

STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL
CORPORATE OVERSIGHT DIVISION

In the Matter of:

Attorney General
File No. 2017-0193709-A

American Veterans Foundation and
Paul Monville

Respondents.

Notice of Intended Action and Cease and Desist Order

To: American Veterans Foundation

Paul Monville, President and Executive Director
American Veterans Foundation
1950 Northgate Blvd., Suite D-1
Sarasota, FL 34234

Registered Agent
Debbie Lopez
4921 Grape Arbor Ln.
Lansing, MI 48917

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 American Veterans Foundation (AVF) of his intention to bring a civil action against AVF in Ingham County Circuit Court and orders AVF 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 Deny AVF's charitable solicitation registration renewal.

I. Jurisdictional Allegations

1. Respondent American Veterans Foundation (AVF) is a Delaware nonprofit corporation with 501(c)(3) tax-exempt status. Its address is 1950 Northgate Blvd., Suite D-1, Sarasota, Florida 34234. Respondent Paul Monville is AVF's President and Executive Director. AVF's Michigan-based resident agent is Debbie Lopez, 4921 Grape Arbor Ln., Lansing, Michigan 48917.
2. AVF incorporated in August 2008. It filed its initial registration in Michigan in November 2012 and has been registered to solicit in Michigan since December 2012 under Michigan's Charitable Organizations and Solicitations Act ("Solicitations Act"). AVF is registered under the Solicitations Act as #48890.
3. As a registered charitable organization soliciting in Michigan, AVF 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 2017, the Attorney General's Charitable Trust Section began reviewing AVF's activities as reported on its IRS Forms 990 for 2014 and 2015. The 990s revealed large fundraising expenses, minimal charitable

programs, insufficient detail regarding these charitable programs, and sections of the 990s that had been incorrectly completed.

5. On April 20, 2017, Charitable Trust Auditor Joe Kylman sent AVF a letter, via its President Paul Monville, questioning AVF's activities and its Form 990 discrepancies. **Exhibit A**, April 20, 2017 letter to AVF. In particular, the letter:

- questioned AVF's two charitable programs—(1) “We Care” packages program and (2) assistance to homeless veterans program—and asked AVF to explain and document these programs;
- requested AVF's solicitation materials; and
- questioned discrepancies on AVF's 2014 and 2015 Forms 990 and audited financial statements.

6. AVF President Paul Monville responded on June 20, 2017 with a letter and accompanying documentation. **Exhibit B**, AVF Response Letter of June 20, 2017. Shortly thereafter, on June 22, 2017, AVF submitted its renewal registration form.

7. AVF's June 20, 2017 response included all solicitation materials AVF used in Michigan from 2013 through 2017. **Exhibit C**, Solicitation materials.

- a. The solicitation materials were used by four separate professional fundraisers: Community Cares United, LLC; Donor Relations, LLC; Debbie Lopez; and Courtesy Call, Inc.

- b. AVF's solicitation materials informed potential donors that AVF provides immediate support to homeless veterans through grants of food, shelter, clothing, and medical supplies and provides "We Care" packages to deployed troops. (A detailed review of all AVF solicitation materials is included at the end of this section.) AVF's Forms 990 made similar representations regarding its programs and reported assisting 600 individual veterans with books, games, supplies, and cash grants.
8. AVF's June 20, 2017 response also advised that it had relied on its accountant Brian Palmer, CPA to prepare its 990s; and in response to our inquiry, AVF had amended its 2014, 2015, and 2016 IRS Forms 990 and included these amended 990s in its response. (Unless otherwise stated, all below references to AVF's 990s reference AVF's amended 990s.) **Exhibit D**, 2014 Amended Form 990; **Exhibit E**, 2015 Amended Form 990; **Exhibit F**, 2016 Amended Form 990.
9. The Charitable Trust Section's April 20, 2017 letter asked AVF to document its programs, thus allowing the Charitable Trust Section to compare AVF's true activities against its representations to donors and what it reported on its 990s. AVF's June 20, 2017 response included the requested documentation, including copies of requests for assistance from veterans, requests and receipts for purchases of "We Care" goods for currently deployed troops, and "Transaction Detail" printouts for its programs from its

accounting software. A review of AVF's Transaction Detail, **Exhibit G**, reveals a different picture of AVF's programs.

10. In contrast to AVF's 990s and solicitations, which describe AVF as providing immediate support or direct assistance to hundreds of veterans and active-duty troops, the Transaction Detail shows that AVF's main program activity is writing checks to veterans homes and other charities; it is these organizations—and not AVF—that directly serve veterans. For example:

- In 2014, instead of assisting 600 individual veterans with toiletries, clothing and other items as reported on the Form 990, AVF wrote 33 checks for \$500 each to various veterans homes. **Exhibit D**, 2014 Amended Form 990, Schedule I, Part III; and **Exhibit G**, Transaction Detail for 2014, see category "Veteran's Homes." In fact, ***AVF only directly assisted 1 veteran in 2014 with a single grant*** as part of its homeless veterans assistance program. ***Id.***
- In 2015, AVF again reported on its 990 that it assisted 600 individuals in veterans homes. **Exhibit E**, 2015 Amended Form 990, Schedule I, Part III. But again, AVF's Transaction Detail confirms that these "grants to individuals" were, in fact, grants to third-party veterans homes. **Exhibit G**, Transaction Detail for 2015, see category "Veteran's Homes." This leaves just 11 AVF grants to individual veterans for 2015.

