

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL
CORPORATE OVERSIGHT DIVISION

In the Matter of:

Attorney General
File No. 2016-0149626-A

VietNow National Headquarters, Inc.
and Joseph Lewis

Respondents.

Notice of Intended Action and Cease and Desist Order

To: VietNow National Headquarters, Inc.

Joseph Lewis, President
VietNow National Headquarters, Inc.
1835 Broadway
Rockford, IL 61104

Registered Agent
Incorp Services, Inc.
2285 S. Michigan Road
Eaton Rapids, MI 48827

Bill Schuette, Attorney General of the State of Michigan, under Section 20(4) of the Charitable Organizations and Solicitations Act, MCL 400.271 *et seq.*, notifies VietNow National Headquarters of his intention to bring a civil action against VietNow in Ingham County Circuit Court and orders VietNow to cease and desist all unlawful solicitations as described below. Before bringing a civil action, the Attorney General will consider accepting an assurance of discontinuance or other appropriate settlement agreement. Concurrent with this Notice of Intended Action, the Attorney General is also issuing a Notice of Intent to Revoke VietNow's charitable solicitation registration.

I. Jurisdictional Allegations

1. Respondent VietNow National Headquarter, Inc. (“VietNow”) is an Illinois nonprofit corporation with 501(c)(3) tax-exemption status. Its address is 1835 Broadway, Rockford, IL 61104. Its President is Joseph Lewis. Its Michigan-based resident agent is InCorp Services, Inc., 2285 S. Michigan Road, Eaton Rapids, MI 48827.
2. For years, VietNow has been registered to solicit in Michigan under Michigan’s Charitable Organizations and Solicitations Act (“Solicitations Act”). VietNow is registered under the Solicitations Act as #18565.
3. As a registered charitable organization soliciting in Michigan, VietNow is a person subject to the authority of the Attorney General under the Solicitations Act. MCL 400.271 *et seq.*; MCL 400.272(a) and (e).

II. Background Facts

4. In March 2016, the Attorney General’s Charitable Trust Section received VietNow’s renewal registration form, including VietNow’s IRS 2014 Form 990 for year ending June 30, 2015. **Exhibit A**, VietNow 2014 Form 990 and Registration Form.
5. At the time, the Charitable Trust Section was investigating one of VietNow’s professional fundraisers, Utah-based Corporations for Character, regarding solicitations fraud. As part of this investigation, the Charitable Trust Section already had some of the solicitation materials VietNow used in Michigan.

6. **Solicitations emphasize helping Michigan veterans, but no obvious Michigan grants or programs.** VietNow’s solicitations emphasized helping local Michigan veterans, including statements that VietNow “gives a minimum of 12 percent after expenses of what they receive in (*specific state*) back to the veterans in *specific state*”; and that VietNow goals are to “help Veterans and of course our local Michigan Vets”. But VietNow’s IRS Form 990 and other registration materials did not reveal any programs or grants in Michigan; nor did it reference all VietNow’s other programs. **Exhibit B**, Corporations for Character Solicitation Materials for VietNow.
7. Several sections of Vietnow’s Form 990 were also improperly completed and appeared to contain misstatements. Additionally, less than 5% of the nearly \$2 million raised by VietNow reported on the Form 990 went to charitable programs.
8. **Investigative Order.** In September 2016, the Attorney General issued an investigative order to VietNow requiring production of documents for the three previous years, including:
 - a. all solicitation materials used;
 - b. a schedule of all donations and grants made by VietNow;
 - c. a schedule of all Michigan donations received by VietNow;
 - d. documentation in support of VietNow’s claim that 12 percent of donations it received from Michigan were going back to veterans in Michigan. [**Exhibit C**, Investigative Order]

The investigative order also identified possible errors on the Form 990, requesting a response and proposing that amendment of the Form 990 might be necessary.

9. VietNow responded to the investigative order on November 21, 2016 (**Exhibit D**) and supplemented its response on December 5, 2016 (**Exhibit E**).

Corporations for Character Solicitations

10. VietNow's initial response included four packets of Corporations for Character solicitation materials that were used to solicit for VietNow during recent years. The materials were approved for use by VietNow on November 15, 2012, March 2, 2015, May 4, 2015, and January 29, 2016.

