

1 EDMUND G. BROWN JR.
Attorney General of California
2 BELINDA J. JOHNS
Senior Assistant Attorney General
3 KELVIN GONG
Supervising Deputy Attorney General
4 TANIA M. IBANEZ
Deputy Attorney General
5 State Bar No. 145398
300 South Spring Street, Suite 1702
6 Los Angeles, CA 90013
Telephone: (213) 897-0218
7 Fax: (213) 897-7605
E-mail: tania.ibanez@doj.ca.gov
8 *Attorneys for the People of the State of California*

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 COUNTY OF LOS ANGELES

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12
13 **THE PEOPLE OF THE STATE OF**
14 **CALIFORNIA,**

15 **Plaintiff,**

16 v.

17 **LAW ENFORCEMENT**
18 **APPRENTICESHIP PROGRAM**
19 **FOUNDATION, a nonprofit public benefit**
20 **corporation; RAMBRET, INC., a**
21 **corporation; ROBERT ACOSTA;**
MICHAEL D. DICESARE; MONTY D.
HOLDEN; WILLIAM HEMBY; MARTIN
MEDINA; DON K. RUIZ; GREG F.
SAWTELLE; DOES 1-100, inclusive,

22 **Defendants.**
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COMPLAINT FOR DAMAGES, CIVIL
PENALTIES, RESTITUTION, AN
ACCOUNTING, A CONSTRUCTIVE
TRUST, PRELIMINARY AND
PERMANENT INJUNCTION,
INVOLUNTARY DISSOLUTION, AND
FOR OTHER RELIEF ARISING FROM

- (1) CONSPIRACY TO DEFRAUD
DONORS
- (2) FAILURE TO FILE ANNUAL
REPORTS IN VIOLATION OF
GOVERNMENT CODE SECTION 12599
- (3) BREACH OF FIDUCIARY DUTY (SELF
DEALING)
- (4) FILING AND DISTRIBUTING FALSE
AND INCOMPLETE RECORDS
- (5) VIOLATION OF CORPORATIONS
CODE SECTION 5237
- (6) BREACH OF CHARITABLE TRUST
- (7) FAILURE TO MAINTAIN ADEQUATE
BOOKS AND RECORDS
- (8) INVOLUNTARY DISSOLUTION
- (9) UNFAIR BUSINESS PRACTICES

1 Edmund G. Brown Jr., Attorney General of the State of California (hereinafter "the
2 Attorney General"), files this complaint as Attorney General on behalf of the People and alleges
3 as follows:
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5 **GENERAL ALLEGATIONS**

6 1. Plaintiff, is the People of the State of California. The Attorney General, who
7 brings this action on plaintiff's behalf, is the duly elected Attorney General of the State of
8 California and is charged with the general supervision of all charitable organizations within this
9 State; with the enforcement of the obligations of trustees, nonprofits, and fiduciaries who hold or
10 control property in trust for charitable and eleemosynary purposes; and with enforcement
11 supervision under California's Unfair Business Practice Act for unlawful, unfair, and fraudulent
12 business practices within this State. The Attorney General is authorized to enforce, in the name
13 of the People, the provisions of the Supervision of Trustees and Fundraisers for Charitable
14 Purposes Act (Gov. Code, § 12580 et seq.), the Nonprofit Public Benefit Corporation Law (Corp.
15 Code, § 5000 et seq.), the Solicitations for Charitable Purposes Law (Bus. & Prof. Code, § 17510
16 et seq.), and those provisions of the Business and Professions Code which prohibit unlawful,
17 unfair, or fraudulent business acts or practices within this State. (Bus. & Prof. Code, §17200 et
18 seq.)

19 2. At all times material herein, defendants and each of them have been transacting
20 business in Los Angeles County. The violations of law hereinafter described have been and are
21 now being carried out in part within said county and elsewhere.

22 3. Defendant Law Enforcement Apprenticeship Program Foundation (hereinafter
23 "LEAP") is a nonprofit public benefit organization currently located Nevada County, California.
24 From 2001 to 2005, it was located and operated out of Los Angeles County, California.

