photographs of starving children, specifically references Ethiopia, and states "we can provide a
24 lifesaving nutritious meal for a starving child for just 10 cents." (See copy of mail solicitation,
25 attached as Exhibit "B.")

26 39. The only photographs in AID FOR STARVING CHILDREN's mailers are those of
27 starving children. These mailers did not include photographs or specific information about the
28 large shipments of drugs that make up the vast majority of AID FOR STARVING CHILDREN's

1 actual program activities.

2 40. In addition to mailers, AID FOR STARVING CHILDREN maintains a website
3 through which it seeks donations. On its website, AID FOR STARVING CHILDREN states:
4 "Five children dying of hunger every minute—that's over 1600 a day - must stop! Your action
5 today can save a child's life. Please join us in making a difference! Every year, 2.6 million
6 children under 5 die of hunger. Every 12 seconds a child dies of starvation. HUNGER is the
7 world's #1 health risk... Our focus has been feeding programs, building clean water systems,
8 supporting children's homes for AIDS, orphans and victims of abuse, as well as providing
9 shipments of medicines and medical supplies to hospitals and clinics in underprivileged regions
10 across the globe." In the middle of its home page, AID FOR STARVING CHILDREN has a
11 "Get involved" button. Once clicked, it takes you to AID FOR STARVING CHILDREN's
12 donation page.

13 41. AID FOR STARVING CHILDREN's website site also includes a link to its annual
14 report. Currently, AID FOR STARVING CHILDREN's annual report includes a pie chart
15 showing donations received at \$14,528,995, with 93.7% or \$13,615,657 going to programs, with
16 the statement: "93.7% of all donations were allocated to life-saving programs!" Unlike its
17 mailers, this chart does not include any disclaimers, and it does not explain that only a tiny
18 percentage of cash donations were and are used to provide food to starving children.

19 42. Through the use of above representations in its direct mail, online, workplace giving
20 and other fundraising platforms, AID FOR STARVING CHILDREN received more than \$7.4
21 million in cash contributions between May 2012 and April 2018. Of this amount, little of the
22 cash contributions went to feed starving children, while most went to fundraising and overhead.

23 **Combined Federal Campaign and Our Promise Campaign**

24 43. AID FOR STARVING CHILDREN also received, and continues to receive,
25 donations through its participation in The Combined Federal Campaign. The Combined Federal
26 Campaign allows federal government employees to donate directly to participating charities
27 through deductions from their salaries. The Combined Federal Campaign is operated by the
28 United States Office of Personnel Management, and it estimates that more that 20,000 charities

1 participate in The Combined Federal Campaign annually.

2 44. A charity's application to participate in The Combined Federal Campaign must
3 provide specific information about its auditing, governance, and program functions, as specified
4 in Code of Federal Regulations (5 C.F.R § 950). An applicant must also provide a copy of its IRS
5 Form 990 for its most recent fiscal year. AID FOR STARVING CHILDREN's entry on The
6 Combined Federal Campaign's website states, "One child dying of hunger every twelve seconds-
7 over 7,000 a day- must stop! We provide emergency relief, life-saving necessities, feeding
8 programs, disease-free water, & medical care to desperate children. Your actions can help save a
9 child!" Information provided for The Combined Federal Campaign does not mention that AID
10 FOR STARVING CHILDREN's GIK pharmaceutical shipments make up the vast majority of its
11 program expenses, which are unrelated to feeding starving children.

12 45. The Combined Federal Campaign publishes a Charity List containing the
13 participating charities. Every listing contains the following: the name of the charity, a 25-word
14 statement about the charity's program services, and the charity's administrative and fundraising
15 rate (AFR). The AFR represents the percentage of dollars spent on administering the charity and
16 it is calculated as a percentage of the organization's total support and revenue.

17 46. In addition to The Combined Federal Campaign, many states, including California,
18 operate their own State Employee Charitable Campaigns (SECC). California's SECC is called
19 "Our Promise." The California Department of General Services acts as the "governing board" for
20 each annual Our Promise campaign.

21 47. AID FOR STARVING CHILDREN's entry on the Our Promise website states, "One
22 child dying of hunger every twelve seconds- over 7,000 a day- must stop! Make a difference.
23 Your actions can help save a child." This statement makes no mention of AID FOR STARVING
24 CHILDREN's GIK pharmaceutical shipments, which are unrelated to feeding starving children.

25 **AID FOR STARVING CHILDREN's Administrative and Fundraising Rate**
26 **Reported In the Combined Federated Campaigns Relied on GIK Donations**

27 48. AID FOR STARVING CHILDREN registered for, and participated in every annual
28 Combined Federal Campaign and California's Our Promise campaign between May 1, 2012 and

1 December 15, 2016. Currently, AID FOR STARVING CHILDREN is registered to receive
2 donations for the Combined Federal Campaign and California's Our Promise campaign.

3 49. On its IRS Form 990 for the tax year ending April 30, 2013, AID FOR STARVING
4 CHILDREN reported receipts of \$191,968 in revenue through its participation in federated
5 campaigns. During this period, AID FOR STARVING CHILDREN reported an AFR of
6 approximately 2.38%. Because AID FOR STARVING CHILDREN did not have ownership or
7 variance power over the GIK donations, it should not have reported the GIK revenue in its IRS
8 Form 990 for the tax year ending April 30, 2013. Without the GIK transactions being reported as
9 revenue and expenses, AID FOR STARVING CHILDREN's AFR would have been
10 approximately 35.67%.

11 50. On its IRS Form 990 for the tax year ending April 30, 2014, AID FOR STARVING
12 CHILDREN reported receipts of \$161,582 in revenue through its participation in federated
13 campaigns. During this period, AID FOR STARVING CHILDREN reported an AFR of
14 approximately 2.78%. Because AID FOR STARVING CHILDREN did not have ownership or
15 variance power over the GIK donations, it should not have reported the GIK revenue in its IRS
16 Form 990 for the tax year ending April 30, 2014. Without the GIK transactions reported as
17 revenue and expenses, AID FOR STARVING CHILDREN's AFR would have been
18 approximately 35.20%.

