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7 **STATE OF WASHINGTON**
8 **KING COUNTY SUPERIOR COURT**

9 STATE OF WASHINGTON,

10 Plaintiff,

11 v.

12 HEALING HEROES NETWORK, a
13 Florida nonprofit corporation d/b/a
14 INJURED AMERICAN VETERANS
15 FOUNDATION, AMERICAN
16 INJURED VETERANS
17 FOUNDATION, WELCOME HOME
18 HEROES, and HERO GIVEAWAYS;
19 HERO GIVEAWAYS, LLC, a Florida
20 limited liability company; STACEY
21 JILL SPIEGEL; NEAL AARON
22 SPIEGEL; and ALLAN MARK
23 SPIEGEL;

24 Defendants.

NO.

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF UNDER THE
CONSUMER PROTECTION ACT
AND THE CHARITABLE
SOLICITATIONS ACT

25 The Plaintiff, State of Washington, by and through its attorneys Robert W. Ferguson,
26 Attorney General, and David M. Horn, Senior Counsel, brings this action against the Defendants
named herein for relief under the Consumer Protection Act (RCW 19.86) and the Charitable
Solicitations Act (RCW 19.09). The Defendants have engaged in unfair and deceptive practices
in the course of soliciting charitable contributions in the state of Washington.

I. PARTIES

1.1 Plaintiff is the State of Washington (the "State").

1 1.2 Defendant Healing Heroes Network (“Healing Heroes”) is a Florida nonprofit
2 corporation formed in 2008. It filed dissolution papers in December 2017, although some of its
3 activities continued on into 2018. Defendant Healing Heroes Network solicited donations,
4 purchases and sweepstakes or prize entries nationally, including in Washington, through a
5 combination of telemarketing, direct mail, websites, and local fundraising events, most of these
6 conducted nationally by third party commercial fundraisers retained and authorized by Healing
7 Heroes. Healing Heroes represented that proceeds would provide medical care to veterans injured
8 in Iraq and Afghanistan after 9/11, direct aid to returning soldiers in need of financial assistance,
9 and computer tablets to certain injured veterans. Healing Heroes has also done business under the
10 names Injured American Veterans Foundation; American Injured Veterans Foundation; Welcome
11 Home, Heroes; and Hero Giveaways. Healing Heroes’ principal place of business was in Palm
12 Harbor, Florida.

13 1.3 Defendant Hero Giveaways, LLC is a Florida limited liability company formed in
14 January 2018. It is a for-profit company that since January 2018 has solicited purchases of t-shirts
15 and decals with patriotic themes from its website, which was previously one of the websites
16 maintained by Healing Heroes. On this website, Hero Giveaways, LLC has implied that it is
17 Healing Heroes and expressly represented that purchases would provide medical care to wounded
18 veterans. Defendant Hero Giveaways, LLC is a Florida limited liability company that has solicited
19 purchases nationally, including in Washington. Its principal place of business is in the office
20 previously occupied by Healing Heroes Network in Palm Harbor, Florida.

21 1.4 Defendant Stacey Jill Spiegel (“Stacey Spiegel”) was Executive Director of
22 Healing Heroes Network from its formation in 2008 to its dissolution in 2017, and is now
23 Managing Member of Hero Giveaways, LLC. Stacey Spiegel approved or participated in
24 creating and communicating some or all of the deceptive solicitations of both organizations.
25 Defendant Stacey Spiegel resides in Palm Harbor, Florida. Neal Spiegel is her son. Allan Spiegel
26 is her husband.

1 1.5 Defendant Neal Aaron Spiegel (“Neal Spiegel”) was Project Manager of Healing
2 Heroes for several years through its dissolution in 2017, and participates in managing and
3 operating Hero Giveaways, LLC. He also represents himself as the owner of Hero Giveaways,
4 LLC. Neal Spiegel approved, created or substantially participated in creating and communicating
5 some of the deceptive solicitations of both organizations. Neal Spiegel is the son of Stacey and
6 Allan Spiegel. He resides in or near Palm Harbor, Florida.