25 4. Defendant Rambret, Inc. (hereinafter "RAMBRET") is a for-profit corporation with
26 its principal place of business in Los Angeles County. RAMBRET conducted business in
27 California as a commercial fundraiser, as a fundraising counsel, or both, from January 1, 2001,
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1 through March 2005. RAMBRET's actions, as described herein, occurred in Los Angeles
2 County.

3 5. Defendant Greg F. Sawtelle (hereinafter "SAWTELLE") is president and owner of
4 RAMBRET. From 2000 to 2008, SAWTELLE operated and managed RAMBRET in Los
5 Angeles County. From 2001 to 2005, SAWTELLE held various positions of authority and
6 control over LEAP, serving as director, officer, and manager, and was a fiduciary of property
7 irrevocably dedicated to charitable purposes. SAWTELLE operated and managed LEAP out of
8 the same offices in which he operated and managed RAMBRET.

9 6. Defendant Monty D. Holden (hereinafter "HOLDEN") is a resident of Riverside
10 County. From 2001 to 2006, HOLDEN held various positions of authority and control over
11 LEAP, serving as director, officer, and manager of LEAP, and was a fiduciary of property
12 irrevocably dedicated to charitable purposes.

13 7. Defendant Don K. Ruiz (hereinafter "RUIZ") is a resident of Los Angeles County.
14 From to 2001 to 2006, RUIZ held various positions of authority and control over LEAP serving
15 as director, officer, and manager of LEAP, and was a fiduciary of property irrevocably dedicated
16 to charitable purposes.

17 8. Defendant Michael D. Dicesare (hereinafter "DICESARE") is a resident of San
18 Bernardino County. From 2001 to 2006, DICESARE held various positions of authority and
19 control over LEAP, serving as director, officer, and manager of LEAP, and was a fiduciary of
20 property irrevocably dedicated to charitable purposes.

21 9. Defendant Robert Acosta (hereinafter "ACOSTA") is a resident of San Bernardino
22 County. From 2001 to 2003, ACOSTA held various positions of authority and control over
23 LEAP, serving as director, officer, and manager of LEAP, and was a fiduciary of property
24 irrevocably dedicated to charitable purposes.

25 10. Defendant Martin Medina (hereinafter "MEDINA") is a resident of Riverside
26 County. From 2001 to 2004, MEDINA held various positions of authority and control over
27 LEAP, serving as director, officer, and manager of LEAP, and was a fiduciary of property
28 irrevocably dedicated to charitable purposes.

1 11. Defendant William Hemby (hereinafter "HEMBY") is a resident of Nevada
2 County, California. From 2004 to present, HEMBY held various positions of authority and
3 control over LEAP, serving as director, officers and manager of LEAP and was a fiduciary of
4 property irrevocably dedicated to charitable purposes.

5 12. Defendants DOES 1 through 100, inclusive, are the fictitious names of defendants
6 who have acted as directors, officers, trustees, agents, or employees of defendants, or who have
7 participated or acted in concert with one or more of the defendants, or who have acted on behalf
8 of or as agent, servant, employee or co-conspirator of one or more of the defendants herein, but
9 whose true names and capacities, whether individual, corporate or otherwise, are presently
10 unknown to plaintiff. Plaintiff is informed and believes that defendants DOES 1 through 100
11 have directly or indirectly participated in and are responsible for the acts and omissions that are
12 more specifically described herein. Because Plaintiff is presently uninformed as to the true names
13 and capacities of these defendants, the People sue them herein by their fictitious names but will
14 seek leave to amend the Complaint when their true names are discovered.

15
16 **FIRST CAUSE OF ACTION**

17 **CONSPIRACY TO DEFRAUD DONORS**

18 **[Against DEFENDANTS HOLDEN, DICESARE, RAMBRET, SAWTELLE, and**
19 **DOES 1-100]**

20 13. In 2000, LEAP was formed as a charity by DICESARE, HOLDEN and
21 SAWTELLE. Although LEAP was recognized as a charity and should have been operated by an
22 independent board, it was really being operated by SAWTELLE and by SAWTELLE's
23 commercial fundraising enterprise RAMBRET. From 2001 through 2004, LEAP was operated
24 out of SAWTELLE's and RAMBRET's offices in Glendale, California. LEAP's books were
25 maintained by SAWTELLE. LEAP's bills were paid by SAWTELLE. SAWTELLE entered into
26 a lease agreement on behalf of LEAP. On information and belief, from 2001 to 2004,
27 SAWTELLE provided the board with an accounting of the monthly revenues and monthly
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1 disbursements of LEAP. On information and belief, from 2001 to 2005, SAWTELLE and
2 RAMBRET operated LEAP's telemarketing operation.