A. Analysis of Transaction Detail

11. Analysis of AVF's Transaction Detail, **Exhibit G**, for 2014, 2015, and 2016 shows that AVF's charitable programs are minimal and conflict with AVF's representations in its solicitation materials and in its IRS Forms 990. See also **Exhibit J**, Charitable Trust Auditor Joe Kylman's spreadsheet analysis of AVF's programs from 2014 – 2016.

12. AVF Programs in 2014 according to AVF's Transaction Detail.

- a. AVF's Transaction Detail for 2014 reported \$33,312.62 for total program services. This equals 4.3% of all funds raised (\$777,537) for the year. But of the \$33,312.62, roughly half (\$16,500) were grants to third-party veterans homes operated by various states.
- b. Total costs of AVF's "We Care" program equaled \$15,248 (2% of total funds raised.)
- c. The category "homelessness" included just a single grant of \$1,565 to a single veteran to pay his rent. **Apart from this single monetary grant, and despite raising \$777,537 in contributions, in 2014, AVF provided no other direct assistance or immediate support to veterans or homeless veterans, whether in the form of cash assistance or in the form of food, shelter, clothing, or medical supplies.** And for purposes of comparison, the \$1,565 grant to a single veteran equals just 2.3% of AVF President Paul Monville's 2014 salary of \$68,750.

13. AVF Programs in 2015 according to AVF's Transaction Detail.

- a. AVF's Transaction Detail for 2015 reported \$52,638.89 for total program services. This equals 5.7% of all funds raised (\$929,963) for the year. But of the \$52,638.89, more than half (\$30,500) were grants to third-party veterans homes operated by various states.
- b. Total costs of AVF's "We Care" program equaled \$5,905 (0.6% of total funds raised.)
- c. The category "homelessness" recorded 19 transactions totaling \$16,233.85 (1.7% of total funds raised) assisting 11 veterans for items such as rent, utilities, and groceries. Apart from this monetary assistance, AVF recorded no direct assistance in the form of food, shelter, clothing, or medical supplies in its Transaction Detail. And for purposes of comparison, the \$16,233.85 in assistance to veterans again equaled just a fraction (21.5%) of Paul Monville's 2015 salary of \$75,570.

14. AVF Programs in 2016 according to AVF's Transaction Detail.

- a. AVF's funds raised more than doubled in 2016 from \$929,963 to \$2,111,617. AVF's Transaction Detail for 2016 reported \$137,665.32 for total program services. This equals 6.5% of all funds raised (\$2,111,617) for the year. But nearly all (92%) of 2016's total program services were grants paid to third-party veterans homes (\$77,022.83)

or grants to third-party charities (\$49,930), rather than services or grants administered directly by AVF.

- b. The category “homelessness” recorded 14 transactions totaling \$8,546.43 (0.4% of total funds raised) assisting just 6 veterans for items such as mortgage, utilities, rent, and clothing. Apart from this monetary assistance, AVF recorded no direct assistance in the form of food, shelter, clothing, or medical supplies in its Transaction Detail.
 - c. Total costs of AVF’s “We Care” program dropped to \$2,150—***just 0.1% of total funds raised.***
 - d. AVF’s “Veterans Home” program, in addition to the many grants to third-party organizations, did make 8 purchases of books from Barnes and Noble. These 8 transactions total just \$272.83, or 0.35%, of the Veterans Home program. Apart from these purchases of books for veterans in veterans homes, AVF identified no grants of toiletries, clothing, games, or other items either in 2016 or in any other year.
15. On July 13, 2017, Charitable Trust Auditor Joe Kylman sent a second letter to AVF requesting details regarding the number of AVF’s solicitations and amounts raised by AVF in recent years. **Exhibit H**, July 13 letter to AVF.
16. On September 1, 2017, AVF responded with these details. **Exhibit I**, September 1, 2017 response from AVF.

B. Review of Solicitation Materials

17. A detailed review of AVF's solicitation materials compared to its programs follows. The solicitation materials are categorized by each of AVF's four professional fundraisers: Debbie Lopez; Courtesy Call, Inc.; Donor Relations, LLC; and Community Cares United, LLC.

Debbie Lopez

18. **2014 Calls.** In 2014, professional fundraiser Debbie Lopez made 5,400 calls into Michigan and obtained 1,723 donations totaling \$25,217. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.

19. **2015 Calls.** In 2015, Debbie Lopez made 3,537 calls into Michigan and obtained 1,122 donations totaling \$20,300. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.

20. **2016 Calls.** In 2016, Debbie Lopez made 1,964 calls into Michigan and obtained 568 donations totaling \$9,790. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.

21. **Totals.** During the years 2014 to 2016, Debbie Lopez made a total of 10,901 calls into Michigan for AVF and obtained 3,413 donations totaling \$55,307.

22. **Solicitation Materials.** As Debbie Lopez's solicitation materials, AVF submitted an AVF pamphlet, a one-page telemarketing script, and a one-page letter that accompanies a payment pledge form. **Exhibit C.1.**

a. **Pamphlet.** The two-page pamphlet discusses AVF's "We Care" packages program, includes a section on "homelessness," and describes the purposes of AVF as follows:

- *Increase public awareness of the plight of our nations veterans.*
- *Assist veterans to the best of our abilities, using the full capacity of our services.*
- *Counsel individual veterans when appropriate and/or refer them to agencies better suited to meet their needs.*
- *Assist veterans who are homeless or in jeopardy of becoming homeless in their time of need.*
- *Provide patients in veterans homes with toiletries, clothing, books, games, and other items.*
- *Provide comfort and "We Care" packages to deployed troops. Comfort and Care packages could include but not be limited to personal hygiene products, books, magazines, sports equipment, power bars, breakfast bars, and other various sundries.*

b. **Script.** The script states that it was digitally signed by Paul Monville on January 5, 2013. It begins:

Hello, may I speak with Mr./Mrs. _____ please?