11. **November 2012 Solicitation Materials.** The November 2012 solicitation materials VietNow approved for use by Corporations for Character did not reference any state-specific or Michigan programs by VietNow. Instead, if a call recipient asked "Is this just for my state?", Corporations for Character's solicitor would respond "This is actually a nationwide organization. I can assure you this money will go to the veterans that are in need of help. Just because they don't live next dorr [sic] I hope that wouldn't stop you from helping out those who served our county so we can count on your support . . . these vets will really appreciate it?" **Exhibit D, #174.**

12. **March 2015 Solicitation Materials.** On March 2, 2015, VietNow revised its solicitation scripts.

- a. The revised scripts contain representations of state-specific programs, including “WHICH AREA (COLD AND PAID SCRIPTS) - You’d be happy to know that VeteransNow gives a minimum of 12 percent after expenses of what they receive in *(specific state)* back to the veterans in *(specific state)* and the rest will go to help struggling vets across the nation . . .” **Exhibit D**, #127 (Note: VeteransNow is a name used by VietNow.)
- b. Below this revised script stating VietNow’s state-specific program, VietNow’s President Joseph Lewis signed, dated, and initialed, indicating that:

I certify, represent, and affirm that the programs and activities described in the “Which Area,” “Already Donate to You,” and the “Money Goes,” responses prepared by Corporations For Character accurately describe the programs and activities that will be supported with donations collected by Corporations For Character, for VeteransNow. **Exhibit D**, #127.

Additionally, also on March 2, 2015, VietNow President Joseph Lewis signed a Scripting Certification regarding VietNow’s Corporations For Character scripts that stated:

I have read and approve the scripts {VeteransNow – Cold (1st Call+) (Version #3), and Paid (Version #3)}, provided by Corporations for Character. I certify, represent, and affirm that: (a) I have personal knowledge regarding the programs and activities of VeteransNow; (b) the programs and activities described in the scripts accurately describe the programs and activities that will be supported with donations collected by Corporations For Character;(c) The script is accurate in all material aspects and Corporations For Character is approved to use this script in soliciting contributions for VeteransNow; and

(d) I am authorized by VeteransNow to sign this certification.
[Exhibit D, #125.]

- c. In the state-specific pages of the March 2015 scripts—pages initialed by VietNow President Joseph Lewis and pages following Lewis’s signed certifications of the scripts—the scripts state:

MAIN – Okay, and just so you know this is _____. I’m with Corporations for Character calling on behalf of VeteransNow and this call may be recorded for quality control purposes and the reason for my call is that they just kicked off their fund drive to help those veterans who have so generously served in the U.S. Armed Forces to protect our country. Now as always the goals of the association are to help Veterans and of our [sic] course our *local Michigan Vets* with post traumatic stress and gulf war illness. Donations are tax deductible and so when you receive your pledge kit, can our Vets *and Michigan heroes* count on your support with a little something, would that be okay?
[Emphasis added]

Okay, and just so you know this is _____ with Corporations for Character calling again on behalf of Veterans Now, and this call may be recorded for quality control purposes and ya know I’ll be quick. You might remember the reason for my call is that we’re back helping veterans who have so generously served in the U.S. Armed Forces to protect our country. Now aside from the fund-raising costs, the goals of the association are to help Veterans and of our [sic] course *our local Michigan Vets* with post traumatic stress and gulf war illness, as always anything we can do for them. And I’m sure you guessed, it’s that time of year and donations are tax deductible. So when you receive your pledge card again, can our Vets *and Michigan heroes* count on you support with a little something, is that okay? [Exhibit D, #150, emphasis added]

13. May 2015 Solicitation Materials. In May 2015, VietNow President Joseph Lewis signed—and initialed the subsequent pages of the scripts—a substantially similar scripting certification again approving VietNow scripts that included similar representations regarding state-specific activities and

programs, including that 12 percent would go back to help veterans in the donor's state. **Exhibit D**, #081-082.

14. **January 2016 Solicitation Materials.** In January 2016, VietNow President Joseph Lewis again signed and initialed the latest version of VietNow Scripts approved for use by Corporations for Character. Again, Lewis certified the accuracy of the scripts and again the scripts included similar representations as previous scripts regarding state-specific activities and programs, including that 12 percent would go back to help veterans in the donor's state. **Exhibit D**, #015-016.

15. **VietNow's Response Admits that it has not Funded Any Programs to Assist Veterans in Michigan.** Item 6 of the Attorney General's investigative order stated:

Scripts provided by Corporations for Character state that VietNow "gives a minimum of 12 percent after expenses of what they receive in (specific state) back to the veterans in (specific state)." Explain and document how VietNow has met this claim with respect to donations from Michigan residents. [**Exhibit D**, #007.]

