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9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 COUNTY OF LOS ANGELES
12

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

15 Plaintiffs.

16 v.

17 **CALIFORNIA POLICE YOUTH**
18 **CHARITIES, A NONPROFIT PUBLIC BENEFIT**
19 **CORPORATION; NATIONAL**
20 **CONSULTANTS, INC., A CORPORATION;**
21 **PUBLIC APPEAL, INC., A CORPORATION;**
22 **CHRISTOPHER EATON, INDIVIDUALLY**
23 **AND AS A CORPORATE OFFICER OF**
24 **CALIFORNIA POLICE YOUTH CHARITIES;**
25 **SRINIVAS MAKKAPATI, INDIVIDUALLY**
26 **AND AS A CORPORATE OFFICER OF NATIONAL**
27 **CONSULTANTS, INC. AND PUBLIC APPEAL,**
28 **INC.; HERB MORICI, INDIVIDUALLY AND AS**
A CORPORATE OFFICER OF NATIONAL
CONSULTANTS, INC. AND PUBLIC APPEAL,
INC.; BRUCE YABLONSKI, INDIVIDUALLY
AND AS A CORPORATE OFFICER OF NATIONAL
CONSULTANTS, INC. AND PUBLIC APPEAL,
INC.; DOES 1-100, INCLUSIVE,

Defendants.

COMPLAINT FOR DAMAGES, CIVIL
PENALTIES, AN ACCOUNTING, A
CONSTRUCTIVE TRUST, A
PRELIMINARY AND PERMANENT
INJUNCTION, AND FOR OTHER RELIEF
ARISING FROM

- (1) CONSPIRACY TO DEFRAUD DONORS
- (2) DECEPTIVE AND MISLEADING SOLICITATIONS
- (3) BREACH OF FIDUCIARY DUTY AND CHARITABLE TRUST
- (4) FILING AND DISTRIBUTING FALSE AND INCOMPLETE RECORDS
- (5) FRAUD AND DECEIPT
- (6) FAILURE TO COMPLY WITH GOVT. CODE, § 12586
- (7) FAILURE TO FILE ANNUAL REPORTS
- (8) NEGLIGENCE
- (9) UNFAIR BUSINESS PRACTICES
- (10) FALSE AND MISLEADING STATEMENTS

Action Filed: May 29, 2009

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:

4 JURISDICTION AND VENUE

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

17 2. Defendant California Police Youth Charities (hereinafter “CPYC”) has its
18 principal place of business in Sacramento, Sacramento County, California. CPYC is a nonprofit
19 public benefit corporation, recognized as tax-exempt by the Internal Revenue Service. CPYC's
20 stated charitable purpose is to provide “charitable and educational activities exclusively to
21 promote and organize charitable programs and events to assist ill and/or disadvantaged children,
22 including, but not limited to sporting events; entertainment events and activities; the provision of
23 health and equipment and to otherwise help children in need by any and all means.” CPYC
24 solicits donations for charitable purposes in California. The solicitation of charitable
25 contributions creates a fiduciary duty to use those contributions for the declared charitable
26 purpose for which they were solicited and CPYC holds these assets in charitable trust.

27 3. Defendant National Consultants, Inc. (NCI) is a California corporation with its
28 principal place of business located in Texas. NCI conducts business in California as a fundraising

1 counsel for charitable purposes. Since 2005 NCI has contracted with CPYC as a fundraising
2 counsel in connection with a telemarketing campaign soliciting donations from California
3 residents on behalf of CPYC.

4 4. Defendant Public Appeal, Inc. (PUBLIC APPEAL), also known as Public
5 Appeals, Inc. and Public Awareness, Inc., is a Texas corporation. Defendants MAKKAPATI,
6 MORICI and YABLONSKY are principals of PUBLIC APPEAL. During the period including
7 2004 through 2005, Defendant PUBLIC APPEAL conducted business in California as a
8 commercial fundraiser for charitable purposes on behalf of CPYC.

9 5. Defendant Christopher Eaton (CHRISTOPHER EATON) is the Executive
10 Director of CPYC and a resident of Placer County, California. Defendant CHRISTOPHER
11 EATON is responsible for the day-to-day operations of CPYC, including its fundraising
12 activities. Defendant CHRISTOPHER EATON signed CPYC's informational returns and other
13 records filed with government agencies.

14 6. Defendant Srinivas Makkapati (MAKKAPATI) is a principal of NCI and PUBLIC
15 APPEAL and is a resident of Texas. Defendant MAKKAPATI signed the contract between
16 CPYC and NCI and is responsible for overseeing CPYC's telemarketing operations.