19 51. On its IRS Form 990 for the tax year ending April 30, 2015, AID FOR STARVING
20 CHILDREN reported receipts of \$118,226 in revenue through its participation in federated
21 campaigns. During this period, AID FOR STARVING CHILDREN reported an AFR of
22 approximately 3.70%. Because AID FOR STARVING CHILDREN did not have ownership or
23 variance power over the GIK donations, it should not have reported the GIK revenue in its IRS
24 Form 990 for the tax year ending April 30, 2015. If the GIK transactions were omitted from both
25 revenue and expenses, AID FOR STARVING CHILDREN's AFR would have been
26 approximately 46.19%.

27 52. On its IRS Form 990 for the tax year ending April 30, 2016, AID FOR STARVING
28 CHILDREN reported receipts of \$106,533 in revenue through its participation in federated

1 campaigns. During this period, AID FOR STARVING CHILDREN reported an AFR of
2 approximately 2.64%. Because AID FOR STARVING CHILDREN did not have ownership or
3 variance power over the GIK donations, it should not have reported the GIK revenue in its IRS
4 Form 990 for the tax year ending April 30, 2016. If the GIK transactions were omitted from both
5 revenue and expenses, AID FOR STARVING CHILDREN's AFR would have been
6 approximately 39.02%.

7 53. On its IRS Form 990 for the tax year ending April 30, 2017, AID FOR STARVING
8 CHILDREN reported receipts of \$84,473 in revenue through its participation in federated
9 campaigns. During this period, AID FOR STARVING CHILDREN, reported an AFR of
10 approximately 6.21%. Because AID FOR STARVING CHILDREN did not have ownership or
11 variance power over the GIK donations, it should not have reported the GIK revenue in its IRS
12 Form 990 for the tax year ending April 30, 2017. If the GIK transactions were omitted from both
13 revenue and expenses, AID FOR STARVING CHILDREN's AFR would have been
14 approximately 65.50%.

15 54. On its IRS Form 990 for the tax year ending April 30, 2018, AID FOR STARVING
16 CHILDREN reported receipts of \$53,962 in revenue through its participation in federated
17 campaigns. During this period, AID FOR STARVING CHILDREN reported an AFR of
18 approximately 6.33%. Because AID FOR STARVING CHILDREN did not have ownership or
19 variance power over the GIK donations, it should not have reported the GIK revenue in its IRS
20 Form 990 for the tax year ending April 30, 2018. If the GIK transactions were omitted from both
21 revenue and expenses, AID FOR STARVING CHILDREN's AFR would have been
22 approximately 60.04%.

23 55. AID FOR STARVING CHILDREN misrepresented and continues to misrepresent its
24 AFR, and thus misled donors in Federal and State employee giving campaigns. AID FOR
25 STARVING CHILDREN highlights its low administrative and fundraising expenses and its high
26 program charitable services on its website and solicitation materials to receive donations and
27 these misrepresentations are all based on its use of GIK pharmaceutical donations. The inflated
28 revenue and program expense figures misrepresent the scale and efficacy of AID FOR

1 STARVING CHILDREN's program services.

2 **AID FOR STARVING CHILDREN and its Board of Directors Failed to Act in Good**
3 **Faith to Ensure that Cash Donations Were Used Properly to Benefit Starving Children**

4 56. Directors and officers have an obligation to act in good faith and in a manner that
5 they reasonably believe to be in the best interest of the charity under Corporations Code section
6 5231 and case law. According to AID FOR STARVING CHILDREN's Articles, its mission was
7 to provide "charitable, vocational, or educational opportunities to female African-American
8 single heads of households as well as to needy AND HUNGRY children and families
9 worldwide." AID FOR STARVING CHILDREN also stated that it was going to maintain a
10 special emphasis on feeding hungry children and families worldwide. The Attorney General's
11 Office audited AID FOR STARVING CHILDREN's financial records and requested
12 documentation related to AID FOR STARVING CHILDREN's charitable programs in Africa
13 where it purportedly provided vital food services. AID FOR STARVING CHILDREN's website
14 and written solicitation materials show photographs of malnourished and sickly children. While
15 AID FOR STARVING CHILDREN shows photographs of children and mothers in desperate
16 situations, it was unable to provide even the most basic reporting related to expenses associated
17 with its purported feeding program. Organizations that provide donations to other organizations
18 and individuals should be able to produce contracts, invoices, bills of sale, receipts, purchase
19 orders and other documentation demonstrating that cash donations received from U.S. residents
20 are properly serving charitable purposes in foreign countries. AID FOR STARVING
21 CHILDREN failed to produce sufficient documentation to show that any of the \$716,744 cash
22 donation it collected from federated campaigns during the years 2012-2018 ever benefitted a
23 hungry child. Although AID FOR STARVING CHILDREN purports to provide hunger relief
24 services in Africa, AID FOR STARVING CHILDREN failed to adequately document those
25 programs to ensure that aid is going where donors intended.

26 57. Defendant officers and directors failed to implement policies and procedures to
27 ensure that AID FOR STARVING CHILDREN met its charitable purposes and that controls were
28 in place to further its mission. Defendant directors should have required annual reporting from

1 foreign organizations, entities, and/or contractors that purportedly received donations for AID
2 FOR STARVING CHILDREN's hunger program. The failure to maintain written contracts with
3 all of its foreign recipients, and failure to require periodic accountings has resulted in a protracted
4 audit by the Attorney General's Office.

5 CAUSES OF ACTION

6 7 FIRST CAUSE OF ACTION 8 **MISREPRESENTATIONS IN CHARITABLE SOLICITATIONS** 9 **IN VIOLATION OF GOVERNMENT CODE SECTIONS 12586, 12599.6 AND BUSINESS** 10 **AND PROFESSIONS CODE SECTION 17510.8** 11 **(AGAINST DEFENDANTS AID FOR STARVING CHILDREN, OFFICER/DIRECTOR** 12 **DEFENDANTS, AND DOES 1-50)**

13 58. Plaintiffs re-allege and incorporate by reference as though fully set forth herein each
14 of the allegations of paragraphs 1 through 57 of this Complaint.