7 1.6 Defendant Allan Mark Spiegel (“Allan Spiegel”) was President of the Board of
8 Directors of Healing Heroes Network from its formation through its dissolution in 2017. Allan
9 Spiegel participated in board meetings, approved some of the deceptive solicitations made by
10 Healing Heroes, and signed business documents such as contracts with commercial fundraising
11 companies. He is husband of Stacey Spiegel and father of Neal Spiegel. Defendant Allan Spiegel
12 resides in Palm Harbor, Florida.

13 1.7 The term “Defendants” in this Complaint refers collectively to all defendants in
14 paragraphs 1.2 through 1.6, as well as their agents, servants, employees, or representatives.

15 **II. JURISDICTION AND VENUE**

16 2.1 The State files this Complaint pursuant to its authority under the Consumer
17 Protection Act, RCW 19.86, and the Charitable Solicitations Act, RCW 19.09. The Attorney
18 General has authority under RCW 19.86.080 to prevent and restrain violations of the Consumer
19 Protection Act. The Attorney General has authority under RCW 19.09.340 to prevent and
20 restrain violations of the Charitable Solicitations Act.

21 2.2 This Court has personal jurisdiction over Defendants under RCW 19.86.080, and
22 RCW 19.09.340. Defendants have submitted themselves to the jurisdiction of this Court by
23 engaging in the conduct set forth in this Complaint in the State of Washington, including in King
24 County. Specifically, Defendants have engaged in conduct in King County and elsewhere in the
25 State of Washington that violates the Consumer Protection Act and the Charitable Solicitations
26 Act.

1 2.3 This Court has subject matter jurisdiction over this action pursuant to
2 RCW 19.86.080 and RCW 19.86.140.

3 2.4 Venue is proper in King County pursuant to RCW 4.12.020 and RCW 4.12.025.
4 Defendants have solicited and received donations from thousands of individuals all over the state
5 of Washington, including in King County.

6 2.5 Defendants Stacey Spiegel, Neal Spiegel, and Allan Spiegel serve or have served
7 as officers or directors of the corporate defendants. Corporate officers who participate in the
8 wrongful conduct alleged in this Complaint, or with knowledge have approved of the wrongful
9 conduct alleged in this Complaint, are individually liable for such wrongful conduct. *State v.*
10 *Ralph Williams' North West Chrysler Plymouth, Inc.*, 87 Wn.2d 298, 322, 553 P.2d 423 (1976).

11 **III. FACTS**

12 3.1 Defendants Stacey and Allan Spiegel formed Defendant Healing Heroes in 2008.
13 Based on the experiences of Allan Spiegel, a neurologist, their goal was to raise money to provide
14 hyperbaric oxygen treatment and other treatments to injured war veterans, especially those with
15 post-traumatic stress disorder and traumatic brain injury, as they believed the Veterans
16 Administration either did not provide or approve these treatments or that that the V.A.'s approval
17 took a very long time.

18 3.2 To raise money, Healing Heroes retained some professional fundraising
19 companies that make telephone calls and send letters to members of the public asking for
20 donations. Their telemarketing firms also retained a number of subcontractors. In addition,
21 Healing Heroes created some of its own websites, from which it sold merchandise or invited
22 prize entries. Through the professional fundraisers, and, to a lesser extent, directly through its
23 own websites, Healing Heroes solicited donations and purchases from consumers throughout the
24 United States including in the state of Washington from 2008 or 2009 through at least the end of
25 2017.

1 3.3 The commercial fundraisers drafted telemarketing scripts and fundraising letters,
2 and Healing Heroes and Stacey and Allan Spiegel approved them. Telemarketing scripts made
3 appeals such as this: “Tragically since 9/11 we have lost over six thousand of our American
4 soldiers in Iraq and Afghanistan. Sadly, these same injured veterans that protected our country
5 overseas are being forgotten as they return home. Healing Heroes is a non profit organization
6 that assists these wounded veterans with their injury recovery. The Healing Heroes Network,
7 Inc. is also hoping to count on your support in this fundraiser.” When potential donors indicated
8 some interest in Healing Heroes, they received a letter from Healing Heroes like the one sent to
9 a resident of Kennewick, Washington (Exhibit A to this complaint). This 2016 letter, approved
10 by Stacey Spiegel, talked about the thousands of servicemembers injured in the war on terror.
11 “Often these men and women are unable to receive the medical treatments that would help them
12 return to a productive civilian life. . . . Through a nationwide network of medical professionals
13 willing to provide services, Injured American Veterans Foundation provides financial assistance,
14 for services not covered, or delayed under the U.S. Department of Veterans Affairs benefits
15 system. . . . Our programs are successfully changing lives, and you can help these wounded
16 warriors” The letter then asks for a donation.