3 14. On information and belief, SAWTELLE, HOLDEN, and DICESARE entered into
4 a consulting scheme whereby RAMBRET would conduct solicitation campaigns on behalf of
5 LEAP, manage LEAP's business affairs, and LEAP would pay for all costs associated with the
6 solicitation and also pay RAMBRET a percentage of donations that came in. RAMBRET
7 employees told donors that they were being solicited by LEAP employees instead of by a
8 commercial fundraiser. In violation of Business and Professions Code section 17510.85,
9 RAMBRET failed to disclose that the solicitation was being conducted by a commercial
10 fundraiser. RAMBRET also failed to comply with the mandatory reporting requirements under
11 Government Code section 12599, regarding these solicitations.

12 15. On information and belief, donors were misled by defendants' actions. Donors
13 were advised that LEAP conducted its own solicitation, when in fact the solicitation was really
14 being conducted by a commercial fundraiser.

15 16. Under the consultation scheme, California donors were damaged. RAMBRET and
16 SAWTELLE prevented the Attorney General's Office from providing California residents with
17 critical information regarding the fundraising costs involved in the solicitation campaigns. Under
18 Government Code section 12599, subdivision (c), commercial fundraisers are required to file with
19 the Attorney General's Registry of Charitable Trusts annual financial reports accounting for all
20 funds collected as a result of their charitable solicitation campaigns. The annual financial report
21 requires a detailed itemized accounting of all revenues received from the solicitation campaign,
22 the fees or commissions charged by the commercial fundraiser, the fundraising expenses incurred
23 in the conduct of the campaign, and the payment made to the charity from the proceeds of the
24 campaign. The Attorney General uses this information to prepare an annual report. This report
25 informs the public about the total amount of funds raised by solicitation campaigns and the
26 percentages paid to the commercial fundraisers who conduct them.

27 17. RAMBRET did not register as a commercial fundraiser in 2006. Moreover,
28 RAMBRET filed incomplete and false annual reports in 2001, 2002, and 2004, stating that it was

1 “inactive,” and filed no annual reports in 2003 and 2005. Because RAMBRET filed incomplete
2 or no annual reports, the public was deprived of important information and LEAP was able to
3 avoid being placed on the Attorney General’s list of charities that received less than 15 percent
4 from their charitable solicitation campaigns.

5 18. Plaintiff is entitled to damages for the benefit of LEAPS’ charitable beneficiaries,
6 injunctive relief, and civil penalties.

7 **SECOND CAUSE OF ACTION**

8 **FAILURE TO FILE ANNUAL REPORTS IN VIOLATION**
9 **OF GOVERNMENT CODE SECTION 12599**

10 **[Against RAMBRET, SAWTELLE, and DOES 1-100]**

11 19. Plaintiff re-alleges and incorporates by reference herein each and every allegation
12 contained in paragraphs 1-18.

13 20. For compensation, Defendants RAMBRET, SAWTELLE, and DOES 1-100
14 solicited funds in this state for charitable purposes on behalf of LEAP. RAMBRET,
15 SAWTELLE, and DOES 1-100 received and/or controlled funds donated as a result of their
16 solicitation on behalf of LEAP.

17 21. Defendants RAMBRET, SAWTELLE, and DOES 1-100 hired and compensated
18 employees to solicit, receive, and/or control funds on behalf of LEAP.

19 22. By virtue of their actions RAMBRET, SAWTELLE, and DOES 1-100 acted as
20 commercial fundraisers for charitable purposes within the meaning of Government Code section
21 12599.