15 59. When a charity unfairly includes GIK valuations as revenue and program expense in
16 its solicitation materials, it makes the charity appear larger and more efficient than it really is, and
17 thus more attractive to potential donors. Reporting inflated values for program expenses also
18 deceptively diminishes the percentage of the charity's reported fundraising and administrative
19 costs. Charities are prohibited from making false and misleading statements in solicitations.
20 (Gov. Code, § 12591.1, subd. (b)(4); Cal. Code Regs., tit. 11, § 999.9, subd. (b).) Charities are
21 expressly prohibited from using unfair or deceptive acts, or "any fraudulent conduct that creates a
22 likelihood of confusion or misunderstanding" in connection with solicitations. (Gov. Code, §
23 12599.6, subd. (f)(2).) Charities are also prohibited from representing directly or by implication
24 that the charitable organization will receive an amount greater than the actual net proceeds
25 estimated to be retained by the charity for its charitable program. (Gov. Code, § 12599.6, subd.
26 (g).) The Attorney General is authorized to issue penalties for unfair, deceptive or misleading
27 statements in charitable solicitations. (Gov. Code, § 12591.1, subd. (c).) Defendant AID FOR
28 STARVING CHILDREN, and its Officer/Director defendants and Does 1 through 50,
consistently engaged in unfair and deceptive acts in their solicitation by making AID FOR
STARVING CHILDREN's feeding program appear larger and more efficient than is true in
reality. Despite exploiting the images and the efficiency percentages contained in its solicitation

1 materials, AID FOR STARVING CHILDREN is unable to substantiate that any charitable
2 donations were used to feed starving children and families. A vast majority of the donations by
3 AID FOR STARVING CHILDREN are pharmaceuticals donated to AID FOR STARVING
4 CHILDREN by another charity. Despite this fact, a potential donor viewing AID FOR
5 STARVING CHILDREN's solicitation materials would not be aware of this fact, but would, in
6 fact, likely believe the vast majority of his or her donation to AID FOR STARVING CHILDREN
7 would go to feed starving children.

8 60. Also, charities can only report GIK as a revenue and program expense if the charity
9 has ownership and "variance power" over the goods; that is, the charity has the discretion to
10 choose the end recipient of the goods. The ownership and variance power requirement
11 established by generally accepted accounting principles prevents charities from passing along the
12 same GIK from charity to charity to charity, each reporting the same gift as revenue in its public
13 financial reporting, even though there is only one intended end recipient. The ownership and
14 variance power requirement also prevents charities from merely acting as agent, intermediary, or
15 a pass-through. If a charity facilitates a shipment of goods overseas, but cannot determine the
16 source of the donation, or who the ultimate end recipient will be, the charity cannot claim *any*
17 revenue or program expense other than the value of its services in simply facilitating the
18 transaction.

19 61. A charity that acts merely as an agent, intermediary, or pass-through, rather than a
20 donor to the end recipient, cannot report the value of the donation as revenue in its financial
21 statements. Factors that indicate a charity is an agent, intermediary, or pass through, and not a
22 donor, include: whether the charity fails to take physical possession of the GIK, whether the
23 charity actually solicited the GIK, and whether the charity receives all or most of its GIK from the
24 same donor or relatively small group of donors. (*See* AICPA Audit and Accounting Guide,
25 Section 5.128.)

26 62. Defendants AID FOR STARVING CHILDREN, its Officer/Director defendants, and
27 Does 1 through 50, violated Government Code section 12599.6, subdivisions (f)(2) and (g) and
28 Business and Professions Code section 17510.8, in conducting and executing charitable

1 solicitations, *inter alia*, as follows:

2 (a) AID FOR STARVING CHILDREN's website was misleading because the donation
3 button directs donors to its annual report which includes a pie chart showing donations
4 received at \$14,528,995, with 93.7% or \$13,615,657 going to programs, with the statement;
5 "93.7% of all donations were allocated to life-saving programs!" Because AID FOR
6 STARVING CHILDREN had no variance power it could not report the GIK donations in its
7 revenue or reported program expenses; thus, its pie chart that heavily relied on the GIK
8 revenue and expenses was deceptive.

9 (b) During the years 2012 through the present, defendant AID FOR STARVING
10 CHILDREN participated in the Combined Federal Campaign and Our Promise campaigns
11 and made misrepresentations on their websites highlighting its administrative and
12 fundraising rates which was based on GIK donations that should not have been reported or
13 included in its financial reports.

14 (c) During the years 2012 through 2016, defendant AID FOR STARVING CHILDREN
15 also had a mail solicitation program. The misrepresentations in its mail solicitations are
16 more fully set forth above in paragraphs 35-38 above, violated section 12599.6,
17 subdivisions (f)(2) and (g) of the Government Code, and section 17510.8 of the Business
18 and Professions Code, because they were false and misleading and created a likelihood of
19 confusion or misunderstanding on the part of potential donors.

20 63. As a result of the violations of the Supervision Act, including Government Code
21 sections 12599.6(f)(2) and (g), 12586, 12591.1, and Business and Professions Code section
22 17510.8 by defendants AID FOR STARVING CHILDREN, Officers/Directors, and DOES 1
23 through 50, pursuant to Government Code section 12591.1, plaintiffs are entitled to civil penalties
24 in the amount of \$1,000 for each California donor from defendants, according to proof, and civil
25 penalties of at least \$60,000 against defendant directors, pursuant to Government Code section
26 12591.1, subdivision (a). The People are also entitled to injunctive relief against the defendants
27 named in this cause of action and DOES 1 through 50, prohibiting them from engaging in further
28 violations of Government Code section 12599.6.