17 3.4 Another fundraising letter (Exhibit B to this Complaint), which was signed by
18 Stacey Spiegel, is headed, “PAYOUT DECISION REQUEST.” It asks the recipient to choose
19 how he wishes to receive the \$10,675.29 Grand Prize: by check or by wire transfer. The letter
20 begins, “Dear Robert, Congratulations on your recent confirmation as the sole holder of
21 \$10,675.29 Prize ID 3310OH. This is a significant accomplishment since the winning Prize ID
22 has already been determined.” The letter goes on to urge Robert to submit his “payment
23 preference”—check or wire—before the looming deadline. At the bottom of the page, the
24 PAYOUT DECISION REPLY FORM requests a donation to “Welcome Home Heroes” to “help
25 America’s wounded veterans.” The back of the reply form states that Welcome Home, Heroes,
26 is a program of Healing Heroes Network that “will provide help to military families of wounded

1 heroes for basic needs such as food, shelter, and clothing.” The net impression created by the
2 letter is that Robert has won the Grand Prize and need only return the reply form to claim his
3 prize, and that any money he sends will be used to assist injured veterans.

4 3.5 A third fundraising letter (Exhibit C to this Complaint), was signed by Allan
5 Spiegel and approved by Stacey Spiegel. Exhibit C informed recipients that they had won a prize,
6 told them they had to respond to claim their prize, and asked them to include in their response
7 “a donation to help in the healing process for a military hero injured in the line of duty...” That
8 letter was headed, “CONFIRMED PRIZE WINNER ANNOUNCEMENT” and stated in its first
9 line, “I’ve got excellent news for [name]! You are a winner!! . . . This is your official notification
10 that you have won a prize.” In two places in a box in the upper left hand corner, the figure
11 \$10,500 appears. The letter contains four references to \$10,500. The PRIZE CLAIM
12 CERTIFICATE at the bottom of the letter says, “Amount: \$10,500” and includes a checkbox
13 stating, “Yes, I want to win the \$10,500.”

14 3.6 While the letter contains a couple of inconspicuous hints that the recipient had
15 not necessarily won \$10,500 yet, the thrust of the letter is clearly otherwise. This letter, like
16 Exhibit B, creates a deceptive net impression that the recipient has won a prize. It has a tendency
17 and capacity to mislead recipients into believing that they had won a prize and that the prize was
18 \$10,500.

19 3.7 For several years, Healing Heroes conducted at least one sweepstakes every
20 month. It mailed, or caused to be mailed, many thousands of letters the same as or similar to
21 Exhibits B and C to consumers in Washington and around the country, each one stating that the
22 recipient had won a prize and making numerous references to a prize of \$10,000 or more. Every
23 month, Healing Heroes sent a notice to one (1) consumer that he or she had won \$100. The notice
24 requested that the winner donate the \$100 back to Healing Heroes. As for the Grand Prize of
25 \$10,000 or more, two people were awarded that amount in approximately 2010. Since that time,
26 not a single donor has been awarded the grand prize of more than \$10,500.

1 3.8 At one point, a fundraising corporation recommended that Healing Heroes start
2 calling itself the Injured American Veterans Foundation, a name that was supposed to provide
3 donors with more clarity as to the purpose of the organization. Healing Heroes and Stacey
4 Spiegel adopted the recommendation and launched a campaign for the Injured American
5 Veterans Foundation. Although the Injured American Veterans Foundation was in fact merely a
6 name, not a separate organization or program, Healing Heroes published a website on a page
7 headed, “Injured American Veterans Association”, under a title that said, “OUR MISSION”, the
8 following description: “The Injured American Veterans Foundation is a special program of
9 Healing Heroes Network ... We ... offer several programs to assist wounded warriors and their
10 families with the difficult transition of returning home after deployment.” Exhibit A to this
11 complaint also calls the Injured American Veterans Foundation a “special program” of Healing
12 Heroes.