Mr./Mrs. _____ this is _____ with DEBBIE LOPEZ, a registered Professional Fundraiser and I'm calling on behalf of **American Veterans Foundation**. How are you this (*morning, afternoon, evening*)?

American Veterans Foundation is dedicated to providing "We Care" packages to deployed military personnel. "We Care" packages can consist of hand-made blankets, snacks and everyday items we at home take for granted. It is very easy to saw "We Support Our Troops" but it is another thing to actually show your support for them.

American Veterans Foundation is also dedicated in helping prevent more homelessness among honorably discharged veterans by providing immediate support to veterans who are homeless or in jeopardy of becoming homeless and in desperate need of assistance in the form of food, shelter, clothing, medical

supplies and any other reasonable request. Statistics tell us that as many as 1/3rd of all homeless people in the US are American Veterans who served their country faithfully. With your assistance we offer these American Veterans the assistance they so desperately need.

Mr./Mrs. _____, **American Veterans Foundation** does not charge these veterans for services. The **Foundation** does not receive any Federal or State aid. The **Foundation's** efforts are supported solely by the generous contributions of caring people like you. Nobody likes to get these calls and it's not easy to make them, but I feel this is a worthwhile cause. Do you think you could support our efforts with a gift of \$75? (*wait for the response*) [**Exhibit C.1**]

If no, the script then requests a donation of \$50 or \$25 or something smaller.

- c. **Pledge Form Letter.** The letter, which appears to accompany the payment pledge form that donors are asked to return by mail, describes the importance of AVF's "We Care" packages and also reiterates the other purposes of the Foundation:

- Increase public awareness of the plight of our nations veterans.
- Assist veterans to the best of our abilities, using the full capacity of our services.
- Council [sic] individual veterans when appropriate and/or refer them to agencies better suited to meet their needs.
- Assist veterans who are homeless or in jeopardy of becoming homeless in their time of need.
- Provide patients in veterans homes with toiletries, clothing, books, games, and other items.

The letter concludes with the following paragraphs:

American Veterans Foundation is not funded by any local, state or federal agency. The Foundation is not affiliated with any other veterans' organization or association. We are supported solely by the generous contributions from families, friends and businesses. A portion of each contribution may be used to help

defray the expenses of public education, administration and the cost of this appeal.

To ensure success, the services of Debbie Lopez, a professional fundraiser, have been retained to assist with this project. Registration with a State agency does not constitute or imply endorsement, approval or recommendation by the State.

By fulfilling your pledge we hope that you will also be blessed with the satisfaction that you have helped those who fight the brave fight for all Americans.

Sincerely,
The Board of Directors

Courtesy Call, Inc.

23. 2014 Calls. In 2014, Courtesy Call made 59 calls into Michigan and obtained 37 donations totaling \$705. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.

24. 2015 Calls. In 2015, Courtesy Call made 741 calls into Michigan and obtained 512 donations totaling \$14,331. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.

25. 2016 Calls. In 2016, Courtesy Call made 1,942 calls into Michigan and obtained 1,256 donations totaling \$33,155.05. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.

26. Totals. During the years 2014 to 2016, Courtesy Call made a total of 2,742 calls into Michigan for AVF and obtained 1,805 donations totaling \$48,191.

27. Solicitation Materials. As Courtesy Call's solicitation materials, AVF submitted an AVF pledge form, a one-page telemarketing script, and one page of telemarketing rebuttals. **Exhibit C.2.**

- a. **Pledge Form.** Courtesy Call's pledge form is nearly identical in substance to the pledge form letter used by professional fundraiser Debbie Lopez and described above.
- b. **Script.** The script states that it was digitally signed by Paul Monville on December 10, 2013. In substance, the script is identical to the script used by professional fundraiser Debbie Lopez.
- c. **Rebuttal.** The first question on Courtesy Call's one-page rebuttal addresses AVF's purposes:

Question: What is the American Veterans Foundation?

The American Veterans Foundation is a publicly supported 501(c)(3) non-profit charitable organization whose mission is to assisting [sic] all honorably discharged veterans with financial support in their time of need by helping prevent homelessness among veterans and providing immediate support to veterans who are homeless, in jeopardy of becoming homeless or in desperate need of assistance. [Exhibit C.2]

Donor Relations, LLC

28. **2016 Calls.** In 2016, Donor Relations made 430 calls into Michigan and obtained 425 donations totaling \$11,785. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.
29. **2017 Calls.** In 2017, Donor Relations made 849 calls into Michigan and obtained 627 donations totaling \$16,455.67. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.
30. **Totals.** During the years 2016 and 2017, Donor Relations made a total of 430 calls into Michigan for AVF and obtained 1,052 donations totaling \$28,240.