17 7. Defendant Herb Morici (MORICI) is a principal of NCI and PUBLIC APPEAL
18 and is a resident of Texas.

19 8. Defendant Bruce Yablonsky (YABLONSKY) is a principal of NCI and PUBLIC
20 APPEAL and is a resident of Texas.

21 9. Plaintiff is informed and believes that Defendants MAKKAPATI, MORICI and
22 YABLONSKY have been principals, owners or otherwise involved in other commercial
23 fundraisers or fundraising counsel. Defendants MAKKAPATI, MORICI and YABLONSKY
24 were principals of Telcom Productions, Inc., also known as Telcom Services, Inc. and Telcom
25 Enterprises, Inc., a commercial fundraiser which conducted telemarketing solicitations in
26 California on behalf of organization(s) claiming to be affiliated with police officers.
27 Telemarketers employed by Telcom Productions, Inc., were subsequently hired by CPYC and
28 NCI to conduct telemarketing solicitations for CPYC.

1 telemarketers used by CPYC were previously telemarketing employees of MAKKAPATI,
2 MORICI and YABLONSKY, or commercial fundraisers they controlled. If NCI used its own
3 employees to conduct telemarketing solicitations, it would be required to register as a commercial
4 fundraiser and abide by the stricter requirements imposed on commercial fundraisers. By
5 identifying the telemarketers as employees of CPYC rather than NCI, despite the fact that NCI
6 retained control and oversight over the employees, NCI was able to avoid the requirements
7 imposed on commercial fundraisers.

8 20. CPYC entered into a contract with NCI for five years and NCI has the unilateral
9 right to renew the contract for two additional five year terms. Under the consulting scheme,
10 CPYC would purportedly conduct its solicitation in-house, whereas NCI would consult by
11 recruiting and training CPYC telemarketing employees, as well as to “monitor and evaluate
12 employees and make recommendations on wages, termination and training.” NCI provided the
13 telemarketing facilities and equipment, as well as “assistance in creating marketing materials,”
14 and indemnified CPYC from any claims by telemarketing personnel arising out of their
15 employment with CPYC. The contract required CPYC to work “with representatives of [NCI] to
16 screen and train [CPYC] employees and to “[i]mplement the policies and procedures, which
17 [CPYC] agrees to, with the assistance of [NCI].” The contract provided that CPYC would pay
18 NCI \$10,000 per month in addition to 45% of every donation.

19 21. The telemarketers worked out of call centers throughout the state of California, as
20 well as outside of California. The telemarketers who conducted CPYC’s solicitations identified
21 themselves as employees of CPYC.

22 22. While CPYC claimed in its scripts that it did not buy or sell donor lists, the
23 contract with NCI provided that NCI would provide a list of “names of California residents who
24 have in the past responded to telemarketing appeals. This provision of the data is [sic] material
25 element in this Agreement.” If CPYC terminated the contract, CPYC was required to return the
26 donor list to NCI “as its exclusive property.” CPYC was required to pay 25% of every donation
27 specifically for the use of the donor list.

28

1 27. Defendants CPYC, NCI, PUBLIC APPEAL, CHRISTOPHER EATON,
2 MAKKAPATI, MORICI, YABLONSKY and DOES 1-100, use unfair or deceptive acts or
3 practices that create a likelihood of confusion or misunderstanding to solicit donations, including:

- 4 a. Creating the false impression that CPYC is an official law enforcement
5 organization;
- 6 b. CPYC falsely claims that it is registered in "all 58 counties;"
- 7 c. CPYC falsely claims that it serves "all 58 counties" in California;
- 8 d. Representing that the telemarketers are CPYC's employees;
- 9 e. Representing, expressly or by implication, that 100% of the donation would go
10 to the charity;
- 11 f. Falsely representing to people that they had previously donated to CPYC;
- 12 g. Falsely representing to people that they had agreed to donate to CPYC;
- 13 h. Misrepresenting the name of the organization for which the donations were
14 being solicited;

15 28. Donors were misled and material facts were concealed regarding fundraising
16 expenses. Defendants refused to disclose the percentage of total fundraising expenses when
17 requested, as required by Government Code section 12599, subdivision (j).