22 23. As commercial fundraisers for charitable purposes, RAMBRET, SAWTELLE, and
23 DOES 1-100 were required to file annual solicitation reports with the Registry of Charitable
24 Trusts under Government Code section 12599, subdivision (c). From 2001 to 2005, defendants
25 filed incomplete or false annual reports, reported that they were “inactive,” or filed no annual
26 reports at all.

24. As commercial fundraisers for charitable purposes, RAMBRET, SAWTELLE, and DOES 1-100 were required under Government Code section 12599, subdivision (h) to file a Notice of Intent to Solicit with the Registry of Charitable Trusts for each solicitation campaign or event. Although RAMBRET was soliciting for LEAP, defendants RAMBRET, SAWTELLE, and DOES 1-100 failed to file any Notice of Intent to Solicit during 2005.

25. Under Government Code section 12599, subdivision (f), plaintiff is entitled to an injunction against RAMBRET, SAWTELLE, and DOES 1-100, prohibiting them from soliciting for charitable purposes in this State until they have complied with the registration and reporting provisions of Government Code section 12599. Plaintiff is also entitled to civil penalties under Government Code section 12591.1.

THIRD CAUSE OF ACTION

BREACH OF FIDUCIARY DUTY (SELF DEALING)

[Against SAWTELLE, HOLDEN, MEDINA, and DOES 1-100]

26. Defendants HOLDEN, SAWTELLE, and MEDINA engaged in self-dealing acts in violation of Corporations Code section 5233. On information and belief, the self-dealing transactions took place from 2001 to 2005. Defendants, and each of them, in violation of their duties of care and loyalty and in breach of trust, improperly engaged in the following self-dealing transactions:

- a. From 2001 to 2005, LEAP retained the services of SAWTELLE and his company, RAMBRET, to conduct its solicitation and to operate and manage LEAP's finances. In return, RAMBRET and SAWTELLE were paid a commission based on revenue LEAP received. This arrangement not only violated Corporations Code section 5233, it also violated LEAP's bylaws. SAWTELLE was allowed to purchase a sailboat from LEAP at a significant discount. On information and belief, LEAP also paid for other expenses unrelated to LEAP's operation that were incurred by SAWTELLE and RAMBRET.

b. HOLDEN requested and allowed LEAP to pay for his personal expenses, which were unrelated to any legitimate charitable program operated by LEAP. LEAP paid for HOLDEN's sailboat slips; LEAP paid for a portion of HOLDEN's boat; and LEAP also paid for other personal expenses, such as hull cleaning, ship registration fees, and ship insurance. Although LEAP purportedly used Holden's boats for a sailing program for top LEAP apprentices, LEAP failed to produce any evidence that LEAP even operated such a program.

c. On information and belief, MEDINA gained access to LEAP's credit card and ATM cards. Without board authority, MEDINA made charges to LEAP's credit and ATM cards and also withdrew funds from LEAP's accounts.

27. Because defendants' breach of loyalty was both pervasive and persistent, defendants should be removed from office, ordered to account for all diverted funds, ordered to pay LEAP the value of the diverted property, and ordered to pay LEAP for any profits made. Defendants should also be ordered to pay prejudgment interest as permitted under Corporation Code section 5233. Defendants should also be required to reimburse the Attorney General all reasonable attorney fees and actual costs incurred in conducting this action, as provided by Government Code section 12598.

FOURTH CAUSE OF ACTION

FILING AND DISTRIBUTING FALSE AND INCOMPLETE RECORDS

[Against MEDINA, RUIZ, HEMBY, DOES 1-100]

28. Under Corporation Code section 6215, any officer, director, employee, or agent of a public benefit corporation who issues, makes, delivers, or publishes any report, financial statement, balance sheet, or public document respecting the corporation that is false in any material respect, knowing it to be false, or participates in the making, issuance, delivery, or publication thereof with knowledge of the same, is liable for all damages resulting there from to the corporation. Under Corporations Code section 6812, directors may not distribute or make any materially false reports or statements about the financial condition of a nonprofit corporation.