31. **Solicitation Materials.** As Donor Relations' solicitation materials, AVF submitted an AVF pledge form, a one-page telemarketing script, one page of telemarketing rebuttals, and a pamphlet. **Exhibit C.3.**

- a. **Pledge Form.** Donor Relations' pledge form is nearly identical to the pledge form used by AVF's other professional fundraisers and as described above.
- b. **Script.** The script states that it was digitally signed by Paul Monville on June 1, 2016. In substance, the script is identical to the script used by professional fundraisers Debbie Lopez and Courtesy Call.
- c. **Rebuttal.** The Donor Relations rebuttal is identical to the Courtesy Call rebuttal.
- d. **Pamphlet.** The pamphlet is substantially similar to the pamphlets used by AVF's other professional fundraisers, however, in a section titled "Accomplishments," the pamphlet adds the following additional details about AVF's programs:

We have sent over four (4) tons of sundries and hygiene products to over 700 deployed military service personnel and their units from "We Care" package requests.

We have spent over \$197,000.00 helping Veterans Homes in a number of states with purchases, varying from hospital beds, flat screen televisions, ipods for music therapy, card tables, reading materials, clothing, and other necessary items.

We spent over \$96,000.00 helping 47 different families of honorably discharged veterans who were in jeopardy of becoming homeless. **[Exhibit C.3]**

Community Cares United, LLC

32. **2016 Calls.** In 2016, Community Cares United made 65,000 calls into Michigan and obtained 1,551 donations totaling \$31,139. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.
33. **2017 Calls.** In 2017, Community Cares United made 175,000 calls into Michigan and obtained 4,683 donations totaling \$92,044. **Exhibit H**, July 13, 2017 letter to AVF; **Exhibit I**, September 1, 2017 AVF response.
34. **Totals.** During the years 2016 and 2017, Community Cares made a total of 240,000 calls into Michigan for AVF and obtained 6,234 donations totaling \$123,183.
35. **Solicitation Materials.** AVF submitted three pages of solicitation materials for Community Cares United, LLC: script (1 page), rebuttals (1 page), and pledge form (1 page). **Exhibit C.4.**

- e. **Script.** The script is signed by Paul Monville as being approved on November 9, 2016. The script beings:

Hello, Mr/Mrs _____ This is (callers full name) calling for the American Veterans Foundation!

How are you . . . great!!

Mam/sir the reason for the recorded call is that the veterans have just started their yearly benefit drive and as a paid fundraiser for Community Cares United were [sic] sending out the new pledge kit to all supporting residents!

The goal of the drive is to provide food, shelter, clothing and medical supplies to our homeless veterans, care packages to our troops still deployed overseas, and financial assistance to veterans in need. [**Exhibit C.4**]

The script then requests a donation of \$75, \$50, or \$35. If still too much, the script requests a smaller donation.

- f. **Rebuttal.** The first two questions on Community Care's one-page rebuttal address AVF's purposes:

Question: What is the American Veterans Foundation:

The American Veterans Foundation, is a non-profit veterans organization dedicated in helping to prevent more homelessness among veterans and providing immediate support to veterans who are homeless, in jeopardy of becoming homeless or in desperate need of assistance.

Question: What does my donation go towards:

Well, the goal of the drive is to support our veterans in need . The American Veterans Foundation helps to provide food, clothing, shelter and medical supplies to homeless veterans, financial assistance to veterans in need and care packages to our troops still deployed overseas. [**Exhibit C.4**]

- g. **Pledge Form.** Community Care's pledge form is nearly identical to the pledge form used by AVF's other professional fundraisers and as described above.

C. Form 990 False Statements and Misrepresentations

36. Charitable Trust Auditor Joe Kylman's April 20, 2017 letter to AVF, **Exhibit A**, questioned numerous figures and inaccuracies on AVF's 2014 and 2015 Form 990s.
37. On Schedule I, Part III, of both the 2014 and 2015 Form 990s, AVF reported making a cash grant of \$28,700 to 72 recipients. In response to the auditor's questions, AVF amended the 2014 Form 990 to state that it made cash grants of \$18,350 to 600 individuals. **Exhibit D**, 2014 Form 990, Schedule I, Part

III. AVF also amended its 2015 Form 990 to state that it made cash grants of \$30,500 to 600 recipients. **Exhibit E**, 2015 Form 990, Schedule I, Part III.

But these statements on both the original and amended 2014 and 2015 Forms 990 were false. In fact, in 2014, according to AVF's Transaction Detail submitted in response to the Attorney General's questions, **Exhibit G**, AVF made just 1 individual grant of \$1,565 to a single homeless veteran. And in 2015, AVF made just 11 grants totaling \$16,234 to 11 homeless veterans. The amounts AVF reported on Schedule I, Part III were actually grants to other organizations and should have been reported on Schedule I, Part II as grants to other organization. In this way, AVF exaggerated its own programs for veterans while concealing that its programs mostly consisted of writing checks to third-party veterans homes and charities.

38. AVF's 2014, 2015, and 2016 Forms 990 include numerous other false statements and misrepresentations. A few examples will suffice.

- a. Schedule I, Part III, of AVF's 2014 Form 990 claims that it provided \$3,745 in non-cash assistance in the form of counseling and legal assistance. This amount is not supported by the Transaction Detail AVF submitted and appears to be allocated from indirect costs including legal fees and Paul Monville's compensation.
- b. Schedule I, Part III of AVF's 2014 Form 990 states that AVF made \$30,500 in cash grants to individuals through its "We Care" program. However, AVF did not make cash payments to individual troops. Also,

the dollar amount of items purchased in this program was actually \$12,128.

