



STATE OF TEXAS
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION AND PUBLIC HEALTH DIVISION

**CIVIL INVESTIGATIVE DEMAND AND
REQUEST TO EXAMINE**

August 9, 2006

Ms. Carol Asvestas
President/Chief Executive Officer
Animal Sanctuary of the United States

VIA CERTIFIED MAIL
7004 2510 0004 1680 7225

San Antonio, Texas 78254

Animal Sanctuary of the United States 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.

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, et seq. (now the Texas Business Organizations Code, Tex. Bus. Org. Code, Section 12.151), the Texas Deceptive Trade Practices-Consumer Protection Act, including, but not limited to Sections 17.46, 17.60 and 17.61, and the common law of Texas, Animal Sanctuary of the United States, including all divisions thereof, is hereby directed to produce the documentary material specified 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.

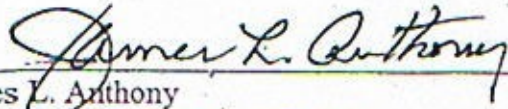
This office has made no advance determination that any improprieties have occurred.

You are to produce and to make available all of the documents requested in Attachment "A" to the undersigned or to Chris Krhovjak, authorized agent for the Charitable Trust Section of the Office of the Attorney General. **This material shall be produced and made available on Thursday, August 24, 2006** for inspection and copying at (a) your place of business, 9626 Leslie Road, San Antonio, Texas 78254, or (b) in such other manner as may be agreed upon in writing by the undersigned.

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 this 9th day of August, 2006.



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Consumer Protection and Public Health Division
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ATTACHMENT "A"

DEFINITIONS

For purposes of this Civil Investigative Demand ("CID") and Request to Examine, the terms used herein shall have the following meaning(s):

1. "You" and "Your" shall mean Animal Sanctuary of the United States, specifically including Wild Animal Orphanage, Primate Sanctuary of America, Chimp-Aid, Cat Haven, Feral Cat Rehab Center and Whisker's and Wag's Humane Society. You and Your shall additionally include persons acting or purporting to act on your behalf, including any attorney, director, officer, agent, employee, consultant, volunteer or other representative.
2. "And" and "or" shall be construed either conjunctively or disjunctively as required by the context to bring within the scope of this CID 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. "CID" shall mean this civil investigative demand and request to examine issued under the authority of the Texas Deceptive Trade Practices and Consumer Protection Act §§ 17.46, 17.60 and 17.61, TEX. BUS. & COM. CODE ANN. and the Texas Miscellaneous Corporation Laws Act, TEX. REV. CIV. STATS. ANN. arts. 1302-5.01 et seq.
5. "Compensation" shall mean and include all benefits of any value, monetary or otherwise, including but not limited to, salary, 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 Animal Sanctuary of the United States' property and assets.
6. "Contribution" or "Donation" shall mean any gift of money or tangible real or personal property or service of any kind.
7. "Document" shall be used in its broadest sense and construed most liberally. Document 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 individual person means you shall state the individual's:
 - (i) 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" a person other than an individual means to state:
 - (i) its full name;
 - (ii) the nature of its organization; and
 - (iii) the address and telephone number of its principal offices.
11. To "identify" any 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 that had last known possession, custody, or control thereof.

**DOCUMENTS AND RECORDS TO BE PRODUCED
FROM JANUARY 1, 2000 TO THE DATE THIS REQUEST
IS ISSUED UNLESS OTHERWISE REQUESTED**

**THE PRODUCTION OF ANY DOCUMENT IN RESPONSE TO THESE WRITTEN
REQUESTS AUTHENTICATES THE DOCUMENT AS PROVIDED BY
TEXAS RULE OF CIVIL PROCEDURE 193.7**

If you do not control, have any right of control, or right of possession of the documents requested, expressly respond to each question indicating so, and provide the identification of the individual or person who has control of the document. Further provide your affidavit that you have requested in writing the production of these documents to you for inclusion in your responses.

