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SUPERIOR COURT OF NEW JERSEY
Bergen County Chancery Division
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SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, BERGEN COUNTY
DOCKET NO.: C- 247-20

GURBIR S. GREWAL, Attorney General of the
State of New Jersey; and PAUL R. RODRÍGUEZ,
Director of the New Jersey Division of Consumer
Affairs,

Plaintiffs,

v.

MERLIN'S KIDS, INC., A NJ NONPROFIT
CORPORATION; UNITED K9
PROFESSIONALS INC.; JANICE WOLFE; XYZ
CORPORATIONS 1-10; and JANE AND JOHN
DOES 1-10, individually and as owners, officers,
directors, shareholders, founders, members,
managers, representatives, servants, employees,
independent contractors and/or agents of
MERLIN'S KIDS, INC., UNITED K9
PROFESSIONALS INC. and XYZ
CORPORATIONS 1-10,

Defendants.

Civil Action

COMPLAINT

Plaintiffs Gurbir S. Grewal, Attorney General of the State of New Jersey (“Attorney
General”), with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and Paul R.

Rodríguez, Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey, by way of Complaint state:

PRELIMINARY STATEMENT

1. Merlin’s Kids, Inc. (“Merlin’s Kids”), a New Jersey charitable organization, and its founder and executive director Janice Wolfe (“Wolfe”) (collectively, “Merlin’s Defendants”) have made bold claims about their work in connection with the rescue, rehabilitation, training, and placement of service dogs with individuals who need them, and have raised millions of dollars in support of this mission. Many of these claims were false or misleading, and many of their activities were carried out in violation of New Jersey law. Merlin’s Kids failed to register as a charitable organization for approximately a decade of its operations, while raising funds through solicitations that overstated the services provided by the charity; failing to provide services that were promised; and misleading the public about its training programs, including through unsubstantiated claims about a program that purportedly trained dogs to detect cancer. Meanwhile, funds were siphoned from Merlin’s Kids through suspicious payments that had no apparent connection to the organization’s charitable mission.

2. In carrying out their activities, the Merlin’s Defendants acted in coordination with a separate for-profit entity owned by Wolfe: United K9 Professionals Inc. (“United K9”; together with the Merlin’s Defendants, “Defendants”). Defendants used the non-profit Merlin’s Kids to accept payments for dog training services that would be rendered by the for-profit United K9—although Defendants often failed to deliver the services as promised and misrepresented to consumers that their payments were 100% tax deductible.

3. As detailed below, Defendants’ conduct constitutes multiple violations of the Charitable Registration and Investigations Act, N.J.S.A. 45:17A-18 to -40 (“CRIA”), the

regulations promulgated thereunder, N.J.A.C. 13:48-1.1 to -15.1 (“Charities Regulations”), the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:1-1 to -16.2, and the New Jersey Consumer Fraud Act (“CFA”), N.J.S.A. 56:8-1 to -226.

PARTIES AND JURISDICTION

4. The Attorney General and Director (collectively, “Plaintiffs”) bring this action pursuant to their authority under the CRIA, N.J.S.A. 45:17A-21 and 17A-33, the Charities Regulations, N.J.A.C. 13:48-14.1, and the CFA, N.J.S.A. 56:8-8, 8-11, 8-13 and 8-19. The Attorney General also brings this action pursuant to his authority under the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:12-11.

5. Venue is proper in Bergen County pursuant to R. 4:3-2, because it is the county in which Defendants maintain a principal place of business and Wolfe resides.

6. Merlin’s Kids was established by Wolfe as a Domestic Non-Profit Corporation in the State on October 3, 2008. Wolfe is the registered agent in the State for Merlin’s Kids. Merlin’s Kids maintains a registered office address of 433 Louisa Avenue, Wyckoff, NJ 07481, which also is Wolfe’s home address. At varying times, Merlin’s Kids has maintained a business address of P.O. Box 21, Midland Park, NJ 07432.

7. As noted, Wolfe is a resident of Bergen County, with a home address of 433 Louisa Avenue, Wyckoff, NJ 07481. At all relevant times, Wolfe has held herself out as Merlin’s Kids’ Chief Executive Officer and founder, and has participated in, managed, controlled and/or facilitated the unlawful acts alleged in this Complaint. Wolfe, among other things, actively participated in Merlin’s Kids’ management and operation including, but not limited to: (a) soliciting contributions from donors; (b) participating in speaking engagements on behalf of Merlin’s Kids; (c) meeting and communicating with consumers concerning contracted-for dog

training services; (d) endorsing consumer checks made out to Merlin's Kids for training services; and (e) managing Merlin's Kids' bank accounts, credit cards and other finances.

8. United K9 was established as a Domestic For-Profit Corporation in the State on November 12, 2012. At all relevant times, United K9 has maintained a main business address of 433 Louisa Avenue, Wyckoff, NJ 07481, which is also Wolfe's home address. On June 16, 2015, the registration for United K9 as a Domestic For-Profit Corporation was revoked for failure to pay annual fees. The registered agent in the State for United K9 is Ron Ofeck, with an address of 85 Main Street, Hackensack, NJ 07401.