18 29. By use of the practices identified in Paragraph 27, Defendants CPYC, PUBLIC
19 APPEAL, NCI, CHRISTOPHER EATON, MAKKAPATI, MORICI, YABLONSKY and DOES
20 1-100, made material misrepresentations or misled California residents in a manner to believe
21 that:

- 22 a. CPYC was an official law enforcement organization.
- 23 b. CPYC services or materials, including its brochures and decals, have
24 endorsement, sponsorship, approval, characteristics, uses, benefits, or qualities
25 that they do not have;
- 26 c. CPYC or its representatives had the endorsement, sponsorship, approval,
27 status, or affiliation with official law enforcement agencies or personnel which
28 it did not have.

1 d. CPYC would receive an amount of the donation greater than the actual amount
2 reasonably estimated to be retained by CPYC for its use.

3 30. By use of the practices identified in Paragraph 27 on behalf of law enforcement
4 personnel, Defendants CPYC, NCI, PUBLIC APPEAL, CHRISTOPHER EATON,
5 MAKKAPATI, MORICI, YABLONSKY and DOES 1-100, improperly issued, offered, gave,
6 delivered, or distributed stickers, emblems, or other items that could be used for display on a
7 motor vehicle, and that suggest affiliation with, or endorsement by public safety personnel or a
8 group comprising such personnel.

9 31. The acts as alleged in this cause of action were willful, wanton, malicious and
10 oppressive and were undertaken with the intent to defraud donors and thus justify the award of
11 exemplary and punitive damages against the defendants named in this cause of action.
12 Defendants' conduct violates Government Code section 12599.6, and plaintiff is entitled to
13 damages, injunctive relief, and civil penalties.

14 **THIRD CAUSE OF ACTION**

15 **BREACH OF FIDUCIARY DUTY AND CHARITABLE TRUST**

16 **(Against Defendants CPYC, NCI, PUBLIC APPEAL, CHRISTOPHER EATON,**
17 **MAKKAPATI, MORICI, YABLONSKY and DOES 1-100)**

18 32. Plaintiff re-alleges and incorporates by reference each and every allegation
19 contained in paragraphs 1 through 31.

20 33. Defendants CPYC, CHRISTOPHER EATON and DOES 1-100 had a fiduciary
21 relationship with the donors and beneficiaries of CPYC. The fiduciary relationship was
22 established by statute (Bus. & Prof. Code, § 17510.8 and Gov. Code, § 12599), by common law,
23 and by agreement.

24 34. Defendants accepted charitable contributions on behalf of the charitable
25 beneficiaries of CPYC. The acceptance of those donations established a charitable trust and a
26 fiduciary duty on the part of defendants to ensure that the donations were used for the purposes
27 stated during the solicitation.
28

- 1 a. In fiscal years 2004-2006, CPYC falsely inflated the amounts it attributed to
2 Program Services, and the amounts identified as grants and allocations, to
3 make it appear that CPYC spent more on program service than it actually did;
- 4 b. In fiscal year 2005, CPYC falsely attributed fundraising costs to other
5 categories in Part II, to deceive donors into believing that CPYC was more
6 efficient than it was;
- 7 c. In fiscal year 2005, CPYC failed to disclose the name of its highest paid
8 independent contractors, despite paying more than \$70,000 in “consulting
9 fees;”
- 10 d. In fiscal year 2006, CPYC failed to disclose payments to NCI, which implicitly
11 represented that no such payments were made;
- 12 e. In fiscal year 2006, CPYC falsely reported it made \$109,723 in grants from
13 donor-advised funds, when it had no donor-advised funds;
- 14 f. In fiscal year 2004, CPYC claims it makes grants for scholarships, however
15 CPYC answered “no” in response to question 3a of Schedule A, Part III.
16 CPYC failed to provide an answer to this question in its informational returns
17 for 2005 and 2006 and its amended informational return for 2006;
- 18 g. In fiscal year 2006, CPYC falsely denied it paid compensation or
19 reimbursement of expenses.

20 40. Defendants filed false registration renewal forms (RRF-1) with the Attorney
21 General’s Registry of Charitable Trusts under penalty of perjury. For example, Defendants
22 falsely reported the name of CPYC’s commercial fundraiser as Public Awareness, Inc., in 2004
23 and in 2005, Defendants falsely claimed that CPYC had audited financial statements when it did
24 not.

25 41. Defendant CHRISTOPHER EATON signed CPYC’s informational returns and
26 RRF-1’s under penalty of perjury.

27 42. By creating false records, defendants have violated Corporations Code section
28 8215 and the Attorney General has authority to bring an action against defendants.

1 auditor independence, and approve performance of nonaudit services by the
2 auditing firm.