64. Pursuant to Government Code sections 12586.2 and 12598, the People are entitled to attorney's fees and costs.

SECOND CAUSE OF ACTION

**MISREPRESENTATIONS IN REPORTS FILED WITH THE
ATTORNEY GENERAL
(Against Defendants AID FOR STARVING CHILDREN, Officer/Director
Defendants, and Does 1-50)**

65. Plaintiffs re-allege and incorporate by reference as though fully set forth herein each of the allegations of paragraphs 1 through 64 of this Complaint.

66. Under Government Code section 12591.1, subdivision (b), any person who makes a materially false statement in a report required to be filed, or who files an incomplete report, violates the Supervision Act. AID FOR STARVING CHILDREN was required by law to file annual reports as to its assets and financial condition with the Attorney General's Registry of Charitable Trusts under sections 12585 and 12586 of the Government Code, and applicable regulations.

67. AID FOR STARVING CHILDREN, its Officer/Director defendants, and DOES 1-50 owed and continue to owe a duty to the People of the State of California, the charitable beneficiaries of AID FOR STARVING CHILDREN, to accurately represent the financial condition of AID FOR STARVING CHILDREN.

68. AID FOR STARVING CHILDREN, its Director/Officer defendants, and Does 1 through 50, violated Government Code section 12586 when they filed with the Attorney General's Registry, under oath, periodic written reports that contained material false statements, and did so with the intent to deceive or defraud in their charitable solicitations as alleged in this complaint, in violation of the Supervision Act. (Gov. Code, § 12591.1.)

69. As a result of the violations of the Supervision Act, including Government Code sections 12599.6(f)(2), 12586, and 12591.1, pursuant to Government Code section 12591.1, the People are entitled to civil penalties in an amount of \$14,000. The People are also entitled to injunctive relief against the defendants named in this cause of action and DOES 1 through 50, prohibiting them from engaging in further violations of Government Code section 12599.6.

70. Pursuant to Government Code sections 12586.2 and 12598, the People are entitled to attorney's fees and costs.

THIRD CAUSE OF ACTION

**BREACH OF FIDUCIARY DUTY
(AGAINST OFFICER/DIRECTOR DEFENDNTS AND DOES 1-25)**

71. Plaintiffs re-allege and incorporate by reference as though fully set forth herein each of the allegations of paragraphs 1 through 70 of this Complaint.

72. Plaintiffs are informed and believe and thereon allege that at all times relevant herein, Officer/Director defendants and Does 1 through 25, were officers and/or directors of AID FOR STARVING CHILDREN and/or *de facto* officers or directors who owed fiduciary duties of due care and loyalty to AID FOR STARVING CHILDREN. Plaintiffs are further informed and believe and thereon allege that each of the aforementioned defendants breached his/her duties of good faith, care, and loyalty to AID FOR STARVING CHILDREN by engaging in, participating in, aiding and abetting, and facilitating unlawful actions or omissions, including, but not limited to, the acts or omissions as alleged in this complaint in violation of common law trust principles and state statutes, including but not limited to, Business and Professions Code section 17510.8.

73. Defendants caused AID FOR STARVING CHILDREN to file with the IRS and the Attorney General's Registry false and misleading IRS Forms 990, as more specifically alleged above. Defendants also disseminated this information to the donating public. Defendants knew, or should have known that AID FOR STARVING CHILDREN could not include GIK shipments as revenue and as program expense in its Forms 990 for the years alleged in this Complaint because AID FOR STARVING CHILDREN had no real or constructive ownership or variance power of those shipments.

74. Defendants also caused AID FOR STARVING CHILDREN to make misrepresentations on its website, its mailers, and in its materials related to the Combined Federal Campaign and Our Promise campaigns, by including values of pharmaceutical shipments as revenue and program expense that were unfair and deceptive, and also used deceptive images that were likely to mislead potential donors, the Attorney General, charity rating and accrediting

1 organizations, and others. Defendants knew that by inflating AID FOR STARVING
2 CHILDREN's revenue and program expenses, relative to its administrative expenses, AID FOR
3 STARVING CHILDREN would look better to potential donors, and would lead potential donors
4 to believe a greater percentage of their donations would go to feed starving children.

5 75. Defendants had an obligation to exercise due care to ensure that AID FOR
6 STARVING CHILDREN was meeting its charitable purpose and that cash donations received
7 from U.S. residents actually benefitted starving children and their families. Defendants should
8 have implemented policies and procedures to ensure that donations made in foreign nations were
9 consistent with furthering AID FOR STARVING CHILDREN's program.

10 76. The Attorney General's Office audited AID FOR STARVING CHILDREN's
11 financial records and requested documentation related to AID FOR STARVING CHILDREN's
12 charitable programs in Africa where it purportedly provided vital food services. AID FOR
13 STARVING CHILDREN failed to produce any contracts, invoices, bills of sale, receipts or
14 records demonstrating that donations received from U.S. residents were actually serving
15 charitable purposes in foreign countries. On information and belief, the Officers/Director
16 defendants failed to monitor AID FOR STARVING CHILDREN's foreign cash donation
17 programs, and failed to maintain the documents necessary to properly account for these
18 donations. Without such documentation, AID FOR STARVING CHILDREN failed to maintain
19 the necessary control and discretion over the charitable assets it allegedly donated to foreign
20 organizations.

21 77. AID FOR STARVING CHILDREN should have had policies and procedures to
22 protect cash donations transferred to third parties for the benefit of starving children in foreign
23 countries. Instead, AID FOR STARVING CHILDREN merely wired money to a third party
24 overseas, and then received narrative summary reports from the third party that did not include
25 any supporting documentation. As a result, AID FOR STARVING CHILDREN did not ensure
26 that the charitable assets were used for their intended purpose.

27 78. AID FOR STARVING CHILDREN should be able to track its charitable assets, and
28 provide documentation, demonstrating that the charitable assets alleged to have been used to

1 provide food to starving children in Africa were, in fact, used for that purpose. AID FOR
2 STARVING CHILDREN failed to maintain records, receipts, or other documentation to
3 substantiate that the money wired overseas could be tracked, and verified that the funds were used
4 for the intended charitable purpose.