13 3.9 Healing Heroes also solicited under other names, including but not limited to
14 American Injured Veterans Foundation; Welcome Home, Heroes; Hero Giveaways; Harleys for
15 Heroes; and Get the Bikes.

16 3.10 At the heart of all the solicitations made by Healing Heroes lay the claim that
17 Healing Heroes maintained “a nationwide network of providers” to whom Healing Heroes would
18 refer wounded veterans and who stood ready to provide medical treatment that the V.A. would
19 not provide at all or at least not promptly. The facts are as follows.

20 3.11 Healing Heroes waited for medical providers to contact Healing Heroes and ask
21 to be part of its nationwide network. A number of providers, including massage therapists,
22 acupuncturists, chiropractors and others, did that. Healing Heroes maintained a list of 164
23 providers in 34 states. Most were chiropractors, massage therapists, hyperbaric oxygen
24 specialists, or acupuncturists. In Washington, for the period 2008 through 2017, Healing Heroes
25 identified eight (8) providers who had been part of this network at some point. By 2017, three of
26 these eight Washington providers had stopped practicing or had closed their businesses. Two

1 providers had signed up for Healing Heroes but never received a single referral. One provider
2 had an office manager who was unaware of Healing Heroes. One was told about Healing Heroes
3 by an existing patient who was hoping to receive free or discounted treatment. She treated that
4 patient, asked Healing Heroes for her \$120 fee for massage therapy, and was told by Stacey
5 Spiegel that things weren't going well and Healing Heroes could only afford to pay her \$30.
6 Later the same provider gave ten massages to a second patient, billed Healing Heroes for \$1200,
7 received a check for \$300, and was advised to consider the \$900 balance her donation.

8 3.12 The final provider, an acupuncturist in Spokane, was the only one who actually
9 had a patient referred to her by Healing Heroes. The patient was a quadriplegic who lived in
10 Montana. The veteran received two sessions, then had to get back home.

11 3.13 Healing Heroes informed Washington that from 2015 through 2017, the sum total
12 of services provided to wounded Washington veterans consisted of one tablet computer given to
13 one veteran.

14 3.14 Under the stress of investigations by the Washington Attorney General's Office
15 and a number of other enforcement agencies from other states, in the fall of 2017, Healing Heroes
16 decided to dissolve. Healing Heroes filed dissolution papers with Florida in December 2017.
17 Upon dissolution, it provided a few laptop computers and approximately \$3000 to another
18 nonprofit.

19 3.15 However, Stacey Spiegel and Neal Spiegel and one other employee remained in
20 the same office space, this time under the rubric, "Hero Giveaways, LLC." HeroGiveaways.com
21 had been one of the websites operated by Healing Heroes. While Healing Heroes was active, it
22 used the HeroGiveaways.com website to sell t-shirts and decals to raise money for Healing
23 Heroes. The HeroGiveaways.com website represented to potential purchasers that donations
24 would support wounded veterans. Selling t-shirts and decals was lucrative. During Healing
25 Heroes' last full year in operation, 2017, Healing Heroes netted more than \$700,000 by selling
26 inventory, most of it t-shirts and decals offered on HeroGiveaways.com.

1 3.16 Hero Giveaways, LLC is a for-profit company. As of July 11, 2018, it had not
2 donated anything to a veterans' cause or any other charitable organization, and on that same date,
3 Stacey Spiegel admitted it had no plans to do so before she claimed that it did. Nevertheless, it
4 continued to maintain the HeroGiveaways.com website, including many of the representations
5 that purchases would assist wounded veterans, throughout the first half of 2018 and into July
6 2018.

