

1 XAVIER BECERRA  
Attorney General of California  
2 TANIA M. IBANEZ  
Senior Assistant Attorney General Attorney General  
3 JAMES M. TOMA  
Supervising Deputy Attorney General  
4 SANDRA I. BARRIENTOS  
Deputy Attorney General  
5 State Bar No. 163808  
300 South Spring Street, Suite 1702  
6 Los Angeles, CA 90013  
Telephone: (213) 897-2150  
7 Fax: (213) 897-7605  
E-mail: Sandra.Barrientos@doj.ca.gov

8 JACKIE LACEY  
9 District Attorney, County of Los Angeles  
HOON CHUN  
10 Assistant Head Deputy  
DUKE CHAU  
11 Deputy District Attorney  
Consumer Protection Division  
12 211 West Temple Street, 10<sup>th</sup> Floor  
Los Angeles, CA 90012  
13 Telephone: (213) 257-2468  
E-mail: [dchau@da.lacounty.gov](mailto:dchau@da.lacounty.gov)  
14  
15 Attorneys for the Plaintiff, People of the State of  
California

7  
FBI  
Superior Court  
County of Los Angeles  
JUN 01 2017

Sherri R. Carter, Executive Officer/Clerk  
By Anthony Ortiz Deputy

17 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
18 COUNTY OF LOS ANGELES

19  
20  
21  
22 **THE PEOPLE OF THE STATE OF CALIFORNIA,**  
23 Plaintiff,  
24 v.  
25 **PEOPLE'S CHOICE CHARITIES, A CALIFORNIA**  
26 **NON PROFIT PUBLIC BENEFIT CORPORATION;**  
**GARY STONE, AN INDIVIDUAL; AND DOES 1 -**  
27 **10**  
28 Defendants

Case No. BC602716  
~~PROPOSED~~ FINAL JUDGMENT AND  
PERMANENT INJUNCTION  
Dept: 17  
Judge: Hon. Richard E. Rico  
Action Filed: December 1, 2015

06/05/2017

1 Plaintiff, the People of the State of California (“the People”), by Xavier Becerra, Attorney  
2 General of the State of California (Attorney General), Jackie Lacey, District Attorney, County of  
3 Los Angeles County (District Attorney), and Defendants People’s Choice Charities (“PCC”) and  
4 Gary Stone, an individual (Defendants), have stipulated to the entry of this Final Judgment and  
5 Permanent Injunction (Judgment).

6 Based on such stipulation and for good cause appearing,

7 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

8 1. This Court has personal jurisdiction over the parties and subject matter of this lawsuit,  
9 venue in this Court is proper, and this Court has jurisdiction to enter this Judgment.

10 2. Pursuant to stipulation between the People and Defendants, this Judgment will be  
11 entered without the taking of evidence. This Judgment is not evidence of any wrongdoing or an  
12 admission by any party regarding any issue of fact or law alleged in this action or an admission of  
13 liability by any defendant. All parties have waived their right to appeal this Judgment.

14  
15 **DESCRIPTION OF ACTION**

16 3. People’s Choice Charities (“PCC”) is a California nonprofit public benefit  
17 corporation whose assets are, and were at all times relevant herein, impressed with a charitable  
18 trust.

19 4. In December 2015, the Attorney General and the District Attorney, on behalf of the  
20 People, sued PCC, Gary Stone, and Does 1-10 for breach of fiduciary duty, deceptive and  
21 misleading solicitations in violation of Government Code section 12599.6, breach of fiduciary  
22 duty related to solicitations in violation of Business and Professions Code section 17510.8, untrue  
23 or misleading statements in violation of Business and Professions Code section 17500, breach of  
24 charitable trust and negligence. Gary Stone denies these allegations.

25 ///

26 ///

1107, 58, 90

1 **PERMANENT INJUNCTION**

2 5. Defendant Gary Stone is permanently enjoined from serving as a director, officer,  
3 trustee or employee of any California charitable organization, foundation, charitable association  
4 or charitable trust.

5 6. Defendant Gary Stone is permanently enjoined from serving as a director, officer or  
6 owner, or employee of any company/entity that contracts (defined as verbally or in writing  
7 agreeing to a contract to do regular work for) with a charity or charitable trustee as defined by  
8 Government Code sections 12582 and 12582.1.

9 7. Defendant Gary Stone is permanently enjoined from holding any management or  
10 supervisory position with any California charitable organization, foundation, charitable  
11 association or charitable trust.

12 8. Defendant Stone is permanently enjoined from soliciting donations or engaging in  
13 fundraising activities directed at any California resident, including acting as a commercial  
14 fundraiser as defined by Government Code section 12599, or acting as a fundraising consultant  
15 as defined by Government Code section 12599.1.

16  
17 **MONETARY PROVISIONS**

18 9. Defendants are jointly and severally liable for the total amount of \$900,000 pursuant  
19 to this judgment, however enforcement of payment for \$870,000 will be stayed as provided in  
20 paragraph 11.