5 79. At all relevant times, the individual defendants failed to act in good faith, in the best
6 interests of AID FOR STARVING CHILDREN, and with such care as an ordinarily prudent
7 person in a like position would use under similar circumstances. Defendants were ultimately
8 responsible for the representations made on AID FOR STARVING CHILDREN's website and in
9 other solicitation materials, and to ensure that AID FOR STARVING CHILDREN's charitable
10 assets are used for its intended charitable purpose.

11 80. As a proximate cause of the breaches of standard of conduct of the Officer/Director
12 defendants and Docs 1 through 25, AID FOR STARVING CHILDREN will incur civil penalties,
13 and costs and attorney's fees assessed against it. In addition, AID FOR STARVING CHILDREN
14 has undergone examinations both by the IRS and the Attorney General's Office and has
15 consequently incurred damages proximately caused by the actions and omissions of the
16 Officer/Director defendants. The amount of damages incurred by AID FOR STARVING
17 CHILDREN due to the examinations and investigations conducted by the IRS and the Attorney
18 General's Office is currently unknown and is within the knowledge and possession of the
19 Officer/Director defendants. AID FOR STARVING CHILDREN will also likely sustain injury to
20 its reputation because of the actions and omissions of the Officer/Director defendants. The
21 People seek penalties, costs, fees, and restitution on behalf of the charitable beneficiaries.

22 **RELIEF REQUESTED**

23 WHEREFORE, plaintiff prays for judgment and other relief as follows:

- 24 1. For an order to account for all of AID FOR STARVING CHILDREN's donations to
25 foreign recipients and contractors
- 26 2. For an order assessing civil penalties for AID FOR STARVING CHILDREN's
27 misrepresentations in its financial documents, its Forms 990, filings with the California Attorney
28 General, on its website, and in other solicitation materials, according to proof.

1 3. For an order assessing civil penalties of at least \$60,000 against director/officer
2 defendants, under Government Code section 12591.1, according to proof.

3 4. For an order of permanent injunction enjoining defendants, their successors, agents,
4 representatives, employees, and all persons who acting in concert with, or on their behalf, from
5 making misrepresentations, in violation of Government Code section 12599.6, and from engaging
6 in any other violation of that statute.

7 5. For an order removing Officer/Director defendants and Does 1 through 25 as officers
8 and directors of AID FOR STARVING CHILDREN and issuing a permanent injunction
9 prohibiting them from operating, managing or forming a charity in California under powers of
10 this Court in equity.

11 6. For restitution due AID FOR STARVING CHILDREN, and its charitable beneficiaries,
12 resulting from the breaches of fiduciary duty by the Officer/Director defendants.

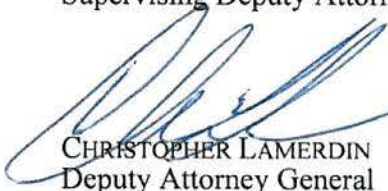
13 7. For People's costs of suit and other costs and attorney's fees under Government Code
14 sections 12586.2 and 12598, and as otherwise permitted by law.

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

16 Dated: May 22, 2019

Respectfully Submitted,

17 XAVIER BECERRA
18 Attorney General of California
19 ELIZABETH S. KIM
20 Supervising Deputy Attorney General

21 
22 CHRISTOPHER LAMERDIN
23 Deputy Attorney General
24 *Attorneys for the People of the State of*
25 *California*

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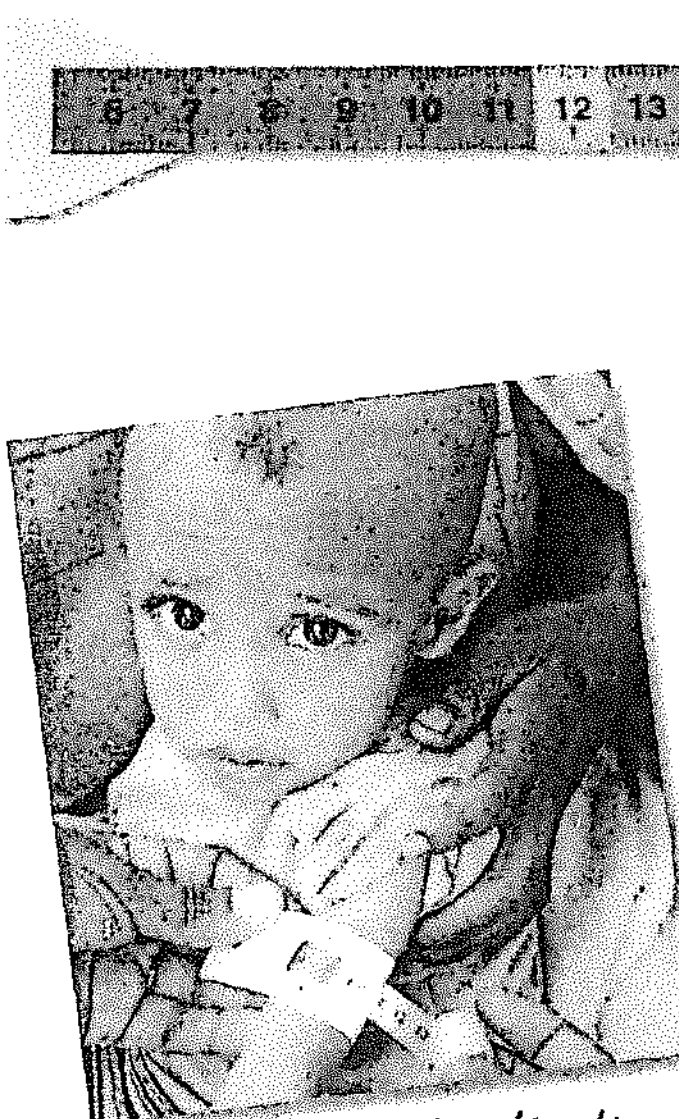
EXHIBIT A

Dr. Wilson Dr. Wilson, I will help you feed these starving babies.