VietNow responded:

No, the 12 percent wording is new to our contract with Corporations for Character that was incorporated on January 29, 2016. VietNow has not put any funds into programs that assist veterans within the state of Michigan. VietNow National Headquarters will more actively track donations received within the state and we will hold true to the wording in our contract with Corporations for Character. [**Exhibit D**, #007.]

In addition to admitting that VietNow does not fund any programs in Michigan, VietNow's response also falsely states that the "12 percent

wording” was added in January 2016. In fact, as stated above, the “12 percent wording” was present beginning in the scripts VietNow approved on March 2, 2015. The language was also present in the scripts approved May 4, 2015.

16. VietNow Admits that it offers no Localized Assistance to Michigan Veterans with Post-Traumatic Stress and Gulf War Illness. Item 5 of

the Attorney General’s investigative order stated:

Scripts provided by Corporations for Character indicate that VietNow assists Michigan veterans with post-traumatic stress and gulf war illness. Identify and document all such assistance provided for Michigan veterans during the fiscal years ended June 30, 2014, 2015, and 2016. [**Exhibit D**, #007.]

VietNow responded:

At the current time the assistance which VietNow National Headquarters has provided in the areas of Post-Traumatic Stress and Gulf War Illness is through the information that we provide through our magazine “VietNow.” This magazine is mailed to all the Department of Veteran Affairs hospitals and Vet Centers through the United States and its Territories. Through our magazine and web site we receive several requests for further information, which we provide. Do we keep track of which state we receive request [sic] from? To date this is something that we have not tracked [sic] any of these inquiries. Thanks to the letter asking for us to provide this information, steps have been taken to rectify this oversight. [**Exhibit D**, #007.]

17. Corporations for Character Raised \$46k in Michigan for VietNow.

From March 2, 2015 (the date VietNow approved the script specifying donations would be used in the donor’s state) through October 21, 2016 (the last date recorded in VietNow’s response), Corporations for Character raised \$46,184.56 in Michigan for VietNow. **Exhibit D**, #201, #203, #205.

Courtesy Call Solicitation Materials

18. VietNow's response to the investigative order included three pages of solicitation scripts used on its behalf by fundraiser Courtesy Call. **Exhibit C**, #188, #190, #192. VietNow's response failed to identify the period in which the scripts were used, but financial records produced by VietNow show that Courtesy Call began receiving donations in Michigan in April 2015, so the Attorney General assumes that the materials provided were used beginning in that month. **Exhibit D**, #201.

19. The Courtesy Call script begins with an introduction, identifying both VietNow and its fundraiser Courtesy Call; then the solicitor explains how money raised will be used:

Mr. /Mrs. _____ The reason for the call is to let you know that money raised for the veteran's foundation will provide assistance to homeless veterans *and also provide medical facilities and treatment to veterans suffering with post-traumatic stress disorder as well as the long lasting and severe effects of "Agent Orange."* [**Exhibit D**, #188, emphasis added.]

20. **VietNow's Response Admits It Provides Neither Medical Facilities Nor Treatment.** The Attorney General's investigative order required VietNow "to identify and explain all grants made and programs operated by VietNow," including regarding post-traumatic stress, gulf war illness, and Agent Orange. **Exhibit D**, #003-004. Regarding these programs, VietNow responded:

VietNow National Headquarters performs various tasks for each of our veteran and family programs with the primary purpose of "Veterans Helping Veterans." We'll try to explain how each of these Programs or

Committees functions and how each is centered toward helping our nation's veterans and their families.

- a. *Grants Made:* VietNow National Headquarters does not have any provisions for making Grants to outside groups. VietNow National Headquarters does make from time to time make donations [sic] to other groups based upon the work that they [sic] to help our nation's veterans. This is only done after researching the group and their program.
- b. *Post-Traumatic Stress.* The VietNow National Coordinator is [sic] councilor in Post-Traumatic Stress who is a speaker on the subject worldwide. When request for information or direction is sought for on where to go, the Coordinator provides that direction to the person. Our VietNow chapters provide an outlet for veterans suffering from depression and issues related to their service in war/conflict. During the Annual National Convention, our national coordinator provides the latest information to our delegations during a seminar.
- c. *Gulf war illness.* VietNow national provides information on the effects of exposure to the veteran's service during Operations Desert Shield and Desert Storm. Our coordinator is putting together information on the illnesses that affect our Afghanistan and Iraq veterans due to their serving in these two wars.