7 3.17 One page on HeroGiveaways.com bore a headline, "Supporting Military
8 Veterans And Their Families." Below that, the page stated, "Since 2011, Hero Giveaways has
9 empowered wounded veterans and their families. Since that time, donations have helped provide
10 important assistance through a variety of different programs Hero Giveaways offers." The page
11 encouraged customers to donate or purchase, and stated, "All proceeds from merchandise sales
12 benefit wounded veterans and their families." Another page encouraged motorcycle clubs to
13 partner with them "to raise funds for Hero Giveaways." A page of "Past Hero Giveaway
14 Winners" provided testimonials from 11 past winners of motorcycles through a "Get the Bikes"
15 program. Most of these winners gushed about how donations support the wounded veterans.
16 Winner Frank A. of New York "heard about Get the Bikes through Facebook and after some
17 research, was happy to learn that the donations to Get the Bikes goes [sic] straight to supporting
18 the military and their families." All of these pages were still live in June or July 2018. The content
19 of the HeroGiveaways.com website has the tendency and capacity to deceive customers into
20 believing that this for-profit company is a charity that assists wounded veterans, and in some
21 instances that it is actually Healing Heroes Network, the nonprofit. All of this web content was
22 created or approved by Stacey Spiegel and Neal Spiegel.

23 3.18 Defendants displayed advertisements for decals sold by Healing Heroes through
24 the HeroGiveaways.com website, and later by Hero Giveaways, LLC through the same website,
25 that claimed all proceeds helped wounded veterans. The same website, both under Healing
26 Heroes and later under Hero Giveaways, LLC, claimed that donations to Get the Bikes "goes

1 straight to supporting the military and their families.” These representations had the tendency
2 and capacity to mislead many consumers into believing that 100% of their donations would go
3 toward supporting military families. In fact, only a tiny portion did that.

4 3.19 Although Healing Heroes purported to dissolve and close in December, 2017, it
5 did not prevent third-party websites such as GreatNonprofits.org from continuing to solicit
6 contributions for Healing Heroes. Donors were still able to make donations to Healing Heroes
7 through GreatNonprofits.org months after Healing Heroes dissolved.

8 3.20 According to various reports and registrations it filed over the year, Healing
9 Heroes raised at least \$20 million from 2008 through 2017, most or all of it through a
10 combination of deceptive or misleading representations. The portion that went to pay for medical
11 services to wounded veterans, or direct aid to them or their families, was quite minimal. Not only
12 did all proceeds not go to assisting veterans, in fact, only a very small portion actually did.

13 3.21 In May 2018, Healing Heroes reported to the Internal Revenue Service that in
14 calendar year 2017, Healing Heroes took in total revenue of \$2,878,275—most of it from
15 contributions and grants, but a net of \$722,099 from selling merchandise—and spent \$13,548 in
16 direct aid to returning, injured veterans for food, clothing, utilities, rent, and other necessities,
17 \$3,096 for computer tablets provided to injured veterans with traumatic brain injuries or post
18 traumatic stress disorder, and \$2,405 on grants to wounded veterans for medical and other
19 services, for a grand total of \$19,409 on grants and other assistance to veterans. In other words,
20 Healing Heroes in 2017 spent less than one percent of its revenues on direct services to veterans.

21 3.22 In 2016, the previous year, the numbers were worse. In that year, Healing Heroes’
22 total revenue was \$2,709,338 and it spent only \$13,387 on grants and other direct services to
23 veterans, which amounts to less than one half of one percent. And the total spent providing
24 medical services to veterans, the core service that Healing Heroes bragged about in its
25 solicitations, was a paltry \$1,128. There was also a handful of providers who were not paid by
26 Healing Heroes and were deemed to have donated their services.

1 3.23 In 2016 and 2017, in the entire United States, Healing Heroes provided paid
2 medical services to a total of ten veterans.

