



ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

SUPPLEMENTAL CIVIL INVESTIGATIVE DEMAND
AND REQUEST TO EXAMINE

April 16, 2008

Mr. Eric Turton
Attorney at Law

*Via Facsimile 210-223-2641 and
Certified Mail- Return Receipt Requested
No. 7004 0750 0000 6763 3565*

Ms. Carol Asvestas
President and Chief Executive Officer
Member, Board of Directors
Animal Sanctuary of the United States

*Via Facsimile 210-688-9514 and
Certified Mail- Return Receipt Requested
No. 7004 0750 0000 6763 3558*

Ms. Karen Maxfield
Chairperson, Board of Directors
Animal Sanctuary of the United States

*Via Certified Mail- Return Receipt Requested
No. 7004 0750 0000 6763 3541*

Dear Mr. Turton, Ms. Asvestas and Ms. Maxfield:

Animal Sanctuary of the United States ("ASUS") is a Texas 501(c)(3) non-profit corporation and represents to the public that Wild Animal Orphanage, Primate Sanctuary of America, Chimp-Aid, Cat Haven, Feral Cat Rehab Center, and Whisker's and Wag's Humane Society are divisions of Animal Sanctuary of the United States. Upon information and belief ASUS may do business under other assumed names.

The Office of the Attorney General is charged under Texas law with the responsibility and authority to protect and enforce the public interest in nonprofit organizations, foundations and charitable trusts. In this capacity, this Office reviews the operations of charitable entities to determine compliance with Texas law, including but not limited to, the Texas Business Organizations Code, the Texas Non-Profit Corporation Act, the Texas Miscellaneous Corporation Laws Act, the Texas Property Code, the Texas Deceptive Trade Practices-Consumer Protection Act, and the common law duties of trustees, officers, directors and employees of nonprofit organizations.

Under the authority of the Texas Miscellaneous Corporation Laws Act, TEX. REV. CIV. STATS. Article 1302-5.01, 5.02 and 5.03 (now the Texas Business Organizations Code, Tex. Bus. Org. Code, Sections 12.151, 12.152 and 12.153), the Texas Deceptive Trade Practices-Consumer

POST OFFICE BOX 12548, AUSTIN, TEXAS 78711-2548 TEL: (512)463-2100

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Protection Act, including, but not limited to Sections 17.46, 17.60 [Reports and Examinations] and 17.61 [Civil Investigative Demand], and the common law of Texas, Animal Sanctuary of the United States, including all divisions or entities under which ASUS does business under an assumed name, is hereby directed and requested to produce the documents and records listed in Attachment "A," for inspection and copying. This material is relevant to an investigation of possible violation(s) of the Texas Miscellaneous Corporation Laws Act, the Texas Non-Profit Corporation Act, the Texas Business Organizations Code (to the extent it may be applicable), the Texas Deceptive Trade Practices-Consumer Protection Act, and the common law relating to breach of fiduciary duty and other duties relating to non-profit corporations.

ASUS shall produce and make available the documents and records requested in Attachment "A" to the undersigned or to Chris Krhovjak, Authorized Agent for the Charitable Trusts Section of the Office of the Attorney General. **This material shall be produced and made available on Tuesday, April 29, 2008 at 9:00 A.M.** (a) at the place of business of ASUS, 9626 Leslie Road, San Antonio, Texas 78254, or (b) at such other location or in such other manner as may be agreed upon in writing by the undersigned.

**ATTORNEY GENERAL'S NOTICE TO BOARD MEMBERS AND OFFICERS
OF ANIMAL SANCTUARY OF THE UNITED STATES ("ASUS")**

Duty to Supplement:

ASUS, its board members and officers are provided notice that this Civil Investigative Demand and Request to Examine remains effective until the Attorney General's Investigation is completed and that ASUS has a continuing duty to supplement its responses and to continue the production of documents and records that are within the scope of these requests.

Production of Documents and Records Self-Authenticating:

ASUS, its board members and officers are provided notice that the production of a record or document by ASUS in response to this Civil Investigative Demand and Request to Examine authenticates the record or document for use against ASUS in this investigation or any other subsequent proceeding authorized by law unless ASUS objects to the authenticity of the record or document, or any part of it, stating the specific basis for objection. An objection must be in writing and have a good faith factual and legal basis.

Document and Record Use by Attorney General:

ASUS, its board members and officers are provided notice now that any and all records or documents produced by ASUS in response to this Civil Investigative Demand and Request to Examine will be, or shall potentially be, used in this investigation or any other subsequent proceeding authorized by law.

Control or Possession of Documents or Records:

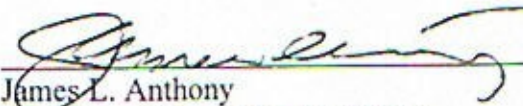
If ASUS, its board members and officers are provided notice that if ASUS does not control, have any right of control, or right of possession of the documents and records requested, then ASUS shall expressly respond to each request, or portion thereof, indicating so, and provide the identification of the individual or person who has control of the document or record. Further provide an affidavit that ASUS has requested in writing the production of

these documents and records to ASUS for inclusion in response to this Civil Investigative Demand and Request to Examine.