- ☐ \$9 from ASC can help feed a child for 90 days.
- ☐ \$18 from ASC can help feed a child for six months.
- ☐ \$660 from ASC can help purchase ONE TON of food for a starving village.
- ☐ Other _____



Aid for Starving Children (ASC) —
Helping Children for Over Two Decades



**Just 10¢
Can
Remove
This
Armband
of Death**

Here I am in hell on earth.

*Yes, I'm in Ethiopia
again surrounded
by hundreds of
starving children.*

*The medical team is
busy measuring each
child's arm to see
how thin they are. When the arm bands
are in the red — like this little girl — they are close to death.*

You can make a difference — today!

- Pray that more generous people like you will respond to my letter.
- Pray that God will help these refugees hang onto life until we can feed them.
- Pray for strength for our relief team members who have been saving people in desperate need for over two decades.
- **Just help one family today.** It takes as little as 10¢ to provide a meal to a starving child.

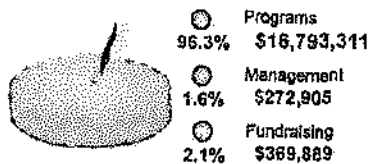
This simple choice you make today can help us save an innocent child's life. I know you will make the right choice.

Aid for Starving Children • PO Box 2156, Windsor, CA 95492 • www.aidforstarvingchildren.org

Administration overhead just 3.7%, based upon total income from all sources, including gifts-in-kind, contained in our most recent audited financial statements. Donations are used to support ASC's emergency relief, shipments of medical supplies, education, the administration of all of ASC's programs and to tell others of this tremendous need. Whatever you give will be appreciated because without your help, we cannot continue to do all our great work. Your gifts are tax deductible to the extent allowed by law.

Financial Information

Donations Received: \$17,391,056
Total Spent: \$17,436,104



From ASC's 2014/2015 Fiscal Year audited financial statement
96.3% of all donations were allocated to life-saving programs!

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I'm going to keep my note to you short because I need to get back to the children.

But I had to write you today because I just can't sit back as these children suffer and many of them continue to die.

It doesn't matter how far away you are, in a separate village or on the other side of the world, we can't let this happen as long as we have a chance at preventing their suffering.

This shocking sight of graves that mothers and fathers have dug for their hundreds of dead children may not be enough to make headlines in the media, but it's enough to make your heart break and to change your life's perspective.

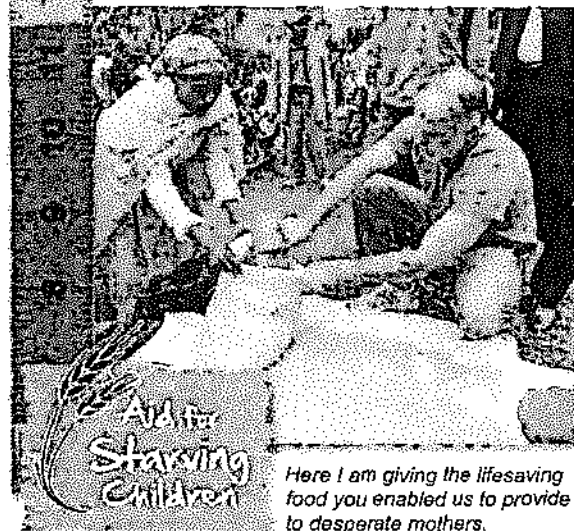
When I come face to face with sick, starving, hurting children, it's something that I can never prepare for emotionally or mentally.

I feel sick in my stomach as I see the children, some of them so weak they cannot even cry. The smell of disease, filth and death is nauseating and stays with me. I spend the long night in a grass hut surrounded by hungry and viscous hyenas. I weep in despair thinking of the children and finally fall asleep.

In the morning I'm revived by the thought that I have so many good friends — like you — who I know will help me feed these children.



It's so difficult to comfort a dying child. But just a 10¢ meal can change everything.



Aid for
Starving
Children

Here I am giving the lifesaving food you enabled us to provide to desperate mothers.

Especially when they learn that in Ethiopia we can provide a lifesaving nutritious meal to a starving child for just 10¢. Just 10¢!

Ten cents to help bring a child back to life to relieve his mother of her heartbreak and tears.

Ten cents to give a child a chance to live!

Grateful for our friendship,

Dr. Monte E. Wilson
President

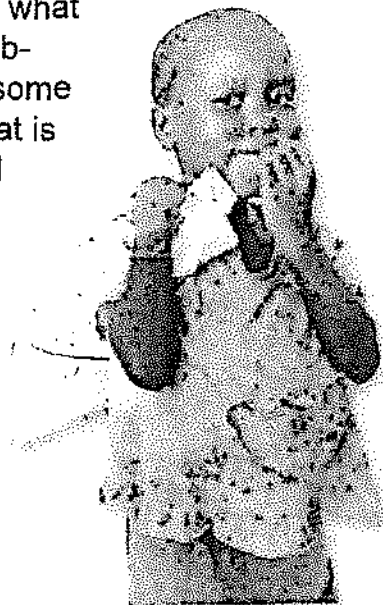
P.S. These are real children, real families, REAL PEOPLE, no different than you or I, and their lives are really on the line. With your support, we are really helping them stay alive - for just 10¢ a meal!

Crisis in Sudan: What You Can Do To Help Stop The Suffering

2014: War erupted between two rival army factions in South Sudan. In less than two months time 3.7 million people are in desperate need of food, 900,000 men, women, and children have been displaced, over 10,000 people have been murdered, 100s have drowned in rivers as they sought to escape the bloodletting.

This nation is only two and half years old. It would be a colossal tragedy for these people to be swallowed up, once again, by years of violence. Like me, I know you want to do something to help. But what can you do that will actually contribute toward stopping the atrocities that are occurring in South Sudan?

1 ***We can educate ourselves and then go and educate others*** — If you hadn't read about these tragedies here on our web site (www.aidforstarvingchildren.org), would you have known this was going on? Do your friends know? As reports of this war are not on the front pages of our newspapers or in our favorite news feeds on the web, most people are not aware of what is happening. These web-sites will help you gain some understanding as to what is going on. After you read these reports, send them along to others. BBC -- Reports on the millions who are suffering in war torn South Sudan (<http://www.bbc.co.uk/news/world-africa-26004268>); The Montreal Gazette -- A



cease-fire that looks like war: South Sudan violence unabated despite peace deal (<http://www.montrealgazette.com/news/ceasefire+that+looks+like+South+Sudan+violence+unabated/9498378/story.html>).