- j. *Agent Orange.* VietNow provides information of Agent Orange in where it was used; the various illnesses related to its exposure; as well as providing information to other veteran groups on the above topics. [Exhibit D, #004 and #006]

VietNow's response fails to identify any provision of "medical facilities and treatment" to veterans suffering from post-traumatic stress disorder, gulf war illnesses, or Agent Orange.

21. VietNow's Program Expenses (of any sort) Regarding Post-Traumatic Stress, Gulf War Illness, and Agent Orange were De Minimis.

VietNow's IRS Form 990 showed that VietNow raised \$1.93 million and claimed to have spent \$86,074 on program services. **Exhibit A.** The Attorney General's investigative order asked VietNow to identify its three largest

programs (which should have been identified already in Part III, lines 4a, 4b, and 4c of the 2014 Form 990). VietNow’s supplemental response to the Attorney General listed the three largest programs as:

- 1) Scholarships: \$2,000
- 2) Homeless: \$1,350.00 (This does not include the cost of leasing of the building, insurance, utilities, and truck operating expenses.
- 3) Agent Orange: \$573 [**Exhibit E**, #210-211]

As explained above, contrary to the Courtesy Call scripts, VietNow provided no “medical facilities and treatment” to veterans suffering from post-traumatic stress disorder or Agent Orange. Moreover, *any expenditures* VietNow made toward its post-traumatic stress, Gulf War illnesses, and Agent Orange programs were, at best, *de minimis*.

22. Courtesy Call Scripts and Corporations for Character scripts are contradictory. VietNow’s Courtesy Call scripts directly contradict the scripts VietNow approved for use by Corporations For Character.

- a. The Courtesy Call Script states: “Q: Is this a local program? A: No, it is a nationwide program.” **Exhibit D**, #190. In contrast, the Corporations for Character scripts specified that donations would benefit local veterans in the donor’s state.
- b. The Courtesy Call scripts state that VietNow provides “medical facilities and treatment” regarding post-traumatic stress and Agent Orange.” In contrast, the Corporations for Character scripts state that VietNow provides “information” on these subjects. See, *e.g.*, **Exhibit D**, #127.

23. **Courtesy Call Raised \$7,230 in Michigan for VietNow.** From April 17, 2015 through October 21, 2016, Courtesy Call raised \$7,230 in Michigan for VietNow. **Exhibit D**, #201, #203, #205.

III. Law

24. Section 18 of the Charitable Organizations and Solicitations Act (Solicitations Act) prohibits persons from engaging in a variety of acts. MCL 400.288. These prohibited acts include:

(j) Divert or misdirect contributions to a purpose or organization other than that for which the funds were contributed or solicited.

(n) Employ any device, scheme, or artifice to defraud or obtain money or property from a person by means of a false, deceptive, or misleading pretense, representation, or promise.

(o) Represent that funds solicited will be used for a particular charitable purpose if those funds are not used for the represented purpose.

(u)(ii) Submit any of the following to the attorney general . . . [a] document containing any materially false statement.

(y) For a charitable organization, submit financial statements, including IRS form 990, 990-EZ, 990-PF, or other 990- series internal revenue service return, or any other financial report required under this act, that contain any misrepresentation with respect to the organization's activities, operations, or use of charitable assets.

IV. Alleged Violations

Corporations for Character Solicitations

25. Misrepresentation of Use of Funds Donated. MCL 400.288(1)(o).

- a. Since March 2, 2015, VietNow has been raising funds through fundraiser Corporations for Character representing that funds raised would benefit “local Michigan Vets with post-traumatic stress and gulf war illness” and even telling donors that it gives “a minimum of 12 percent after expenses of what they receive (*in specific state*) back to the veterans in (*specific state*). . .”
- b. In fact, VietNow lacked any local Michigan programs. As VietNow’s response to the Attorney General stated: “VietNow has not put any funds into programs that assist veterans within the state of Michigan.” **Exhibit D**, #007.
- c. Additionally, any programs (including programs outside of Michigan) that VietNow had regarding post-traumatic stress or gulf war illness were, at best, *de minimis*. For the fiscal year ending June 30, 2015, despite raising \$1.93 million in cash nationwide, VietNow’s top three program expenses were scholarships - \$2,000, homeless - \$1,350, and Agent Orange - \$573. **Exhibit E**, #210-211.
- d. For every solicitation Corporations for Character made on behalf of VietNow from March 2, 2015 through the present date, VietNow misrepresented that the funds solicited would be used for a particular

charitable purpose—to benefit local Michigan vets and to spend at least 12 percent on Michigan veterans’ programs—yet failed to use any of the funds raised for that particular purpose.