- 3 e. The board of directors of CPYC failed to review and approve the
4 compensation of Defendant CHRISTOPHER EATON, as required by
5 Government Code section 12586, subdivision (g).

6 **SEVENTH CAUSE OF ACTION**

7 **FAILURE TO FILE ANNUAL REPORTS**

8 **IN VIOLATION OF GOVERNMENT CODE SECTION 12599**

9 **(Against Defendants PUBLIC APPEAL, MAKKAPATI,**

10 **MORICI, YABLONSKY and DOES 1-100)**

11 54. Plaintiff re-alleges and incorporates by reference each and every allegation
12 contained in paragraphs 1 through 53.

13 55. During a period of time including 2004 through 2005, Defendants PUBLIC
14 APPEAL, MAKKAPATI, MORICI, YABLONSKY and DOES 1-100, for compensation,
15 solicited funds in this state for charitable purposes on behalf of CPYC.

16 56. Defendants PUBLIC APPEAL, MAKKAPATI, MORICI, YABLONSKY, and
17 DOES 1-100 procured and/or engaged compensated persons to solicit, receive, and/or control
18 funds for CPYC.

19 57. By virtue of the actions of Defendants PUBLIC APPEAL, MAKKAPATI, MORICI,
20 YABLONSKY and DOES 1-100 described herein, they were commercial fundraisers for
21 charitable purposes within the meaning of Government Code section 12599.

22 58. As commercial fundraisers for charitable purposes, Defendants PUBLIC APPEAL,
23 MAKKAPATI, MORICI, YABLONSKY and DOES 1-100 were required to be registered and
24 file annual financial reports with the Attorney General's Registry for the years 2004 through
25 2005, pursuant to Government Code section 12599, subdivision (c). Defendants failed to register
26 or file any reports.

27 59. As commercial fundraisers for charitable purposes, Defendants PUBLIC APPEAL,
28 MAKKAPATI, MORICI, YABLONSKY and DOES 1-100 are subject to the Attorney General's

1 supervision pursuant to Government Code section 12599, subdivision (g) and are constructive
2 trustees for charitable purposes with regard to all funds collected from solicitations for CPYC and
3 have a duty to account to the Attorney General for all such funds.

4 60. Under Government Code section 12599, subdivision (f), Plaintiff is entitled to an
5 injunction against Defendants PUBLIC APPEAL, MAKKAPATI, MORICI, YABLONSKY and
6 DOES 1-100, prohibiting them from soliciting for charitable purposes in this State until they have
7 complied with the registration and reporting provisions of Government Code section 12599.

8 Under Government Code section 12591.1, Plaintiff is entitled to civil penalties.

9 **EIGHTH CAUSE OF ACTION**

10 **NEGLIGENCE**

11 **(Against all Defendants)**

12 61. Plaintiff re-alleges and incorporates by reference each and every allegation
13 contained in paragraphs 1 through 60.

14 62. When Defendants CPYC, NCI, CHRISTOPHER EATON, MAKKAPATI,
15 MORICI, YABLONSKY and DOES 1-100 solicited and accepted donations for CPYC, they
16 owed a duty of care to the donors and beneficiaries of CPYC to ensure that the donations and
17 funds were used for the specific purposes for which they were solicited and for charitable
18 purposes.

19 63. Defendants CHRISTOPHER EATON and DOES 1-100, voluntarily undertook the
20 duties and responsibilities of director and/or officer of CPYC whether or not formally elected as
21 director or officer and whether or not they had resigned as such. The voluntary undertaking of
22 these duties and responsibilities created a duty on the part of these defendants to exercise due care
23 in the performance of those duties and responsibilities.

24 64. Defendants breached their duty of care by misusing the charitable funds received by
25 CPYC for purposes other than what they were solicited for and for non-charitable purposes,
26 including the payment of funds to Defendants NCI, PUBLIC APPEAL, MAKKAPATI, MORICI,
27 YABLONSKY and DOES 1-100. As a result of that breach of duty, the beneficiaries of CPYC
28 have been injured, in the aggregate, in an amount presently unknown to plaintiff. The facts

1 necessary for calculation of the receipts and disbursements, and thus the amount owed to the
2 beneficiaries, are within the special knowledge of defendants.

3 **NINTH CAUSE OF ACTION**

4 **VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17200**

5 **(UNFAIR BUSINESS PRACTICES)**

6 **(Against all Defendants)**

7 65. Plaintiff re-alleges and incorporates by reference each and every allegation
8 contained in paragraphs 1 through 64.