1 29. Defendants filed false registration renewal forms (RRF-1) with the Attorney
2 General's Office under penalty of perjury. From 2001-2005, self-dealing transactions took place.
3 Yet the RRF-1 forms prepared and signed by HEMBY, MEDINA and RUIZ failed to disclose
4 any financial transactions between LEAP and its directors. LEAP was engaged in financial
5 transactions with SAWTELLE and his company, RAMBRET. From 2001 to 2005, RAMBRET
6 was being paid a percentage of LEAP's revenue for managing LEAP's solicitation campaigns and
7 handling LEAP's finances. Defendants also failed to disclose that LEAP's sailboat was sold to
8 SAWTELLE at a significant discount. Because SAWTELLE was both an officer and a director
9 of LEAP, these transactions should have been disclosed in LEAP's RRF-1 forms for 2001-2005.
10 Defendants also failed to disclose that the services of a commercial fundraiser or fundraising
11 counsel were being used by LEAP from 2001-2005.

12 30. Defendants also failed to disclose in the RRF-1 forms that their non-program
13 expenditures exceeded 50 percent of gross revenues in 2001, 2003, 2004, and 2005. In 2001,
14 LEAP raised \$97,680 in revenue, but only \$6,903 was spent on program services. In 2003, LEAP
15 raised \$529,863 in revenue, but only \$31,501 was spent on program services. In 2004, LEAP
16 raised \$372,623 in revenue, but only \$5,615 was spent on program services. Likewise, LEAP's
17 nonprogram expenses in 2005 exceeded 50 percent of gross revenues.

18 31. On information and belief, defendants also prepared false informational returns
19 (990 Forms) in 2004 and 2005. Defendants reported that LEAP supported and operated an
20 Explorer Program and Seamanship program, when in fact no such program was in operation.

21 32. LEAP has been damaged by the publication of false and inaccurate records. The
22 fabrication and distribution of false records, and the failure to prepare and maintain accurate
23 records are evidence of gross mismanagement, abuse of authority, and fraud and constitute
24 unlawful business practices. Defendants should be ordered to reimburse LEAP for all damages
25 and expenses sustained and to be incurred due to their actions and omissions. Defendants should
26 also be required to reimburse the Attorney General all reasonable attorney fees and actual costs
27 incurred in conducting this action, as provided by Government Code section 12598.
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1 **FIFTH CAUSE OF ACTION**

2 **VIOLATION OF CORPORATIONS CODE SECTION 5237**

3 **[Against RUIZ; DICESARE, HOLDEN, HEMBY, SAWTELLE,**

4 **ACOSTA, POWERS, MEDINA and DOES 1-100]**

5 33. Corporations Code section 5237 prohibits the payment of distributions.

6 34. On information and belief, from 2001 to 2005, Defendants RUIZ; DICESARE,
7 HOLDEN, HEMBY, SAWTELLE, ACOSTA, POWERS, MEDINA and DOES 1-100, approved
8 and authorized LEAP's payment of distributions to RAMBRET and SAWTELLE. RAMBRET
9 and SAWTELLE received over 12 percent of LEAP's revenue from 2001-2005. Because
10 LEAP's solicitation campaigns were purportedly conducted by LEAP employees, the payment of
11 a percentage of revenue to RAMBRET and SAWTELLE was unreasonable, unfair, and amounted
12 to an illegal distribution.

13 35. Defendants are liable for the amount of the illegal distribution plus interest.

14 **SIXTH CAUSE OF ACTION**

15 **BREACH OF CHARITABLE TRUST**

16 **[Against RUIZ; DICESARE, HOLDEN, HEMBY, SAWTELLE,**

17 **ACOSTA, POWERS, MEDINA, and DOES 1-100]**

18 36. LEAP's articles of incorporation provide that LEAP's property is irrevocably
19 dedicated to educational purposes and no part of its net income or assets shall ever inure to the
20 benefit of any director, officer, or any private person. In LEAP's application for recognition for
21 tax-exempt status, defendants reported that LEAP would develop a program to provide the
22 general public with the knowledge and skills for a career in law enforcement. LEAP reported that
23 it would sponsor existing programs that train, educate, and prepare young adults for a career in
24 law enforcement. LEAP also reported that approximately 80 percent of LEAP's time would be
25 used to mentor and guide underprivileged youth, and that it would offer group workshops
26 administered by volunteer staff to be held at local high schools or colleges.