21 10. Defendants shall pay \$30,000 (thirty thousand dollars) from the amount referenced in  
22 paragraph 9 for the sole purpose of establishing a fund with the California Community  
23 Foundation. The purpose of the fund shall be the support of charitable programs for the benefit of  
24 children. Payment shall be made by a certified check payable to "the Attorney General," to be  
25 held in trust by the Attorney General until the establishment of the above described fund, and  
26 delivered to the Attorney General's Office at 300 S. Spring Street, Los Angeles, California  
27 90013, to the attention of Deputy Attorney General Sandra I. Barrientos. Defendants shall pay  
28 the \$30,000 in one lump sum within thirty (30) days of the Court signing this Order.

2102750790

1           11. Eight hundred seventy thousand dollars (\$870,000) of the judgment is stayed and  
2 shall remain stayed unless Defendants violate the injunctive provisions of this Judgment as set  
3 forth in paragraphs 5-8.

4           12. In the event of default of any of the terms of this Judgment, including failure to pay  
5 the \$30,000, or failure to abide by the injunctive relief provisions, the Attorney General's and/or  
6 the District Attorney's Office may move to enforce the stayed portion of the judgment and  
7 recover the amount set forth therein, \$900,000 (nine hundred thousand dollars), with credit to be  
8 applied for any payments Defendants have made in compliance with Judgment.

9  
10 **ADDITIONAL PROVISIONS**

11           13. Defendants shall wind up and dissolve PCC. The winding up and dissolution of PCC  
12 shall commence upon execution of this Stipulated Judgment by Defendants, in accordance with  
13 the provisions of California Corporations Code sections 6610, et seq. and 6710, et seq. Upon the  
14 winding up and dissolution of PCC, any assets remaining (hereinafter also referred to as  
15 "Remaining Assets") in the corporation after provision for payment of proper claims and  
16 expenses of administration, if any, shall be distributed to the California Community Foundation  
17 and deposited into the fund described above in paragraph 10. Proper claims and expenses include  
18 the payment of accountant fees, and known debts and liabilities of the corporation; and shall not  
19 include reimbursement in any form to Defendants. Any reimbursement to the Defendants will be  
20 deemed an improper distribution as defined in Corporations Code section 6719. In the event the  
21 fund is not yet established at the time of dissolution, the Remaining Assets shall be held in trust  
22 by the Attorney General's Office until such time as the funds can be transferred to the California  
23 Community Foundation for deposit into said fund. Any remaining assets shall be paid by a  
24 certified check made payable to the "California Attorney General" and shall be delivered to the  
25 Attorney General's Office at 300 S. Spring Street, Los Angeles, California 90013, to the attention  
26 of Deputy Attorney General Sandra I. Barrientos. Any monetary distributions made to PCC after  
27 dissolution will be treated as Remaining Assets.

110250190

1 14. Any notices or communications required to be transmitted between the Defendants  
2 and the Plaintiff pursuant to this Judgment shall be provided in writing by first class mail,  
3 overnight delivery, or electronic mail transmission to the parties or their successors as follows:

4 To Plaintiff:

5 Sandra I. Barrientos  
6 Deputy Attorney General  
7 300 S. Spring Street  
8 Los Angeles, CA 90013  
9 Tel: (213)897-2150  
10 Email: [Sandra.barrientos@doj.ca.gov](mailto:Sandra.barrientos@doj.ca.gov)

11 Duke Chau  
12 Deputy District Attorney  
13 211 West Temple Street, 10<sup>th</sup> Floor  
14 Los Angeles, CA 90012  
15 Telephone: (213) 257-2468  
16 E-mail: [dchau@da.lacounty.gov](mailto:dchau@da.lacounty.gov)

17 To Defendants:

18 David Eisen  
19 Wilson Elser Moskowitz Edelman & Dicker LLP  
20 555 S. Flower Street Suite 2900  
21 Los Angeles, CA 90071-2407

22 Gary Stone  
23 dbastone@sbcglobal.net

24 Any notices provided pursuant to the requirements of this Judgment shall be deemed given five  
25 (5) days after mailing by first class mail or one (1) business day after electronic mail  
26 transmission, overnight delivery, or personal service.

27 15. The terms and enforcement of this Judgment shall be governed by the laws of the  
28 State of California, and venue shall be located in the Superior Court of California, County of Los  
Angeles, Central District.

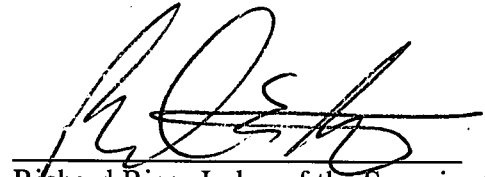
16. This court shall retain jurisdiction of this matter for the purpose of enabling any party  
to this Judgment to apply to the court at any time for such further orders and direction as are  
necessary or appropriate for the construction of carrying out this Judgment, including for the

1 modification of any of its injunctive provisions, enforcement of any provisions, or punishment for  
2 any violations of its provisions.

3 17. In any action or motion brought by the Attorney General to enforce this Judgment in  
4 which the Attorney General obtains any or all the relief sought, the Attorney General shall be  
5 entitled to attorney's fees and costs in addition to any other remedies provided by law.

6 18. This Judgment shall be binding and effective immediately upon entry by the clerk of  
7 this Court, and the clerk is ordered to enter this Final Judgment and Permanent Injunction  
8 forthwith.

9 Dated: June 1, 2017

  
Richard Rico, Judge of the Superior Court  
**RICHARD E. RICO**

2102150130

28