- c. Schedule I, Part III of AVF's 2015 Form 990 states that AVF made \$4,723 in noncash assistance to homeless individuals. The claim of \$4,723 in noncash grants is not supported by AVF's transaction detail and instead appears to be an allocation of indirect costs, not a noncash grant.
- d. Schedule I, Part III of AVF's 2015 Form 990 states that AVF provided noncash grants to "deployed veterans" in the amount of \$15,351. However, according to AVF's transaction detail, the dollar amount of purchased goods was actually \$5,521.
- e. Schedule I, Part III, states that AVF made \$4,723 in noncash grants to veterans in veterans homes. Except for \$150.32 in books and a computer, AVF's transaction detail does not report any noncash grants to individuals. It appears that the remainder of this item consists of allocated legal fees and Paul Monville's compensation.
- f. AVF's 2016 Form 990 reports \$76,750 in grants to other organizations on page 10, line 1. However, despite making more than \$5,000 in grants, AVF nevertheless checked "no" on Part IV, line 21 and failed to complete the required Schedule I detailing these grants. **Exhibit F**, 2016 Form 990. Again, this permitted AVF to conceal the true nature of its charitable programs.

III. Law

39. 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.

(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

Debbie Lopez Solicitations

40. Common allegations.

- a. During the years 2014 through 2016, AVF raised funds using professional fundraiser Debbie Lopez representing to donors that AVF was “dedicated to providing ‘We Care’ packages to deployed military personnel” and that AVF was “dedicated in helping prevent more homelessness among honorably discharged veterans by providing *immediate support* to veterans who are homeless or in jeopardy of becoming homeless and in desperate need of assistance in the form of

food, shelter, clothing, medical supplies and any other reasonable request.” (Emphasis added.)

- b. In fact, AVF was not dedicated to the “We Care” program or its program to assist homeless veterans, making only de minimis expenditures on these programs. And to the extent AVF had a charitable program to assist veterans, that program was not disclosed to donors in telemarketing scripts and consisted of writing checks to veterans homes and third-party charities rather than AVF itself providing immediate support to homeless veterans.
- c. During the years 2014 to 2016, AVF raised a total of \$3,819,117 in contributions, but spent just \$23,303—or 0.6% of funds raised—on its “We Care” program. And in 2015 and 2016, despite increasing its contributions from \$777,437 in 2014 to \$929,963 in 2015 and to \$2,111,617 in 2016, AVF’s “We Care” expenditures decreased from \$15,248 (2% of annual contributions) in 2014 to \$5,905 (0.6% of annual contributions) in 2015 to \$2,150 (0.1% of annual contributions) in 2016.

	AVF Total Contributions	“We Care” expenditures	Percent
2014	\$777,537	\$15,248	1.96%
2015	\$929,963	\$5,905	0.63%
2016	\$2,111,617	\$2,150	0.10%
Total	\$3,819,117	\$23,303	0.61%

- d. Nor was AVF dedicated to its program to provide immediate support to homeless veterans. In 2014, AVF provided immediate support to just one veteran with a single payment of \$1,565. During the years 2014 to 2016, AVF provided immediate support to just 18 veterans for a three-year total of \$26,361 (0.7% of total contributions during this period).
- e. Between 2014 and 2016, AVF spent 0.6% of funds raised on its “We Care” program and 0.7% of funds raised on providing immediate support to veterans, thus spending the remaining 98.7% of the funds raised on other activities, including fundraising, administrative costs, the salary of its President and Executive Director Paul Monville, other costs, and to support a program not disclosed to donors whereby AVF made grants to veterans homes and other charities rather than directly to homeless veterans.
- f. During the years 2014 through 2016, AVF also raised funds using professional fundraiser Debbie Lopez representing to donors that one of AVF’s programs was to “Provide patients in veterans homes with toiletries, clothing, books, games, and other items.” However, except for a few small purchases of books, AVF operated no program that directly provided these items to veteran home patients.

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

- a. As detailed in the above common allegations, instead of using the funds raised as represented to donors, AVF diverted nearly all of the

\$55,307 raised during 2014 to 2016 by professional fundraiser Debbie Lopez to purposes other than that for which the funds were contributed or solicited.

- b. **3,413 Violations.** The Attorney General alleges that, for each of the 3,413 donations obtained by professional fundraiser Debbie Lopez during 2014 to 2016, AVF diverted nearly all of each pledge to other purposes, thereby violating Section 18(1)(j) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. **10,901 Violations.** The Attorney General alleges that, for each of the 10,901 calls made into Michigan by professional fundraiser Debbie Lopez during 2014 to 2016, AVF misrepresented the purpose of the funds solicited and thereby violated Section 18(1)(o) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. In this way, AVF used a false, deceptive, or misleading pretense, representation, or promise—that funds raised would support

particular programs providing direct support to veterans—as the means of employing a device, scheme, or artifice to defraud or obtain money from all 3,413 residents that donated to AVF through professional fundraiser Debbie Lopez.

- c. **3,413 Violations.** The Attorney General alleges that, for each of the 3,413 donations obtained by professional fundraiser Debbie Lopez during 2014 to 2016, AVF violated Section 18(1)(n) of the Solicitations Act.