1 37. The Attorney General requested LEAP to identify the recipients of its
2 apprenticeship program from 1999 to 2008. Despite several extensions, LEAP was unable to
3 identify a single student who enrolled in the apprenticeship program.

4 38. On information and belief, defendants have failed to abide by LEAP's articles of
5 incorporation. At no time during the last four years has LEAP engaged in any charitable program
6 in furtherance of its charitable purpose. Instead, defendants have used LEAP's assets and income
7 to pay for administrative expenses and fundraising costs.

8 39. Because defendants have failed to carry out LEAP's charitable purposes, they
9 should be permanently removed as directors of LEAP and also be prevented from operating any
10 other charities in California. As a proximate result of defendants' breach of charitable trust,
11 LEAP has been damaged in an amount presently unknown to plaintiff, but believed to be in
12 excess of \$50,000.

13 **SEVENTH CAUSE OF ACTION**

14 **FAILURE TO MAINTAIN ADEQUATE BOOKS AND RECORDS**

15 **[Against RUIZ; DICESARE, HOLDEN, HEMBY, SAWTELLE,**
16 **ACOSTA, POWERS, MEDINA and DOES 1-100]**

17 40. Under Corporations Code section 6320, defendants must maintain adequate and
18 correct records and minutes of LEAP's board proceedings. On August 15, 2008, the Attorney
19 General demanded that LEAP produce copies of all board minutes and board resolutions from
20 1999 to 2008. The Attorney General also requested LEAP's financial reports, ledgers, cash
21 receipts, disbursement journals, bank statements, canceled checks, invoices for goods or services
22 provided, W-2 forms, 1099 forms, credit card statements, and other financial records. Despite
23 numerous extensions, defendants failed to produce all of LEAP's minutes for board meetings held
24 between 2001 and 2008. Likewise, defendants failed to produce all of its bank records, financial
25 statements, ledgers, journals, and credit card statements, even though these records should have
26 been maintained in the regular course of LEAP's business. On information and belief, defendants
27 also failed to distribute any annual reports or statements as required by Corporations Code
28 sections 6321 and 6322.

41. Defendants breached their fiduciary duty by their failure to prepare and maintain complete books and records. The failure to prepare and maintain LEAP's books, accounts records, and board minutes as required by law is also evidence of gross mismanagement and abuse of authority. Accordingly, LEAP's directors should be permanently removed as directors and officers of LEAP and ordered to produce records under Corporations Code section 6323. Defendants should also be required to reimburse the Attorney General all reasonable attorney fees and actual costs incurred in conducting this action, as provided by Government Code section 12598.

EIGHTH CAUSE OF ACTION
INVOLUNTARY DISSOLUTION
[Against LEAP]

42. Plaintiff re-alleges and incorporates by reference herein each and every allegation contained in paragraphs 10-41.

43. Defendant LEAP and its directors, by participating in the acts alleged in this complaint, have engaged in persistent and pervasive abuse of authority and discretion. Defendants have engaged in the mismanagement of LEAP's charitable assets by misapplying those assets to non-charitable purposes. Further, Defendant LEAP, through the actions and omissions alleged in this complaint, has seriously offended against the statutes regulating corporations and charitable organizations.

44. Involuntary dissolution of LEAP is therefore necessary and appropriate under the provisions of Corporations Code sections 6510, subdivision (b)(5) and 6511, subdivision (a)(1).

NINTH CAUSE OF ACTION

VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200

(UNLAWFUL BUSINESS ACTS OR PRACTICES)

(Against all Defendants)

45. Plaintiff re-alleges and incorporates by reference herein each and every allegation contained in paragraphs 10-44.

1 46. From 2001 to 2008, defendants engaged unfair business practices by making false,
2 deceptive, and misleading statements to donors to induce them to make charitable contributions to
3 LEAP. Defendants committed and continue to commit acts of unfair competition as defined in
4 Business and Professions Code section 17200, including, but not limited to, the following:

- 5 a. Defendants concealed their role as commercial fundraisers or fundraising
6 counsel.
- 7 b. Defendants misrepresented how charitable donations would be used.
- 8 c. Defendants breached their fiduciary duty to the donors by failing to use the
9 donations for the purposes for which they were solicited.
- 10 d. Donors were led to believe that LEAP employees were conducting the
11 solicitation.
- 12 e. Donors and the Attorney General were misled by RAMBRET's annual
13 reports.
- 14 f. Donors and the Attorney General were misled by LEAP's RRF-1 forms.
- 15 g. Defendants paid illegal distributions to SAWTELLE and RAMBRET.
- 16 h. Defendants failed to prepare and maintain adequate and complete records
17 of account.
- 18 i. Defendants failed to prepare and maintain adequate and complete board
19 minutes.
- 20 j. Defendants engaged in self-dealing transactions by having LEAP pay for
21 defendants' personal expenses or the personal expenses of defendants' co-
22 directors.
- 23 k. Defendants engaged in self-dealing transactions by having LEAP retain the
24 services of RAMBRET.
- 25 l. Defendants abdicated their duties as directors by allowing SAWTELLE
26 and others to operate LEAP, without adequate board supervision.

27 47. Defendants engaged in and participated in acts of unfair competition, as defined by
28 Business and Professions Code section 17200, by violating the following statutes and regulations:

- a. Defendants violated Government Code section 12599.6, subdivisions (a), (b), and (f).
- b. Defendants violated Government Code section 12599, subdivisions (b), (c), (d), and (h).
- c. Defendants violated Business and Professions Code section 17510.8.
- d. Defendants violated Business and Professions Code section 17510.85.
- e. Defendants violated Corporations Code section 5233.
- f. Defendants violated Corporations Code section 5237.
- g. Defendants violated Corporations Code section 6320.
- h. Defendants violated Corporations Code section 6215.

48. As a result of the aforementioned acts of unfair competition, plaintiff is entitled to civil penalties in an amount which is presently unknown, but believed to be in excess of \$100,000. Defendants should also be required to reimburse the Attorney General all reasonable attorney fees and actual costs incurred in conducting this action, as provided by Government Code section 12598.

49. As a result of the aforementioned acts of unfair competition, defendants should be ordered to pay into court an amount equal to the amount of funds solicited from the public on behalf of LEAP by any means or practice found to constitute unfair competition under Business and Professions Code section 17200 or by false and misleading statements under Business and Professions Code section 17500, all said monies to be distributed by the court to charitable institutions for use for purposes similar to that of LEAP.

50. Pursuant to Business and Professions Code section 17203, plaintiff is further entitled herein to injunctive relief against the defendants named in this cause of action and DOES 1 through 100, prohibiting them from engaging in further acts of unfair competition.

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1 **PRAYER FOR RELIEF**

2 **WHEREFORE**, the People pray for judgment as follows:

3 1. For a preliminary and permanent injunction, enjoining defendants RUIZ;
4 DICESARE, HOLDEN, HEMBY, SAWTELLE, ACOSTA, MEDINA and DOES 1-100, their
5 employees, agents, servants, representatives, successors, and assigns, any and all persons acting
6 in concert or participation with them, and all other persons, corporations, or other entities acting
7 under, by, through, or on their behalf, from doing any of the following until they have first
8 provided a full and complete accounting for all funds received by, and disbursed from, any and all
9 financial accounts of LEAP from January 1, 1999, to the present: (1) expending, disbursing,
10 transferring, encumbering, withdrawing or otherwise exercising control over any funds received
11 by or on behalf of LEAP or rightfully due LEAP except as authorized by the Court; (2)
12 conducting business of any kind on behalf of, or relating to, LEAP other than as necessary to
13 assist a Receiver or appointed director(s), to comply with discovery requests and orders, and as
14 permitted by the Court; and (3) controlling or directing the operations and affairs of any
15 California nonprofit public benefit corporation;