2 ***We can make our voices be heard*** — The suffering and displaced people in South Sudan have no access to the leaders who can help bring peace and safety to their families, villages, and nation. We do. We need to write the Embassy of the Republic of South Sudan, our Senators and Representatives in Congress, and President Obama, calling on them to step up and demand an end to these hostilities. Please take a few minutes of your time and do this today.

- Embassy of the Republic of South Sudan
-1015 31st Street NW Suite 300 Washington, DC 20007 -- Phone (202)-293-7940
- You can find your Senator's contact information here (http://www.senate.gov/general/contact_information/senators_cfm.cfm) and your Representatives in Congress, (<http://www.congressmerge.com/online/b/>)
- The contact information for President Obama and the White House can be found here (<http://www.whitehouse.gov/contact>)

3 ***Organize and network*** — Ask the leaders of the church you attend, of the civic or service groups you belong to, to read these news articles. Let's magnify the sound of our voices, calling for peace in South Sudan. Maybe you can offer to speak for a few minutes about what is happening there and organize a writing campaign. You can also send these leaders a link to this page, so that they can see what is happening, educate themselves, and then begin sharing with others.

Join with us at **Aid for Starving Children** and let's do all that we can to prevent more suffering and thousands of more deaths.

*Thank you
for helping to
feed starving
children!*

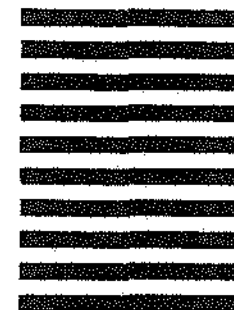
BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 422 HAGERSTOWN MD

POSTAGE WILL BE PAID BY ADDRESSEE

AID FOR STARVING CHILDREN
PO BOX 5076
HAGERSTOWN MD 21741-9809



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES



Your gift is very much appreciated and fully deductible as a charitable contribution. A copy of our latest financial report may be obtained by writing to Aid for Starving Children, 2360 Professional Drive Suite 105 Santa Rosa, CA 95403, (707) 528-3499. If you are a resident of one of these states, you may obtain financial information directly from the state agency: FLORIDA – A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE, 1-800-435-7352 (800-HELP-FLA) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE. Florida Registration CH13488. GEORGIA – A full and fair description of the programs of Aid for Starving Children and our financial statement summary is available upon request at the Office and phone number indicated above. MARYLAND – For the cost of copies and postage, Office of the Secretary of State, State House, Annapolis, MD 21401 MISSISSIPPI – The organization's official registration and financial information may be obtained from the Mississippi Secretary of State's office by calling 1-888-236-6167. Registration by the Secretary of State does not imply endorsement. NEW JERSEY – INFORMATION FILED WITH THE ATTORNEY GENERAL CONCERNING THIS CHARITABLE SOLICITATION AND THE PERCENTAGE OF CONTRIBUTIONS RECEIVED BY THE CHARITY DURING THE LAST REPORTING PERIOD THAT WERE DEDICATED TO THE CHARITABLE PURPOSE MAY BE OBTAINED FROM THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY BY CALLING (973) 504-6215 AND IS AVAILABLE ON THE INTERNET AT www.njconsumeraffairs.gov/ocp.htm#charity. REGISTRATION WITH THE ATTORNEY GENERAL DOES NOT IMPLY ENDORSEMENT. NEW YORK – Office of the Attorney General, Department of Law, Charities Bureau, 120 Broadway, New York, NY 10271. NORTH CAROLINA – FINANCIAL INFORMATION ABOUT THIS ORGANIZATION AND A COPY OF ITS LICENSE ARE AVAILABLE FROM THE STATE SOLICITATION LICENSING BRANCH AT 1-888-830-4989. THE LICENSE IS NOT AN ENDORSEMENT BY THE STATE. PENNSYLVANIA – The official registration and financial information of Aid for Starving Children may be obtained from the Pennsylvania Department of State by calling toll-free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement. VIRGINIA – Virginia State Office of Consumer Affairs, Department of Agricultural and Consumer Services, PO Box 1163, Richmond, VA 23218. WASHINGTON – Charities Division, Office of the Secretary of State, State of Washington, Olympia, WA 98504-0422, 1-800-332-4483. WEST VIRGINIA – Residents may obtain a summary of the registration and financial documents from the Secretary of State, State Capitol, Charleston, WV 25305. Registration with any of these state agencies does not imply endorsement, approval or recommendation by any state.

EXHIBIT B

Yes, Dr. Wilson, I will help you feed these starving babies.

- ☐ \$9 from ASC can help feed a child for 90 days.
- ☐ \$18 from ASC can help feed a child for six months.
- ☐ \$660 from ASC can help purchase ONE TON of food for a starving village.
- ☐ Other _____



Aid for Starving Children (ASC) —
Helping Children for Over Two Decades



**Just 10¢
Can
Remove
This
Armband
of Death**



Here I am in hell on earth.

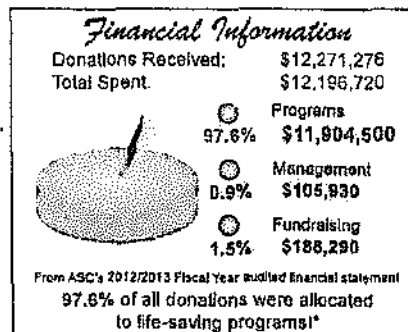
Yes, I'm in Ethiopia again surrounded by hundreds of starving children.

The medical team is busy measuring each child's arm to see how thin they are. When the arm bands are in the red - like this little girl - they are close to death.

You can make a difference — today!