Courtesy Call Solicitations

44. Common allegations.

- a. During the years 2014 through 2016, AVF raised funds using professional fundraiser Courtesy Call representing to donors that AVF was “dedicated to providing ‘We Care’ packages to deployed military personnel” and that AVF was “dedicated in helping prevent more homelessness among honorably discharged veterans by providing *immediate support* to veterans who are homeless or in jeopardy of becoming homeless and in desperate need of assistance in the form of food, shelter, clothing, medical supplies and any other reasonable request.” (Emphasis added.)
- b. Courtesy Call solicitation materials also included a rebuttal describing AVF as follows: “The American Veterans Foundation is a publicly supported 501(c)(3) non-profit charitable organization whose mission is

to assisting [sic] all honorably discharged veterans with financial support in their time of need by helping prevent homelessness among veterans and providing immediate support to veterans who are homeless, in jeopardy of becoming homeless or in desperate need of assistance.”

- c. In fact, AVF was not dedicated to the “We Care” program or its program to assist homeless veterans, making only de minimis expenditures on these programs. And to the extent AVF had a charitable program to assist veterans, that program was not disclosed to donors in telemarketing scripts and consisted of writing checks to veterans homes and third-party charities rather than AVF itself providing immediate support directly to homeless veterans.
- d. During the years 2014 to 2016, AVF raised a total of \$3,819,117 in contributions, but spent just \$23,303—or 0.6% of funds raised—on its “We Care” program. And in 2015 and 2016, despite increasing its contributions from \$777,437 in 2014 to \$929,963 in 2015 and to \$2,111,617 in 2016, AVF’s “We Care” expenditures have decreased from \$15,248 (2% of annual contributions) in 2014 to \$5,905 (0.6% of annual contributions) in 2015 to \$2,150 (0.1% of annual contributions) in 2016.
- e. Nor was AVF dedicated to its program to provide immediate support to homeless veterans. In 2014, AVF provided immediate support to just

one veteran with a single payment of \$1,565. During the years 2014 to 2016, AVF provided immediate support to just 18 veterans for a three-year total of \$26,361 (0.7% of total contributions during this period).

- f. Between 2014 and 2016, AVF spent 0.6% of funds raised on its “We Care” program and 0.7% of funds raised on providing immediate support to veterans, thus spending the remaining 98.7% of the funds raised on other activities, including fundraising, administrative costs, the salary of its President and Executive Director Paul Monville, other costs, and to support a program not disclosed to donors whereby AVF made grants to veterans homes and other charities rather than directly to homeless veterans.
- g. During the years 2014 through 2016, AVF also raised funds using professional fundraiser Courtesy Call representing to donors that one of AVF’s programs was to “Provide patients in veterans homes with toiletries, clothing, books, games, and other items.” However, except for a few small purchases of books, AVF operated no program that directly provided these items to veteran home patients.

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

- a. As detailed in the above common allegations, instead of using the funds raised as represented to donors, AVF diverted nearly the \$48,191.05 raised by professional fundraiser Courtesy Call during 2014

to 2016 to a purpose other than that for which the funds were contributed or solicited.

- b. **1,805 Violations.** The Attorney General alleges that, for each of the 1,805 donations obtained by professional fundraiser Courtesy Call during 2014 to 2016, AVF diverted nearly all of each pledge to other purposes, thereby violating Section 18(1)(j) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. **2,742 Violations.** The Attorney General alleges that, for each of the 2,742 calls made into Michigan by professional fundraiser Courtesy Call during 2014 to 2016, AVF misrepresented the purpose of the funds solicited and thereby violated Section 18(1)(o) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. In this way, AVF used a false, deceptive, or misleading pretense, representation, or promise—that funds raised would support particular programs providing direct support to veterans—as the

means of employing a device, scheme, or artifice to defraud or obtain money from all 1,805 residents that donated to AVF through professional fundraiser Courtesy Call.

- c. **1,805 Violations.** The Attorney General alleges that, for each of the 1,805 donations obtained by professional fundraiser Courtesy Call during 2014 to 2016, AVF violated Section 18(1)(n) of the Solicitations Act.

Donor Relations Solicitations

48. Common allegations.

- a. During the years 2016 and 2017, AVF raised funds using professional fundraiser Donor Relations representing to donors that AVF was “dedicated to providing ‘We Care’ packages to deployed military personnel” and that AVF was “dedicated in helping prevent more homelessness among honorably discharged veterans by providing *immediate support* to veterans who are homeless or in jeopardy of becoming homeless and in desperate need of assistance in the form of food, shelter, clothing, medical supplies and any other reasonable request.” (Emphasis added.)
- b. Donor Relations solicitation materials also included a rebuttal describing AVF as follows: “The American Veterans Foundation is a publicly supported 501(c)(3) non-profit charitable organization whose mission is to assisting [sic] all honorably discharged veterans with

financial support in their time of need by helping prevent homelessness among veterans and providing immediate support to veterans who are homeless, in jeopardy of becoming homeless or in desperate need of assistance.”

- c. In fact, AVF was not dedicated to the “We Care” program or its program to assist homeless veterans, making only de minimis expenditures on these programs. And to the extent AVF had a charitable program to assist veterans, that program was not disclosed to donors in telemarketing scripts and consisted of writing checks to veterans homes and third-party charities rather than AVF itself providing immediate support directly to homeless veterans.
- d. During the years 2014 to 2016, AVF raised a total of \$3,819,117 in contributions, but spent just \$23,303—or 0.6% of funds raised—on its “We Care” program. And in 2015 and 2016, despite increasing its contributions from \$777,437 in 2014 to \$929,963 in 2015 and to \$2,111,617 in 2016, AVF’s “We Care” expenditures have decreased from \$15,248 (2% of annual contributions) in 2014 to \$5,905 (0.6% of annual contributions) in 2015 to \$2,150 (0.1% of annual contributions) in 2016.
- e. Nor was AVF dedicated to its program to provide immediate support to homeless veterans. In 2014, AVF provided immediate support to just one veteran with a single payment of \$1,565. During the years 2014 to

2016, AVF provided immediate support to just 18 veterans for a three-year total of \$26,361 (0.7% of total contributions during this period).