PRODUCE THE DOCUMENTS IN THE ORDER OF THE NUMBERED REQUESTS:

1. Copies of your original Articles of Incorporation and all amendments, By-Laws and all amendments, and Mission Statements as such are stated in your organization's files, web sites and published documents.
2. Copies of all your written policies that govern the operation and management of your organization by your directors, officers, employees and volunteers, and your organization with third parties.
3. Copies of all your written policies that govern the use of your funds and monies by your directors, officers, employees and volunteers, and your organization with third parties.
4. Copies of all your written policies that govern the reporting for accounting and financial purposes of receipts and disbursements of your funds and monies for both internal and public reporting.
5. Copies of your written policies that govern the reporting of how your funds and monies are used by your directors, officers, employees and volunteers for payment of your expenses or reimbursements items to any one or more of them.
6. Copies of your written policies that identify prohibited transactions.
7. Copies of your written policies that pertain to conflicts of interest between or among your organization, directors, officers, employees and volunteers.
8. Copies of your charts of accounts that are used for recording daily receipts and disbursements, monthly accounting reports, annual reports and IRS Form 990 filings. Include with your chart of accounts, all sub-accounts for which provision has been made.

9. Copies of your audited and unaudited financial statements, annual reports and other reporting of your statements of financial condition to any third parties.
10. Copies of your employees W-2 income tax forms and the underlying documents that support the reported amounts on each W-2 form.
11. Copies of all income tax 1099 Forms provided to third parties and the underlying documents that support the reported amounts on each 1099 Form.
12. Copies of all minutes of Board of Directors meetings or meetings of any committees created by the Board of Directors.
13. Copies of all Agendas for each Board of Directors meetings or meetings of any committees created by the Board of Directors.
14. Copies of all Resolutions approved and passed by the Board of Directors.
15. Copies of all documents that identify your accounts with financial institutions, including trust and investment accounts, in your name and that identify the individuals whose names appear on any signature cards or who have any authority to direct any transaction thereon.
16. Copies of all statements of account, canceled checks, itemization of deposits, and bank reconciliation reports for all your accounts identified in Request 15.
17. Copies of all documents identifying and providing support for the payment and amount of compensation to any officer or director of your organization, including any increases or decreases thereto.
18. Copies of all documents identifying and providing support for the payment and amount of compensation to all employees of your organization, including any increases or decreases thereto.
19. Copies of your organization's IRS Form 990s, all schedules, attachments, supplements, and amendments, and all underlying work papers in support thereof.
20. Documents identifying all property and assets owned by or in which your organization has a financial interest, including the current appraised value or stated value of such assets.
21. Documents identifying all governmental entities, private foundations, funds, endowments, trusts, other charitable entities or public sources which provide or have provided funds or grants to your organization and the respective amounts and dates of payment thereof.

22. Documents identifying your use of the funds inquired about in Request 21, including all underlying documents in support thereof, to confirm that funds or grants have been used for the intended purposes of each.
23. Copies of all documents reflecting any personal, business and/or financial transaction between your organization and any officer, director, employee and/or consultant, or any individual related by blood or marriage to any officer or director, including but not limited to, any loan, salary advance, reimbursement, payment for services, or any other agreement.
24. Copies of all documents, internal or public, making any complaint about the operation, management, policies of your organization, and/or compliance with your organization's charitable mission and purpose, including complaints of misuse or misappropriation of funds; and the action you have taken with respect to any such complaint.
25. Copies of all licenses, permits, registrations and certifications your organization is required to obtain or which you have obtained on a voluntary basis. Include copies of any awards or recognition.
26. Copies of all documents that provide a job description for each office and employee, and provide a basis to demonstrate that the individual is qualified for each position.
27. Copies of all documents that identify real property which you own, lease, rent or otherwise have a financial interest in, and demonstrate the uses of this property for the benefit of your organization.
28. Copies of all documents that show whether any officers, employees or volunteers have the use of any of the real property identified in Request 27, and the purpose and extent of such use.
29. Copies of all documents that identify personal property, including vehicles, which you own, lease, rent or otherwise have a financial interest in, and demonstrate the uses of this property for the benefit of your organization.
30. Copies of all documents that show whether any officers, employees or volunteers have the use of any of the property identified in Request 29, and the purpose and extent of such use.
31. Copy of all policies of insurance that provide coverage to Animal Sanctuary of the United States, its divisions, and its officers and directors for errors and omissions, including breach of fiduciary duty.