16 2. That an order issue directing that defendants RUIZ; DICESARE, HOLDEN,
17 HEMBY, SAWTELLE, ACOSTA, MEDINA, RAMBRET, and DOES 1-100 and each of them,
18 render to the Court and to the Attorney General a full and complete accounting of the financial
19 activities and condition of LEAP and their dealings with LEAP from January 1, 1999, to the
20 present, to include the expenditure and disposition of all revenues and assets received by or on
21 behalf of LEAP. Upon the rendering of such accounting, that the Court determine the property,
22 real or personal, or the proceeds thereof, to which LEAP and the charitable beneficiaries thereof
23 are lawfully entitled, in whatsoever form in whosoever hands they may now be, and order and
24 declare that all such property or the proceeds thereof is impressed with a trust for charitable
25 purposes, that defendants are constructive trustees of all such charitable funds and assets in their
26 possession, custody or control, and that the same shall be deposited forthwith in Court by each
27 and every defendant now holding or possessing the same or claiming any rights, title or interest
28 therein. In addition, that these defendants be surcharged and held liable and judgment entered

1 against each of them for any and all such assets for which they fail to properly account, together
2 with interest thereon at the legal rate from the date of liability thereon; and that any and all
3 expenses and fees incurred by defendants in this action be borne by the individual defendants and
4 each of them and not by LEAP or any other public or charitable corporation or fund;

5 3. For damages due LEAP, resulting from the breaches of fiduciary duty of all
6 defendants named in this Complaint and DOES 1 through 100 in an amount to be determined
7 following an accounting from these defendants, plus interest at the legal rate until the judgment is
8 paid;

9 4. Pursuant to Business and Professions Code section 17203, 17510.8 and 17353, and
10 /or the equitable powers of the court, defendants and each of them be ordered to pay into court an
11 amount equal to the amount of funds solicited from the public on behalf of LEAP by any means
12 of any act or practice declared by this court to constitute unfair competition under Business and
13 Professions Code section 17200 or false and misleading statements under Business and
14 Professions Code section 17500, all said monies to be distributed by this court to charitable
15 institutions for the use of purposes similar to that of LEAP.

16 5. For a permanent and preliminary injunction, enjoining RAMBRET, SAWTELLE,
17 and DOES 1-100, from soliciting any donations on behalf of LEAP until such time as defendants
18 have filed complete and accurate annual reports, and fully comply with California's registration
19 requirements;

20 6. That the Court assess civil penalties against all defendants pursuant to Government
21 Code section 12591.1 for violations of the Supervision of Trustees and Fundraisers for Charitable
22 Purposes Act (Gov. Code § 12580 et seq.) as proved at trial;

23 7. Pursuant to Business and Professions Code section 17206, that the Court assess a civil
24 penalty of two thousand five hundred dollars (\$2,500) against all named defendants and DOES 1
25 through 50 for each violation of Business and Professions Code section 17200 per day, as proved
26 at trial, in an amount no less than \$150,000;

27 8. Pursuant to Business and Professions Code section 17203, for a preliminary and
28 permanent injunction enjoining defendants, their successors, agents, representatives, employees

1 and all persons who act in concert with, or on behalf of, defendants from engaging in unfair
2 competition as defined in Business and Professions Code section 17200, including, but not
3 limited to, those acts and omissions alleged in this Complaint;

4 9. That the Court order the involuntary dissolution of LEAP pursuant to the provisions
5 of Corporations Code section 6518, provide for satisfaction of all of its lawful debts, and
6 establish a procedure for determining the disposition of all remaining assets of LEAP in a manner
7 consistent with its charitable purpose and consistent with any restrictions that have been placed
8 upon any of LEAP' remaining assets;

9 10. For plaintiff's costs of suit and other costs pursuant to Government Code
10 sections 12597 and 12598;

11 11. For attorney fees as provided in Government Code section 12598 and Code of
12 Civil Procedure section 1021.8;

13 12. For prejudgment interest, and

14 13. For such other and further relief as the Court may deem to be just and proper.

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16 THIS COMPLAINT IS DEEMED VERIFIED UNDER THE PROVISIONS OF CODE OF
17 CIVIL PROCEDURE SECTION 446
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2 Dated: May 28, 2009
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5 EDMUND G. BROWN JR.
6 Attorney General of California
7 BELINDA J. JOHNS
8 Senior Assistant Attorney General
9 KELVIN GONG
10 Supervising Deputy Attorney General

11

TANIA M. IBANEZ
12 Deputy Attorney General
13 *Attorneys for the People of the*
14 *State of California*

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