- e. Likewise, for every solicitation Corporations for Character made on behalf of VietNow from March 2, 2015 through June 30, 2015, VietNow misrepresented that the funds would be used for a particular charitable purpose—to benefit veterans suffering from post-traumatic stress and gulf war illness, whether in Michigan or elsewhere—and failed to spend any funds on these programs or, at best, spent a *de minimis* amount on these programs.
- f. **5,700 Violations.** While the total number of Corporations for Character Solicitations on behalf of VietNow in Michigan from March 2, 2015 through the present date remains unknown, it is known that VietNow raised \$46,184.56 through Corporations for Character from March 2015 through October 2016—a 19-month period. Assuming that Corporations for Character completed at least 10 calls per day—the true number is likely 100 or more—during these 19 months would equal 5,700 calls (10 calls per day x 19 months x 30 days per month = 5,700 calls). Therefore, for the purposes of this Notice of Intended Action, the Attorney General alleges that VietNow, through its agent Corporations for Character, violated Section 18(1)(o) of the Solicitations Act 5,700 times.

26. Employ Any Scheme to Obtain Donation. MCL 400.288(1)(n).

- a. From March 2, 2015 through October 21, 2016, VietNow raised \$46,184.56 in Michigan through its fundraiser Corporations for Character.
- b. While the total number of completed pledges remains unknown, for purposes of this Notice of Intended Action, the Attorney General assumes that the average donation was \$20. At an average donation of \$20, VietNow would have received roughly 2,300 pledges from Michigan residents.
- c. VietNow obtained each of these pledges by having its agent Corporations for Character inform donors that their donations would benefit local Michigan vets and that VietNow would spend at least 12 percent on Michigan veterans' programs when, in fact, VietNow granted no money to Michigan veterans and funded no veterans' programs in Michigan.
- d. For each of these estimated 2,300 completed pledges, VietNow employed a device, scheme, or artifice to defraud or obtain money from these donors by means of a false, deceptive, or misleading pretense, representation, or promise—that the donation would be used to benefit local Michigan veterans.

- e. **2,300 Violations.** The Attorney General alleges that, for each of these 2,300 completed pledges VietNow obtained from Michigan residents, VietNow violated Section 18(1)(n) of the Solicitations Act.

27. Diversion of Contributions to Other Purpose. MCL 400.288(1)(j).

- a. From March 2, 2015 through October 21, 2016, VietNow raised \$46,184.56 in Michigan through its fundraiser Corporations for Character.
- b. While the total number of completed pledges remains unknown, the Attorney General again assumes that the average pledge was \$20 and that VietNow received roughly 2,300 pledges from Michigan residents.
- c. VietNow obtained each of these pledges by informing donors that their donations would benefit local Michigan vets and that VietNow would spend at least 12 percent on Michigan veterans' programs when, in fact, VietNow granted no money to Michigan veterans and funded no veterans' programs in Michigan.
- d. Instead of using the funds raised on local Michigan veterans, VietNow diverted the money raised to programs outside of Michigan and to its fundraising and administrative costs.
- e. In this way, VietNow diverted or misdirected all \$46,184.56 from the estimated 2,300 completed pledges from Michigan residents to a purpose other than that for which the funds were contributed or solicited.

- f. **2,300 Violations.** The Attorney General alleges that, for each of the 2,300 paid pledges from Michigan residents, VietNow diverted the pledges to another purpose, thereby violating Section 18(1)(j) of the Solicitations Act.