TAKE NOTICE THAT pursuant to §17.62, TEX. BUS. & COM. CODE ANN., any person who, with intent to avoid, evade, or prevent compliance, in whole or in part, with this Civil Investigative Demand, removes from any place, conceals, withholds, or destroys, mutilates, alters, or by any other means falsifies any documentary material or merchandise or sample of merchandise may be guilty of a misdemeanor and on conviction may be punishable by a fine of not more than \$5,000 or by confinement in the county jail for not more than one year, or both. Further, pursuant to Article 1302-5.05, of the Tex. Misc. Corp. Laws Act, any foreign corporation doing business in Texas under a permit granted under the laws of this State, or any officer or agent thereof, or any domestic corporation which shall fail or refuse to permit the Attorney General, or his authorized representative or representatives, to examine or take copies of any of its said books, records and other documents, shall forfeit its right to do business in this State; and its permit or charter shall be canceled or forfeited, and any president . . . agent or other officer . . . shall be fined not less than one hundred nor more than one thousand dollars, and be imprisoned in jail not less than thirty nor more than one hundred days. Each day of such failure or refusal shall be a separate offense.

FURTHER TAKE NOTICE THAT pursuant to Article 1302-5.05, of the Tex. Misc. Corp. Laws Act, any foreign corporation doing business in Texas under a permit granted under the laws of this State, or any officer or agent thereof, or any domestic corporation which shall fail or refuse to permit the Attorney General, or his authorized representative or representatives, to examine or take copies of any of its said books, records and other documents, shall forfeit its right to do business in this State; and its permit or charter shall be canceled or forfeited, and any president . . . agent or other officer . . . shall be fined not less than one hundred nor more than one thousand dollars, and be imprisoned in jail not less than thirty nor more than one hundred days. Each day of such failure or refusal shall be a separate offense. Also, pursuant to Sections 12.155 - 12.156 of the Tex. Bus. Org. Code, a foreign filing entity or filing entity that fails or refuses to permit the attorney general to examine or make copies of a record, without regard to whether the record is located in this or another state, forfeits the right of the entity to do business in this state, and the entity's registration or certificate of formation shall be revoked or terminated. Further, a managerial official or other individual having the authority to manage the affairs of a filing entity or foreign filing entity commits an offense if the official or individual fails or refuses to permit the attorney general to make an investigation of the entity or to examine or to make copies of a record of the entity. An offense under this section is a Class B misdemeanor.

Issued April 16, 2008


James L. Anthony
State Bar of Texas No. 01269000
Assistant Attorney General
Charitable Trusts Section
Consumer Protection and Public Health Division
(512) 475-4178 Telephone DD
(512) 322-0578 Facsimile

Chris Krhovjak
Authorized Agent and Investigator
Charitable Trusts Section
Consumer Protection and Public Health Division
(512) 475-4175 Telephone DD
(512) 322-0578 Facsimile

**ATTACHMENT "A" TO SUPPLEMENTAL
CIVIL INVESTIGATIVE DEMAND AND REQUEST TO EXAMINE**

DEFINITIONS APPLICABLE TO ATTORNEY GENERAL REQUESTS:

1. "You" and "Your" shall include and mean (A) Animal Sanctuary of the United States, ("ASUS"), any predecessor in interest, Wild Animal Orphanage, Primate Sanctuary of America, Chimp-Aid, Cat Haven, Feral Cat Rehab Center, Whisker's and Wag's Humane Society and any other entity or entities under which ASUS does business under an assumed name and (B) persons acting or purporting to act on behalf of ASUS, including any attorney, board member or director, officer, agent, employee, consultant, individual, institution, corporation, joint venture, firm, proprietorship, agency, board, authority, commission, volunteer, representative or other entity.
2. "And" and "or" shall be construed either conjunctively or disjunctively as required by the context to bring within the full scope of this CID and RTE any document that might be deemed outside its scope by another construction.
3. "Bank account" shall mean any savings, checking, or investment (certificate of deposit) account held in your name.
4. "Compensation" shall mean and include all benefits of any value, monetary or otherwise, including but not limited to salary or wages to employees or contract workers, pay for unused sick leave and vacation leave, overtime, number of days off, including both sick and vacation time, reimbursements, deferred tuition, privileges, memberships, and use of any real or personal property of ASUS or other asset of ASUS.
5. "Contribution" or "Donation" shall mean any gift of money or tangible real or personal property or service of any kind.
7. "Document" and "Record" shall be used in the broadest sense and construed most liberally. Document and Record shall include all written, printed, typed, recorded, computer-generated, computer-stored, or electronically stored matter or graphic matter of every kind and description, both originals and copies, and all attachments and appendices thereto, that are in your possession, custody or control. Without limiting the term "control," a document is deemed to be within your control if you have ownership, possession or custody of the document, or the right to secure the document or copy thereof from any individual or person, or public or private entity having control thereof.
8. A "person" shall include any individual, institution, corporation, joint venture, firm, proprietorship, agency, board, authority, commission or other entity.