9 66. Defendants engaged in and participated in acts of unfair competition, as defined by
10 Business and Professions Code section 17200, when they made charitable solicitations by means
11 which were unlawful, unfair, deceptive, and/or fraudulent. On information and belief, since 2004,
12 Defendants made false or misleading statements in filings with government agencies. Since
13 2005, Defendants made misleading or deceptive statements in charitable solicitations. Since
14 2005, Defendants failed to comply with the requirements of Government Code section 12586.

15 67. Defendants committed and continue to commit acts of unfair competition as defined
16 in Business and Professions Code section 17200, including, but not limited to, the following:

- 17 a. Defendants misrepresented the percentage or amount of charitable
18 contributions that CPYC would receive;
- 19 b. Defendants misrepresented how charitable donations would be used;
- 20 c. Defendants breached their fiduciary duty to donors by failing to use the
21 donations for the purposes for which they were solicited;
- 22 d. Defendants sent billing information to people who had not made pledges;
- 23 e. PUBLIC APPEAL failed to have a contract with CPYC that complied with
24 the requirements of Government Code section 12599, subdivision (i);
- 25 f. PUBLIC APPEAL failed to register as a commercial fundraiser for
26 charitable purposes with the Attorney General;
- 27 g. Defendants failed to timely file notices of intent to solicit for charitable
28 purposes;

- 1 h. Donors and the Attorney General were misled by the notice of intent filed
- 2 by NCI because the forms were incomplete or inaccurate;
- 3 i. Donors and the Attorney General were misled by the annual registrations
- 4 forms filed by NCI because the forms were incomplete or inaccurate;
- 5 j. Donors and the Attorney General were misled by CPYC's RRF-1 forms
- 6 and other public records because they were either incomplete or inaccurate.

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

- 9 a. Government Code section 12586;
- 10 b. Government Code section 12591.1;
- 11 c. Government Code section 12599;
- 12 d. Government Code section 12599.6;
- 13 e. Business and Professions Code section 17510.5;
- 14 f. Business and Professions Code section 17510.8;
- 15 g. Business and Professions Code section 17510.85;
- 16 h. Corporations Code section 8215;
- 17 i. Corporations Code section 7238.
- 18 j. Federal regulations established by the Federal Trade Commission
- 19 ("Telemarketing Sales Rule"), (16 C.F.R., § 310.3 [deceptive telemarketing
- 20 acts or practices]; § 310.4 [abusive telemarketing acts or practices]).

21 69. As a result of the aforementioned acts of unfair competition, Plaintiff is entitled to
22 civil penalties in an amount which is presently unknown, but believed to be in excess of
23 \$100,000.

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TENTH CAUSE OF ACTION

**VIOLATION OF BUSINESS AND PROFESSIONS CODE SECTION 17500, ET SEQ.
(FALSE OR MISLEADING STATEMENTS)**

(Against all Defendants)

70. Plaintiff re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 69.

71. Defendants and DOES 1-100 violated Business and Professions Code section 17500 by deliberately disseminating or causing to be disseminated to California residents and to residents of other states untrue and misleading statements in the course of conducting their charitable solicitation campaigns, including but not limited to the misrepresentations set forth in paragraphs 27-29, 35, 39-40 and 66-68. Defendants and each of them knew or reasonably should have known that their representations made in the charitable solicitation campaigns were false or misleading at the time the statements were made. As a result of the false and misleading statements Defendants made in the course of conducting their charitable solicitation campaigns, pursuant to Business and Professions Code section 17500 and 17536, Plaintiff is entitled to civil penalties against each Defendant in an amount which is presently unknown, but believed to be in excess of \$100,000.

PRAYER FOR RELIEF

WHEREFORE, the People pray for judgment as follows:

1. For a preliminary and permanent injunction, enjoining Defendants NCI, CPYC, CHRISTOPHER EATON, MAKKAPATI, MORICI, YABLONSKY and DOES 1-100, their employees, agents, servants, representatives, successors, and assigns, any and all persons acting in concert or participation with them, and all other persons, corporations, or other entities acting under, by, through, or on their behalf, from doing any of the following until they have first provided a full and complete accounting for all funds received by, and disbursed from, any and all financial accounts of CPYC from January 1, 2004, to the present: (1) expending, disbursing, transferring, encumbering, withdrawing or otherwise exercising control over any funds received by or on behalf of CPYC or rightfully due CPYC except as authorized by the Court;