Courtesy Call Solicitations

28. Misrepresentation of Use of Funds Donated. MCL 400.288(1)(o).

- a. Since April 2015, VietNow has been raising funds through fundraiser Courtesy Call representing that funds raised would “provide assistance to homeless veterans *and also provide medical facilities and treatment to veterans suffering with post-traumatic stress disorder as well as the long lasting and severe effects of “Agent Orange.”* [Exhibit D, #188, emphasis added.]
- b. In fact, VietNow funds no programs that “provide medical facilities and treatment to veterans suffering” from either PTSD or Agent Orange. **Exhibit D, #004, #006.**
- c. The representations in the Courtesy Call scripts directly conflict with the Corporations for Character scripts which state that VietNow provides “information” regarding PTSD and Agent Orange, i.e., VietNow does not provide “medical facilities and treatment” regarding these subject. **Exhibit D, #127.**

- d. Also, any funding that VietNow does for programs regarding PTSD, gulf war illness, and Agent Orange is, at best, *de minimis*. **Exhibit E**, #210-211.
- e. For every solicitation Courtesy Call made on behalf of VietNow from April 2015 through the present date, VietNow misrepresented that the funds solicited would be used for a particular charitable purpose—to provide medical facilities and treatment regarding PTSD and Agent Orange—yet failed to use any of the funds raised for that particular purpose.
- f. Likewise, for every solicitation Courtesy Call made on behalf of VietNow from April 2015 through June 30, 2015, VietNow misrepresented that the funds would be used for a particular charitable purpose—to provide medical facilities and treatment regarding PTSD and Agent Orange—but failed to spend any funds on programs of any sort in support of these issues or, at best, its program spending in these areas was *de minimis*.
- g. **5,400 Violations.** While the total number of Courtesy Call solicitations on behalf of VietNow in Michigan from April 2015 through the present date remains unknown, it is known that VietNow raised \$7,230 through Courtesy Call from April 17, 2015 through October 21, 2016—an 18-month period. Assuming that Courtesy Call completed at least 10 calls per day—the true number is likely much higher—during

this 18 months would equal 5,400 calls (10 calls per day x 18 months x 30 days per month = 5,400 calls). **Exhibit D**, #127. Therefore for the purposes of this Notice of Intended Action the Attorney General Alleges that VietNow, through its agent Courtesy Call, violated Section 18(1)(o) of the Solicitations Act 5,400 times.

29. Employ Any Scheme to Obtain Donation. MCL 400.288(1)(n).

- a. From April 17, 2015 through October 2016, VietNow raised \$7,230 in Michigan through its fundraiser Courtesy Call.
- b. While the total number of completed pledges remains unknown, for purposes of this Notice of Intended Action, the Attorney General assumes that the average donation was \$20. At an average donation of \$20, VietNow would have received roughly 360 pledges from Michigan residents through Courtesy Call.
- c. VietNow obtained each of these pledges by having its agent Courtesy Call inform donors that their donations would provide medical facilities and treatment regarding PTSD and Agent Orange when, in fact, VietNow funded no programs that provided medical facilities and treatment to veterans suffering from PTSD and Agent Orange and, at best, spent a *de minimis* amount on programs of any sort benefiting these subjects.
- d. For each of these estimated 360 completed pledges, VietNow employed a device, scheme or artifice to defraud or obtain money from these

donors by means of a false, deceptive, or misleading pretense representation, or promise—that the donation would be used to provide medical facilities and treatment to veterans suffering from PTSD and Agent Orange.

- e. **360 Violations.** The Attorney General alleges that, for each of these 360 completed pledges VietNow obtained from Michigan residents, VietNow violated Section 18(1)(n) of the Solicitations Act.

30. Diversion of Contributions to Other Purpose. MCL 400.288(1)(j).

- a. From April 17, 2015 through October, 2016, VietNow raised \$7,230 in Michigan through its fundraiser Courtesy Call.
- b. While the total number of completed pledges remains unknown, the Attorney General again assumes that the average pledge was \$20 and that VietNow received roughly 360 pledges from Michigan residents.
- c. VietNow obtained each of these pledges by informing donors that their donations would provide medical facilities and treatment regarding PTSD and Agent Orange when, in fact, VietNow funded no programs that provided medical facilities and treatment to veterans suffering from PTSD and Agent Orange and, at best, spent a *de minimis* amount on programs of any sort benefiting these subjects.
- d. Instead of using the funds raised to provide medical facilities and treatment to veterans suffering from PTSD and Agent Orange,

VietNow diverted the money raised to other uses, including other programs and its fundraising and administrative costs.

- e. In this way, VietNow diverted or misdirected all \$7,230 it raised from the estimated 360 completed pledges from Michigan residents to a purpose other than that for which the funds were contributed or solicited.
- f. **360 Violations.** The Attorney General alleges that, for each of the 360 completed pledges from Michigan residents, VietNow diverted the pledges to another purpose, thereby violating Section 18(1)(j) of the Solicitations Act.