9. To "identify" any "person" means ASUS shall state:
 - (i) full name;
 - (ii) current or last known telephone numbers at business and home; and
 - (iii) current or last known business and home address.
10. To "identify" any document, record or other tangible thing means:
 - (i) to identify what it is, giving a reasonably detailed description thereof;
 - (ii) to state when, where, and how it was made, if applicable;
 - (iii) to identify who made it, if applicable; and
 - (iv) identify its current custodian or the person in last known possession, custody, or control.

**DOCUMENTS AND RECORDS TO BE PRODUCED SHALL
INCLUDE ALL DATES FROM INCORPORATION OF
ANIMAL SANCTUARY OF UNITED STATES ("ASUS") OR ITS PREDECESSOR
TO AND UNTIL CONCLUSION OF THE ATTORNEY GENERAL'S
INVESTIGATION OF ASUS UNLESS OTHERWISE STATED IN THE REQUEST(S)**

THE DOCUMENTS AND RECORDS ARE REQUESTED TO BE PRODUCED AND COMPILED IN THE SAME ORDER AS THE NUMBERED REQUEST(S) TO WHICH THE DOCUMENTS AND RECORDS ARE APPLICABLE:

1. Documents and records related to construction of buildings, structures or enclosures on ASUS property, including but not limited to, permits, licenses, and payment of fees from the City of San Antonio or county, state or federal agency or entity.
2. Documents and records that demonstrate the accuracy of the following statement quoted from the WAO newsletters: "This organization does not use a direct mail company. The majority of its fund-raising is done in-house with costs being kept to a minimum. Additionally: T-shirts, newsletters and educational materials are produced at the sanctuary."
3. Documents and records related to the Humane Train, including agreements or contracts between ASUS and South Mississippi Humane Society and other entities or individuals. Also include itemized income and expenses related to these services.
4. Minutes for ASUS board meetings since October 27, 2007, including all agendas, documents, hand-outs or presentations to the board members either before or during each meeting.
5. Full and complete set of financial records and annual reports of ASUS as required by the Texas Non-profit Corporation Act Article 1396-2.23A for calendar years 2006 and 2007, including statement of cash flows for 2006.
6. Documents and records that demonstrate the accuracy of a full and complete set of Independent Auditor's Report of John J. Savickas, Certified Public Accountant, of and for ASUS for calendar years 2006 and 2007, including the statements, opinions, conclusions and representations made by John J. Savickas in his capacity as independent auditor of ASUS.

7. Documents and records demonstrating the receipt, preparation and distribution of IRS Forms W-4, W-2, and 1099 for calendar years 2006 and 2007, including the name and address of the persons or entities for, to or from whom each identified IRS Form was received, prepared or distributed.
8. Copies of each ASUS newsletter prepared and/or mailed out in calendar years 2006 and 2007 and the first quarter of calendar year 2008, including the date when each was prepared and/or mailed out.
9. Documents and records that constitute and identify the mail out list purchased or utilized by ASUS for general education and/or fund raising activities.
10. Documents and records maintained, including those electronically stored, those generated by ASUS, and those from any 3rd party vendor or consultant during and for the calendar years of 2006, 2007 and the first quarter of calendar year 2008 with all adjusting entries and related source documents. This Request to Examine and Demand includes all documents and records that identify by name, vendor and version the accounting, bookkeeping and reporting computer software.
11. Documents and records that identify and set forth accounting and bookkeeping methodology, internal controls, financial reporting practices, and auditor reporting, including the date on which each received board approval.
12. Documents and records, including policies, process controls and procedures, which state and define the activity or transaction to be included within each general ledger and financial statement account.
13. Documents and records that support the auditor's statements and conclusions presented in all notes to the audited financial statements for calendar years 2006 and 2007.
14. Documents and records which constitute a SAS 112 (Statement of Auditing Standards) auditor's report for calendar years 2006 and 2007, including compliance with all criteria, guidance, and justification provided within SAS 112. If no SAS 112 auditor's report was issued, produce the documents and records justifying non-issuance of this report.
15. Documents and records for calendar years 2006 and 2007 that demonstrate compliance with SOP 98-2 (Statement of Position) of the American Institute of Certified Public Accountants, including compliance with all criteria, guidance, and justification provided within SOP 98-2.
16. Documents and records providing underlying and itemized support for payments to William's Printing for calendar years 2006 and 2007.
17. Documents and records identifying the status or dual status of all persons who were paid as employees of ASUS or contract workers, including the IRS regulations and guidelines upon which the dual status of any employee or worker was justified.
18. All ASUS management letters prepared and/or issued in connection with any audit or audited financial statements for the calendar years 2006 and 2007.