- Pray that more generous people like you will respond to my letter.
- Pray that God will help these refugees hang onto life until we can feed them.
- Pray for strength for our relief team members who have been saving people in desperate need for over two decades.
- **Just help one family today.** It takes as little as **10¢** to provide a meal to a starving child.

This simple choice you make today can help us save an innocent child's life. I know you will make the right choice.



Aid for Starving Children • PO Box 2156, Windsor, CA 95492 • www.aidforstarvingchildren.org

Administration overhead just 2.4%, based upon total income from all sources, including gifts-in-kind, contained in our most recent audited financial statements. Donations are used to support ASC's emergency relief, shipments of medical supplies, education, the administration of all of ASC's programs and to tell others of this tremendous need. Whatever you give will be appreciated because without your help, we cannot continue to do all our great work. Your gifts are tax deductible to the extent allowed by law.



I'm going to keep my note to you short because I need to get back to the children.

But I had to write you today because I just can't sit back as these children suffer and many of them continue to die.

It doesn't matter how far away you are, in a separate village or on the other side of the world, we can't let this happen as long as we have a chance at preventing their suffering.

This shocking sight of graves that mothers and fathers have dug for their hundreds of dead children may not be enough to make headlines in the media, but it's enough to make your heart break and to change your life's perspective.

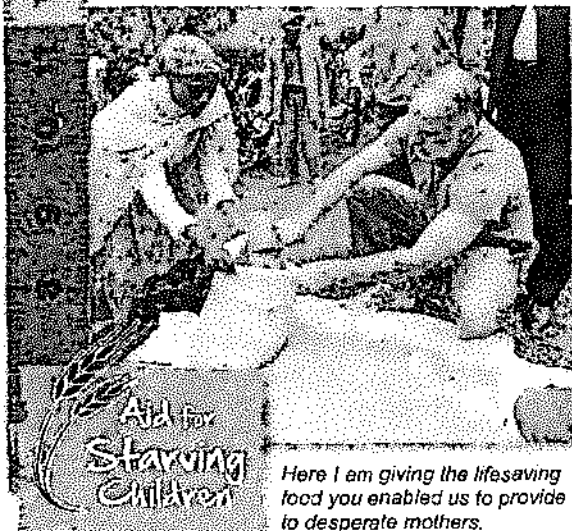
When I come face to face with sick, starving, hurting children, it's something that I can never prepare for emotionally or mentally.

I feel sick in my stomach as I see the children, some of them so weak they cannot even cry. The smell of disease, filth and death is nauseating and stays with me. I spend the long night in a grass hut surrounded by hungry and viscous hyenas. I weep in despair thinking of the children and finally fall asleep.

In the morning I'm revived by the thought that I have so many good friends — like you — who I know will help me feed these children.



It's so difficult to comfort a dying child. But just a 10¢ meal can change everything.



Here I am giving the lifesaving food you enabled us to provide to desperate mothers.

Especially when they learn that in Ethiopia we can provide a lifesaving nutritious meal to a starving child for just 10¢. Just 10¢!

Ten cents to help bring a child back to life to relieve his mother of her heartbreak and tears.

Ten cents to give a child a chance to live!

Grateful for our friendship,

Dr. Monte E. Wilson
President

P.S. These are real children, real families, REAL PEOPLE, no different than you or I, and their lives are really on the line. With your support, we are really helping them stay alive — for just 10¢ a meal!

Crisis in Sudan: What You Can Do To Help Stop The Suffering

2014: War erupted between two rival army factions in South Sudan. In less than two months time 3.7 million people are in desperate need of food, 900,000 men, women, and children have been displaced, over 10,000 people have been murdered, 100s have drowned in rivers as they sought to escape the bloodletting.

This nation is only two and half years old. It would be a colossal tragedy for these people to be swallowed up, once again, by years of violence. Like me, I know you want to do something to help. But what can you do that will actually contribute toward stopping the atrocities that are occurring in South Sudan?

1 ***We can educate ourselves and then go and educate others*** — If you hadn't read about these tragedies here on our web site (www.aidforstarvingchildren.org), would you have known this was going on? Do your friends know? As reports of this war are not on the front pages of our newspapers or in our favorite news feeds on the web, most people are not aware of what is happening. These web-sites will help you gain some understanding as to what is going on. After you read these reports, send them along to others. BBC -- Reports on the millions who are suffering in war torn South Sudan (<http://www.bbc.co.uk/news/world-africa-26004268>); The Montreal Gazette -- A



cease-fire that looks like war: South Sudan violence unabated despite peace deal (<http://www.montrealgazette.com/news/ceasefire+that+looks+like+South+Sudan+violence+unabated/9498378/story.html>).

2 ***We can make our voices be heard*** — The suffering and displaced people in South Sudan have no access to the leaders who can help bring peace and safety to their families, villages, and nation. We do. We need to write the Embassy of the Republic of South Sudan, our Senators and Representatives in Congress, and President Obama, calling on them to step up and demand an end to these hostilities. Please take a few minutes of your time and do this today.

- Embassy of the Republic of South Sudan
-1015 31st Street NW Suite 300 Washington, DC 20007 -- Phone (202)-293-7940
- You can find your Senator's contact information here (http://www.senate.gov/general/contact_information/senators_cfm.cfm) and your Representatives in Congress, (<http://www.congressmerge.com/onlinedb/>)
- The contact information for President Obama and the White House can be found here (<http://www.whitehouse.gov/contact>)

3 ***Organize and network*** — Ask the leaders of the church you attend, of the civic or service groups you belong to, to read these news articles. Let's magnify the sound of our voices, calling for peace in South Sudan. Maybe you can offer to speak for a few minutes about what is happening there and organize a writing campaign. You can also send these leaders a link to this page, so that they can see what is happening, educate themselves, and then begin sharing with others.

Join with us at **Aid for Starving Children** and let's do all that we can to prevent more suffering and thousands of more deaths.

*Thank you
for helping to
feed starving
children!*

BUSINESS REPLY MAIL

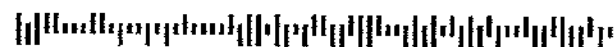
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