31. Submitting Documents with False Statements to Attorney General.

MCL 400.288(1)(u)(ii).

- a. Item 6 of the Attorney General’s investigative order asked VietNow to explain and document how it gave “12 percent after expenses” received from Michigan donors back to Michigan veterans. **Exhibit C, #6.**
- b. VietNow responded: “No, the 12 percent wording is new to our contract with Corporations for Character that was incorporated on January 29, 2016.” **Exhibit D, #6.**
- c. VietNow’s response was a materially false statement. Scripts provided by VietNow show that the “12 percent wording” was used in the scripts VietNow approved on both March 2, 2015, and May 4, 2015. **Exhibit D, #127, #082**

- d. **1 Violations.** For this materially false statement, the Attorney General alleges one violation of Section 18(1)(u)(ii).

32. Submitting Financial Statements that Misrepresent VietNow's charitable activities. MCL 400.288(1)(y).

- a. Part VII, Section B, of the IRS Form 990 requires an organization to list all contractors receiving more than \$100,000. VietNow's 2014 Form 990 listed no contractors in this section. **Exhibit A.**
- b. Item 7.c. of the Attorney General's investigative order identified VietNow's omission and asked and required VietNow to list these contractors. **Exhibit E, #211.**
- c. VietNow's supplemental response to the investigative order listed six independent contractors that each received more than \$100,000 in compensation from VietNow:
- 1) Corporations for Character - \$368,015.20
 - 2) Telenet & Associates - \$115,670.39
 - 3) American Help Group - \$168,788.80
 - 4) MenaCola Marketing - \$263,117.48
 - 5) Safety Publications - \$148,260.00
 - 6) Telecom Enterprises - \$368,509.01 [**Exhibit E, #212**]

VietNow's omission of these six contractors from its 2014 Form 990 was a misrepresentation of VietNow's activities or operations.

- a. In submitting its 2014 Form 990 to the Attorney General omitting these six contractors from Part VII, Section B, VietNow misrepresented its activities, operations, or use of charitable assets.

b. **1 Violation.** For the submission of the 2014 Form 990, the Attorney General alleges one violation of Section 18(1)(y) of the Charitable Organizations and Solicitations Act.

33. **Total Violations.** In total, and as described in the preceding paragraphs, the Attorney General alleges that VietNow has violated the Solicitations Act 16,422 times.¹

V. Attorney General's Authority

34. Section 20 of the Charitable Organizations and Solicitations Act specifies the Attorney General's authority to redress violations of the Act, including:

- c. Issuing a Notice of Intended Action, MCL 400.290(4);
- d. Issuing a Cease and Desist Order, MCL 400.290(4);
- e. Bringing a civil action in court with a fine of up to ***\$10,000 per violation***, MCL 400.290(1);
- f. Accepting an Assurance of Discontinuance, MCL 400.290(4); and
- g. Requesting injunctive relief, attorney fees and costs, and restitution, MCL 400.290(1).

35. Section 20 of the Solicitations Act allows the Attorney General to proceed against individual officers, directors, shareholders, or controlling members of VietNow. MCL 400.290(1).

¹ At a maximum civil fine of \$10,000 per violation, as alleged, VietNow faces a maximum penalty of \$164,220,000.

VI. Cease and Desist Order

36. The Attorney General **HEREBY ORDERS** VietNow National Headquarters, Inc. to ***CEASE AND DESIST*** all unlawful solicitations as described in the above violations. Within twenty-one (21) days, VietNow must confirm in writing to the Attorney General its compliance with this order.

37. Violations of this order may result in a civil action for restitution, civil fines, litigation costs, and injunctive relief. Continuing violations may also result in additional violations alleged in any civil action.

VII. Opportunity to Respond or to Confer with the Attorney General

38. Within twenty-one (21) days of receiving this Notice, VietNow has the opportunity to respond to the undersigned Assistant Attorney General and to confer with the undersigned Assistant Attorney General in reaching an appropriate assurance of discontinuance or settlement agreement.

39. If no satisfactory resolution is reached during this period, the Attorney General intends to bring a civil action against VietNow and its President Joseph Lewis (and possibly other VietNow directors or officers), in Ingham County Circuit Court. The Attorney General will request restitution, civil fines, the awarding of litigation costs, and injunctive relief.

BILL SCHUETTE
ATTORNEY GENERAL



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Date: February 24, 2017