During the most recent completed year of 2016, despite raising \$2,111,617 in contributions, AVF provided immediate support to just 6 veterans with total expenditures of just \$8,562 (0.4% of contributions) for this program.

- f. Between 2014 and 2016, AVF spent 0.6% of funds raised on its “We Care” program and 0.7% of funds raised on providing immediate support to veterans, thus spending the remaining 98.7% of the funds raised on other activities, including fundraising, administrative costs, the salary of its President and Executive Director Paul Monville, other costs, and to support a program not disclosed to donors whereby AVF made grants to veterans homes and other charities rather than directly to homeless veterans.
- g. During the years 2016 through 2017, AVF also raised funds using professional fundraiser Donor Relations representing to donors that one of AVF’s programs was to “Provide patients in veterans homes with toiletries, clothing, books, games, and other items.” However, except for a few small purchases of books, AVF operated no program that directly provided these items to veteran home patients.

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

- a. As detailed in the above common allegations, instead of using the funds raised as represented to donors, AVF diverted nearly all the money raised to other purposes.
- b. In this way, AVF diverted or misdirected nearly all of the \$28,240 raised by professional fundraiser Donor Relations to a purpose other than that for which the funds were contributed or solicited.
- c. **1,052 Violations.** The Attorney General alleges that, for each of the 1,052 donations obtained by professional fundraiser Donor Relations during 2016 and 2017, AVF diverted nearly all of each pledge to other purposes, thereby violating Section 18(1)(j) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. **1,279 Violations.** The Attorney General alleges that, for each of the 1,279 calls made into Michigan by professional fundraiser Donor Relations during 2016 and 2017, AVF misrepresented the purpose of the funds solicited and thereby violated Section 18(1)(o) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. In this way, AVF used a false, deceptive, or misleading pretense, representation, or promise—that funds raised would support particular programs providing direct support to veterans—as the means of employing a device, scheme, or artifice to defraud or obtain money from all 1,805 residents that donated to AVF through professional fundraiser Donor Relations.
- c. **1,052 Violations.** The Attorney General alleges that, for each of the 1,052 donations obtained by professional fundraiser Donor Relations during 2016 and 2017, AVF violated Section 18(1)(n) of the Solicitations Act.

Community Cares United Solicitations

52. Common allegations.

- a. During the years 2016 and 2017, AVF raised funds using professional fundraiser Community Cares United representing to donors that the goal of the AVF fundraising drive “is to provide food, shelter, clothing and medical supplies to our homeless veterans, care packages to our troops still deployed overseas, and financial assistance to veterans in need.”

- b. Community Cares solicitation materials also included rebuttals stating the following:

Question: What is the American Veterans Foundation:

The American Veterans Foundation, is a non-profit veterans organization dedicated in helping to prevent more homelessness among veterans and providing *immediate support* to veterans who are homeless, in jeopardy of becoming homeless or in desperate need of assistance.

Question: What does my donation go towards:

Well, the goal of the drive is to support our veterans in need . The American Veterans Foundation helps to provide food, clothing, shelter and medical supplies to homeless veterans, financial assistance to veterans in need and care packages to our troops still deployed overseas. [Emphasis added.]

- c. In fact, AVF's "We Care" program and programs to assist homeless veterans were de minimis. And to the extent AVF had a charitable program to assist veterans, that program consisted of writing checks to veterans homes and third-party charities rather than AVF itself providing immediate support directly to homeless veterans; nor was this grant program disclosed to donors in telemarketing scripts.
- d. During the years 2014 to 2016, AVF raised a total of \$3,819,117 in contributions, but spent just \$23,303—or 0.6% of funds raised—on its "We Care" program. And in 2015 and 2016, despite increasing its contributions from \$777,437 in 2014 to \$929,963 in 2015 and to \$2,111,617 in 2016, AVF's "We Care" expenditures have decreased from \$15,248 (2% of annual contributions) in 2014 to \$5,905 (0.6% of annual contributions) in 2015 to \$2,150 (0.1% of annual contributions) in 2016.

- e. AVF's program to provide immediate support to homeless veterans was also de minimis. In 2014, AVF provided immediate support to just one veteran with a single payment of \$1,565. During the years 2014 to 2016, AVF provided immediate support to just 18 veterans for a three-year total of \$26,361 (0.7% of total contributions during this period). During the most recent completed year of 2016, despite raising \$2,111,617 in contributions, AVF provided immediate support to just 6 veterans with total expenditures of just \$8,562 (0.4% of contributions) for this program.
- f. Between 2014 and 2016, AVF spent 0.6% of funds raised on its "We Care" program and 0.7% of funds raised on providing immediate support to veterans, thus spending the remaining 98.7% of the funds raised on other activities, including fundraising, administrative costs, the salary of its President and Executive Director Paul Monville, other costs, and to support a program not disclosed to donors whereby AVF made grants to veterans homes and other charities rather than directly to homeless veterans.
- g. During the years 2016 through 2017, AVF also raised funds using professional fundraiser Community Cares representing to donors that one of AVF's programs was to "Provide patients in veterans homes with toiletries, clothing, books, games, and other items." However,

except for a few small purchases of books, AVF operated no program that directly provided these items to veteran home patients.