3 3.24 By making charitable solicitations that claimed Healing Heroes was “assist[ing]
4 these wounded veterans with their injury recovery,” “successfully changing lives” (Exhibit A)
5 and other, similar representations, Healing Heroes expressly or implicitly represented to
6 potential donors and customers that Healing Heroes operated a charitable program that provided
7 paid medical and other assistance to injured veterans, and that each donation or purchase would
8 advance that program—when, in fact, especially in 2016 and 2017 when it spent less than one
9 percent of donations on any kind of direct aid to veterans, Healing Heroes did not use donations
10 and purchases to operate a charitable program that provided paid medical services and other
11 assistance to injured veterans, but rather used donors’ contributions to benefit itself, its vendors,
12 including a firm owned by Neal Spiegel and his brother, and the fundraising companies.

13 3.25 Where did the rest of the money go? The vast majority of it was paid to
14 commercial fundraisers. The rest went to expenses like advertising, salaries (\$117,525 in 2016),
15 rent, insurance, t-shirts and decals to sell, office expenses, and accounting services. Healing
16 Heroes spent more on accounting in 2016 than it did on direct aid to veterans. From 2015 through
17 2017, Healing Heroes also bought at least \$533,307.27 worth of t-shirts and decals from Charity
18 Resources, LLC, a/k/a Spiegel Outfitters, a company owned by Neal Spiegel and Benjamin
19 Spiegel and managed by Benjamin Spiegel, who is Neal’s brother and the other son of Stacey
20 and Allan Spiegel. These were the t-shirts and decals Healing Heroes sold at a profit on
21 HeroGiveaways.com.

22 3.26 In spite of spending only \$13,387 on direct aid to veterans in 2016, Healing
23 Heroes filed or caused to be filed with the IRS returns claiming that it spent more than \$250,000
24 on program expenses. It got to this inflated figure by counting part of what it spent on things like
25 advertising and promotion, “community outreach” (such as pub crawls designed to advertise the
26 existence of Healing Heroes), and information technology as program expenses. Healing Heroes’

1 abuse of joint cost allocation rules inflated its program expenses from less than half a percent to
2 just under ten percent, and had the tendency or capacity to mislead readers of this public
3 document.

4 3.27 Healing Heroes engaged in this improper and deceptive joint cost allocation
5 throughout its corporate life. Healing Heroes did not file financial statements with the
6 Washington Secretary of State for its last two years of operation, but for 2015, when the direct
7 aid to veterans that it reported on its tax return totaled somewhat less than \$200,000, Healing
8 Heroes reported on its annual Washington registration that it spent \$776,025 on “Program
9 Services.” Healing Heroes’ inflated figures for program expenses in IRS filings and filings with
10 the Washington Secretary of State had the tendency and capacity to deceive donors and
11 customers.

12 3.28 Healing Heroes conducted charitable solicitations in Washington from at least
13 2009 to 2017. It registered annually as a charitable organization with the Washington Secretary
14 of State. However, Healing Heroes did not file the required financial reports for 2016 and 2017.
15 Hero Giveaways, LLC has conducted charitable solicitations throughout the country, including
16 on information and belief in Washington, through its website, since January 2018. Hero
17 Giveaways, LLC has not registered as a charitable organization with the Washington Secretary
18 of State.

19 IV. FIRST CAUSE OF ACTION

20 False and Misleading Charitable Solicitations (Healing Heroes and Stacey, Neal and Allan Spiegel)

21 4.1 Plaintiff realleges Paragraphs 1.1 through 3.28 and incorporates them herein as if
22 set forth in full.

23 4.2 Defendants Healing Heroes, Stacey Spiegel, Neal Spiegel and Allan Spiegel have
24 made false, misleading, and deceptive statements to consumers in charitable solicitation—
25 seeking donations, purchases, or sweepstakes or prize entries. Such misrepresentations have
26 included, but are not limited to:

- 1 • By making charitable solicitations that claimed healing Heroes was
2 “assisting these wounded veterans with their injury recovery,”
3 “successfully changing lives” and other, similar representations, Healing
4 Heroes expressly or implicitly represented to potential donors and
5 customers that Healing Heroes operated a charitable program that
6 provided paid medical and other assistance to injured veterans, and that
7 each donation or purchase would advance that program—when, in fact,
8 especially in 2016 and 2017 when it spent less than one percent of
9 donations on any kind of direct aid to veterans, Healing Heroes did not
10 use donations and purchases to operate a charitable program that provided
11 paid medical services and other assistance to wounded veterans, but rather
12 used them to benefit itself, its vendors, including a firm owned by Neal
13 Spiegel and his brother, and the fundraising companies;
- 14 • Representing expressly or implicitly to many thousands of potential
15 donors through sweepstakes letters that every one of them has already
16 won a prize, and implying that the amount they have won is \$10,500 or
17 other amount in excess of \$10,000, when in fact very few have won any
18 prize at all, most of those have won only \$100, and no one at all has won
19 the Grand Prize of approximately \$10,500 since approximately 2010;
- 20 • Representing expressly that Injured American Veterans Foundation is “a
21 special program” of Healing Heroes, when in fact it is simply a fictitious
22 name chosen for its appeal to donors;
- 23 • Representing expressly that Healing Heroes maintains and refers
24 wounded veterans to “a nationwide network” of medical providers ready
25 to provide a variety of services not covered at all or not delivered promptly
26 by the Veterans Administration, when in fact many of the providers in the

1 purported network have performed only one service or none at all, often
2 for pre-existing patients who were not referred by Healing Heroes, many
3 of the services consisting of acupuncture or massage, and for which many
4 have been paid only a small portion of their rate;

- 5 • Representing expressly or implicitly through misleading filings with the
6 Internal Revenue Service and the Washington Secretary of State that their
7 expenses on Healing Heroes’ “programs” was substantially more than it
8 really was; and
- 9 • Representing expressly in some instances that all proceeds would go to
10 wounded veterans or to military servicemembers and their families, when
11 in fact only a minimal portion of proceeds were used to assist wounded
12 veterans or military servicemembers and their families.

13 4.3 The conduct described in paragraphs 4.1 through 4.2 violates
14 RCW 19.09.100(15). Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act
15 are unfair and deceptive acts in trade or commerce and *per se* violations of the Consumer
16 Protection Act, RCW 19.86.

17 V. SECOND CAUSE OF ACTION

18 False and Misleading Charitable Solicitations 19 (Hero Giveaways, LLC and Stacey and Neal Spiegel)

20 5.1 Plaintiff realleges Paragraphs 1.1 through 4.3 and incorporates them herein as if
21 set forth in full.

22 5.2 Defendants Hero Giveaways, LLC, Stacey Spiegel and Neal Spiegel since
23 January 2018 have made false, misleading, and deceptive statements to consumers in charitable
24 solicitations—seeking purchases, prize entries and donations that would supposedly help
25 wounded veterans or members of the military. Such misrepresentations have included, but are
26 not limited to:

- 1 • Representing to potential purchasers of t-shirts and stickers, and potential
2 donors and other participants in a prize entry, with statements on its
3 website and by using the same website previously used by Healing
4 Heroes, that proceeds would assist veterans, wounded veterans, or
5 members of the military, when in fact Hero Giveaways, LLC is a for-
6 profit company that as of July 11, 2018 had provided no such assistance
7 and had no plans to do so;
- 8 • Representing implicitly to potential purchasers of t-shirts and stickers, and
9 potential donors and other participants in a prize entry, by using a name
10 and website recently used by Healing Heroes, and by using descriptions
11 of and testimonials from several individuals who won prizes not from
12 Hero Giveaways, LLC but from Healing Heroes, that Hero Giveaways,
13 LLC is actually Healing Heroes, when in fact it is a for-profit company
14 that as of July 11, 2018 had provided no charitable assistance and had no
15 plans to do so.

16 5.3 By seeking to sell t-shirts and decals, and induce prize entries, through appeals to
17 charitable causes such as helping wounded veterans, servicemembers and their families, Hero
18 Giveaways, LLC engaged in charitable solicitations throughout the United States including
19 Washington.

20 5.4 The conduct described in paragraphs 5.1 through 5.3 violates
21 RCW 19.09.100(15). Pursuant to RCW 19.09.340, violations of the Charitable Solicitations Act
22 are unfair and deceptive acts in trade or commerce and per se violations of the Consumer
23 Protection Act, RCW 19.86.