1 (2) conducting business of any kind on behalf of, or relating to, CPYC other than as necessary to
2 assist a Receiver or appointed director(s), to comply with discovery requests and orders, and as
3 permitted by the Court; and (3) controlling or directing the operations and affairs of any
4 California nonprofit public benefit corporation;

5 2. That an order issue directing Defendants NCI, CPYC, CHRISTOPHER EATON,
6 MAKKAPATI, MORICI, YABLONSKY and DOES 1-100 to render to the Court and to the
7 Attorney General a full and complete accounting of the financial activities and condition of
8 CPYC, along with each of the Defendants' dealings with CPYC from January 1, 2004 to the
9 present, to include the expenditure and disposition of all revenues and assets received by or on
10 behalf of CPYC. Upon completion of the accounting, that the Court determine the property, real
11 or personal, or the proceeds thereof, in whatever form and in whosever possession they may now
12 be, and order and declare that all such property or the proceeds thereof is impressed with a trust
13 for charitable purposes, that Defendants are constructive trustees of all such charitable funds and
14 assets and that the same shall be immediately deposited with the Court by each and every
15 Defendant now holding or possessing the such funds or assets or claiming any right, title or
16 interest to them. In addition, that Defendants be surcharged and held liable and judgment entered
17 against each of them for any and all such assets for which they fail to properly account, together
18 with interest at the legal rate from the date the funds or assets were initially received by CPYC or
19 on its behalf; and that all expenses and fees incurred by Defendants in this action be borne by
20 Defendants and each of them and not by any charitable fund or asset;

21 3. Pursuant to Government Code section 12599, subdivision (f), for a permanent and
22 preliminary injunction, enjoining NCI, CPYC, CHRISTOPHER EATON, MAKKAPATI,
23 MORICI, YABLONSKY and DOES 1-100, from soliciting any donations on behalf of CPYC
24 until such time as defendants have filed complete and accurate annual reports, and fully comply
25 with California's registration and reporting requirements.

26 4. For appointment of directors by this Court or appointment of a receiver pursuant to
27 Corporations Code sections 6511, subdivision (c), and 6513, to take over and manage the affairs
28 of CPYC and preserve its property pending the hearing and determination of the Complaint;

1 5. Pursuant to Business and Professions Code section 17203 and 17535 and/or the
2 equitable powers of the court, defendants and each of them be ordered to pay into Court an
3 amount equal to the amount of funds solicited from the public on behalf of CPYC by means of
4 any act or practice declared by this court to constitute unfair competition under Business and
5 Professions code section 17200 or false and misleading statements under Business and
6 Professions Code section 17500, all said monies to be distributed by this court to charitable
7 institutions(s) having purposes similar to those of CPYC;

8 6. Pursuant to Business and Professions Code section 17203, for a preliminary and
9 permanent injunction enjoining defendants, their successors, agents, representatives, employees
10 and all persons who act in concert with, or on behalf of, defendants from engaging in unfair
11 competition as defined in Business and Professions Code section 17200, including, but not
12 limited to, those acts and omissions alleged in this Complaint;

13 7. For damages resulting from the breaches of fiduciary duty of all defendants named
14 in this Complaint and DOES 1-100 in an amount to be determined following an accounting from
15 these defendants, plus interest at the legal rate until the judgment is paid;

16 8. Pursuant to Business and Professions Code section 17206, that the Court assess civil
17 penalties of \$2,500 against each defendant for each violation of Business and Professions Code
18 section 17200 per day, as proved at trial, in an amount no less than \$100,000;

19 9. Pursuant to Business and Professions Code sections 17500 and 17536, that civil
20 penalties of \$2,500 against each defendant for each violation of Business and Professions Code
21 section 17500 per day, as proved at trial, in an amount no less than \$100,000;

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

25 11. For punitive and exemplary damages against Defendants NCI, CHRISTOPHER
26 EATON, MAKKAPATI, MORICI, YABLONSKY and DOES 1-100 according to proof;

27 12. For plaintiff's costs of suit and other costs under Government Code sections 12597
28 and 12598;

1 13. For attorney fees as provided in Government Code section 12598 and Code of Civil
2 Procedure section 1021.8; and

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

4 THIS COMPLAINT IS DEEMED VERIFIED UNDER THE PROVISIONS OF CODE OF
5 CIVIL PROCEDURE SECTION 446

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Dated: May 29, 2009

Respectfully Submitted,
EDMUND G. BROWN JR.
Attorney General of California

JOSEPH N. ZIMRING
Deputy Attorney General
*Attorneys for the People of the State of
California*

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