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

- a. As detailed in the above common allegations, instead of using the funds raised as represented to donors, AVF diverted nearly all the money raised to other purposes.
- b. In this way, AVF diverted or misdirected nearly all the \$123,183 raised by professional fundraiser Community Cares to a purpose other than that for which the funds were contributed or solicited.
- c. **6,234 Violations.** The Attorney General alleges that, for each of the 6,234 donations obtained by professional fundraiser Community Cares during 2016 and 2017, AVF diverted nearly all of each pledge to other purposes, thereby violating Section 18(1)(j) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. **240,000 Violations.** The Attorney General alleges that, for each of the 240,000 calls made into Michigan by professional fundraiser Community Cares during 2016 and 2017, AVF misrepresented the purpose of the funds solicited and thereby violated Section 18(1)(o) of the Solicitations Act.

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

- a. As detailed in the above common allegations, instead of using the funds raised for the programs represented to donors, AVF used nearly all the money raised for other purposes.
- b. In this way, AVF used a false, deceptive, or misleading pretense, representation, or promise—that funds raised would support particular programs providing direct support to veterans—as the means of employing a device, scheme, or artifice to defraud or obtain money from all 6,234 residents that donated to AVF through professional fundraiser Community Cares.
- c. **6,234 Violations.** The Attorney General alleges that, for each of the 6,234 donations obtained by professional fundraiser Donor Relations during 2016 and 2017, AVF violated Section 18(1)(n) of the Solicitations Act.

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

- a. AVF's 2014 and 2015 Form 990s included numerous false statements and misrepresentations. In particular, AVF claimed on Schedule I, Part III of both the 2014 and 2015 990s that in each year it made a cash grant of \$28,700 to 72 individual recipients. AVF then amended its 2014 and 2015 Form 990 and reported on Schedule I, Part III that it assisted 600 individual recipients in each year. AVF's 2014 and 2015

Form 990 and 2014 and 2015 Amended Form 990 were false. According to the Transaction Detail submitted by AVF, AVF made a single grant of \$1,565 to a single homeless veteran in 2014. In 2015, AVF made grants to 11 homeless veterans totaling \$16,234.

- b. AVF's 2014, 2015, and 2016 Form 990s included other false statements and misrepresentations. For example:
 - i. Schedule I, Part III, of AVF's 2014 Form 990 claims that it provided \$3,745 in non-cash assistance in the form of counseling and legal assistance. This amount is not supported by the Transaction Detail AVF submitted and appears to be allocated from indirect costs including legal fees and Paul Monville's compensation.
 - ii. Schedule I, Part III of AVF's 2014 Form 990 states that AVF made \$30,500 in cash grants to individuals through its "We Care" program. However, AVF did not make cash payments to individual troops. Also, the dollar amount of items purchased in this program was actually \$12,128.
 - iii. Schedule I, Part III of AVF's 2015 Form 990 states that AVF made \$4,723 in noncash assistance to homeless individuals. The claim of \$4,723 in noncash grants is not supported by AVF's transaction detail and instead appears to be an allocation of indirect costs, not a noncash grant.

- iv. Schedule I, Part III of AVF's 2015 Form 990 states that AVF provided noncash grants to "deployed veterans" in the amount of \$15,351. However, according to AVF's transaction detail, the dollar amount of purchased goods was actually \$5,521.
- v. Schedule I, Part III, states that AVF made \$4,723 in noncash grants to veterans in veterans homes. Except for \$150.32 in books and a computer, AVF's transaction detail does not report any noncash grants to individuals. It appears that the remainder of this item consists of allocated legal fees and Paul Monville's compensation.
- vi. AVF's 2016 Form 990 reports \$76,750 in grants to other organizations on page 10, line 1. However, despite making more than \$5,000 in grants, AVF nevertheless checked "no" on Part IV, line 21 and failed to complete the required Schedule I detailing these grants. **Exhibit F**, 2016 Form 990. Again, this permitted AVF to conceal the true nature of its charitable programs.
- c. In submitting to the Attorney General its 2014 Form 990, Amended 2014 Form 990, 2015 Form 990, Amended 2015 Form 990, and 2016 Form 990, all five of which contained false statements and misrepresentations, AVF misrepresented its activities, operations, or use of charitable assets.

- d. **5 Violations.** For the submission of these five false and misrepresenting Form 990s, the Attorney General alleges five violations of Section 18(1)(y) of the Charitable Organizations and Solicitations Act.

57. **Total Violations.** In total, and as described in the preceding paragraphs, the Attorney General alleges that AVF has violated the Solicitations Act 279,935 times.¹

V. Attorney General's Authority

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

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

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

¹ AVF faces a maximum civil fine of \$10,000 per violation.

VI. Cease and Desist Order

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

61. 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.

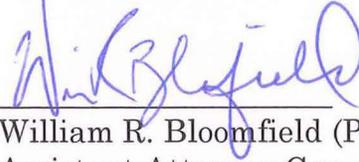
VII. Opportunity to Respond or to Confer with the Attorney General

62. Within twenty-one (21) days of receiving this Notice, AVF 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.

63. If no satisfactory resolution is reached during this period, the Attorney General intends to bring a civil action against AVF and its President and Executive Director Paul Monville (and possibly other AVF 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



William R. Bloomfield (P68515)

Assistant Attorney General

Corporate Oversight Division

P.O. Box 30755

Lansing, MI 48909

Phone: (517) 373-1160

bloomfieldw@michigan.gov

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