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VI. THIRD CAUSE OF ACTION

**Misrepresentations In Trade Or Commerce
(Hero Giveaways, LLC and Stacey and Neal Spiegel)**

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6.1 Plaintiff realleges Paragraphs 1.1 through 5.4 and incorporates them herein as if set forth in full.

6.2 By engaging in the conduct alleged in paragraphs 5.1 through 5.4, Defendants Hero Giveaways, LLC and Stacey and Neal Spiegel made a number of express and implicit misrepresentations to customers and potential customers of their for-profit business that had the tendency or capacity to mislead those customers.

6.3 The conduct described in paragraphs 5.1 through 6.2 constitutes unfair and deceptive acts and practices and violates RCW 19.86.020, the Consumer Protection Act.

VII. FOURTH CAUSE OF ACTION

**Conducting Unregistered Charitable Solicitations
(Healing Heroes and Hero Giveaways, LLC)**

7.1 Plaintiff realleges paragraphs 1.1 through 6.3 and incorporates them herein by this reference.

7.2 Beginning on or about January 2018 and continuing until at least July 2018, Defendant Hero Giveaways, LLC, engaged in charitable solicitations toward the general public in the state of Washington without registering with the Washington Secretary of State as a charitable organization. Because Neal Spiegel was compensated for his work, Hero Giveaways, LLC was not eligible for an exemption from registration.

7.3 For calendar years 2016 and 2017, although Defendant Healing Heroes registered as a charitable organization with the Washington Secretary of State, it did not did not file the required financial reports with the Washington Secretary of State. In spite of this, Healing Heroes continued to engage in charitable solicitations in Washington at least through the end of 2017.

7.4 The conduct described in paragraphs 7.1 through 7.3 violates the Charitable Solicitations Act, specifically RCW 19.09.065 and RCW 19.09.075. Pursuant to

1 RCW 19.09.340, the violations described in paragraphs 7.1 through 7.3 are *per se* violations of
2 the Consumer Protection Act, RCW 19.86.

3 **VIII. PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff State of Washington prays for relief as follows:

5 8.1 That the Court adjudge and decree that the Defendants have engaged in the
6 conduct complained of herein.

7 8.2 That the Court adjudge and decree that the conduct complained of constitutes
8 violations of the Charitable Solicitations Act, RCW 19.09, and violations of the Consumer
9 Protection Act.

10 8.3 That the Court adjudge and decree that the conduct complained of constitutes
11 unfair or deceptive acts and practices and an unfair method of competition and is unlawful in
12 violation of the Consumer Protection Act, RCW 19.86.020.

13 8.4 That the Court issue temporary, preliminary and permanent injunctions enjoining
14 and restraining the Defendants, and their representatives, successors, assigns, officers, agents,
15 servants, employees, and all other persons acting or claiming to act for, on behalf of, or in active
16 concert or participation with the Defendants, from continuing or engaging in the unlawful
17 conduct complained of herein.

18 8.5 That the Court assess civil penalties, pursuant to RCW 19.86.140, of up to two
19 thousand dollars (\$2,000.00) per violation against the Defendants for each and every violation
20 of RCW 19.86.020 caused by the conduct complained of herein.

21 8.6 That the Court make such orders pursuant to RCW 19.86.080 as it deems
22 appropriate to provide for restitution to consumers directly or by cy pres to one or more nonprofit
23 organizations of money or property acquired by the Defendants as a result of the conduct
24 complained of herein.

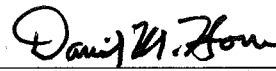
25 8.7 That the Court make such orders pursuant to RCW 19.86.080 to provide that the
26 Plaintiff, State of Washington, recover from the Defendants the costs of this action, including

1 reasonable attorneys' fees.

2 8.8 For such other relief as the Court may deem just and proper.

3 Respectfully submitted this 18th day of July, 2018.

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5 ROBERT W. FERGUSON
6 Attorney General of Washington

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8 DAVID M. HORN, WSBA #13514
9 Senior Counsel
10 Attorneys for the State of Washington
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