9. Upon information and belief, XYZ Corporations 1 through 10 are fictitious corporations meant to represent any additional corporations that have been involved in the conduct that gives rise to this Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

10. Upon information and belief, John and Jane Does 1 through 10 are fictitious individuals meant to represent the owners, officers, directors, shareholders, founders, managers, agents, servants, employees, representatives and/or independent contractors of Merlin's Kids, United K9, and/or XYZ Corporations 1 through 10 who have been involved in the conduct that gives rise to this Complaint, but are heretofore unknown to the Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

11. Through complaints by members of the public and its own investigation, the Division has determined that Defendants have violated the CFA, Nonprofit Corporations Act, CRIA and Charities Regulations through their actions, including but not limited to: engaging in unlawful charitable solicitations; using misleading statements and misrepresentations in their

charitable fundraising and advertising; failing to render paid-for services; and failing to properly monitor, segregate, and account for charitable funds while suspicious payments were made from Merlin's Kids accounts, including to pay Wolfe.

A. Merlin's Kids' Substantial Unauthorized Charitable Fundraising

12. Under the CRIA and the Charities Regulations, a charitable organization—including any person determined by the Internal Revenue Service ("IRS") to be a tax exempt organization pursuant to 501(c)(3) of the Internal Revenue Code—must register with the Division if the entity receives gross contributions in excess of \$10,000 in a fiscal year and no exemption applies.

13. Despite its obligation to register with the Division, Merlin's Kids unlawfully raised millions of dollars as an unregistered charitable organization over the course of a decade, until it eventually submitted a charitable registration statement to the Division in 2019.

14. The Certificate of Incorporation for Merlin's Kids describes the entity as a non-profit with a charitable purpose of "rescu[ing] and rehabilitat[ing] domesticated animals, including but not limited to, dogs and horses and for the training of service dogs for special needs children and adults and their families." According to Merlin's Kids' 2016 Form 990—a form filed with the IRS by organizations exempt from federal income tax—the organization's mission includes the "[r]escue and rehabilitation of shelter animals, provision of free service dogs to children with Autism and other special needs and Veterans [as well as] [f]ree occupational speech and physical therapies to special needs children."

15. On February 18, 2011, the IRS issued a Determination Letter, which notified Merlin's Kids of the IRS's determination that Merlin's Kids was a tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code.

16. According to available IRS filings, Merlin’s Kids had gross receipts totaling at least \$6,987,223 during its fiscal years 2011 through 2018. Specifically, Merlin’s Kids reported the following revenue for its fiscal years from 2011 through 2018 in its Form 990 filings:

Fiscal Year	Gross Receipts
2011	\$391,245.00
2012	\$825,868.00
2013	None Reported/Available
2014	\$1,001,672.00
2015	\$1,107,633.00
2016	\$1,095,827.00
2017	\$1,249,623.00
2018	\$1,315,355.00

17. While unlawfully raising millions of dollars, Merlin’s Kids failed to register with the Division as a charitable organization for approximately a decade. Merlin’s Kids first submitted a registration statement (Form CRI-150-I) on February 12, 2019, and submitted a Form CRI-300R to renew its registration with the Division on January 15, 2020.

18. Between October 3, 2008, and February 12, 2019, Merlin’s Kids held itself out as a charitable organization, and Wolfe held out Merlin’s Kids as a charitable organization, although no charitable registration statement had been submitted to the Division on behalf of Merlin’s Kids. Moreover, Merlin’s Kids and Wolfe solicited charitable contributions (including directing payments for services offered by United K9 to Merlin’s Kids), although no charitable registration statement had been submitted to the Division on behalf of Merlin’s Kids.

B. Defendants' Misleading Fundraising and Marketing Activities

1. Merlin's Kids

19. At all relevant times, the Merlin's Defendants have advertised services and solicited charitable contributions through the website www.merlinskids.org ("Merlin's Kids Website").

20. The Merlin's Defendants have overstated the scope of their expertise, prior work, and current services—misleading the public and donors—including through advertising on the Merlin's Kids Website. For instance, the Merlin's Defendants have advertised that "over 700 shelter dogs have been rescued, rehabilitated, trained and placed as Merlin's Kids (MK) service dogs to special needs children and families," and that "over 1,000 shelter dogs have been saved and trained as therapy and companion animals." Similarly, Wolfe stated that she personally has "placed 1,300 rescued and rehabilitated dogs as service, therapy, and companion dogs" and has "helped 25,000 dogs with behavior issues." In reality, the Merlin's Kids Website significantly overstated the number of shelter dogs that the organization rescued, rehabilitated, trained, and placed as service dogs. Indeed, Merlin's Kids does not maintain records documenting each rescue, rehabilitation, training, or placement and has no ability to determine the number of animals purportedly trained.

21. The Merlin's Defendants also have made misrepresentations regarding a "Disease Detection" program—misleading the public and donors. Specifically, the Merlin's Defendants have claimed that one or more dogs deployed by Wolfe successfully "screen[ed] thousands of people each year" for cancer. Moreover, the Merlin's Defendants have claimed that, as part of the purported "Disease Detection" program, Merlin's Kids has "obtained and analyzed" human blood samples and "partner[s] with the International Firefighter Cancer Foundation."

22. These claims are not accurate. Dogs deployed by Merlin's Kids have not screened "thousands of people each year" for cancer, and Merlin's Kids has not obtained and analyzed human blood samples as part of its purported "Disease Detection" program. And the International Firefighter Cancer Foundation terminated its relationship with Merlin's Kids on June of 2017, even though the Merlin's Kids Website advertised the partnership between April 18, 2019 and May 19, 2020.

23. Moreover, the Merlin's Kids Website misrepresented many of the other services allegedly provided to consumers, such as "Certification Courses" to persons in dog training.

24. Similarly, through the Merlin's Kids Website, the Merlin's Defendants also purportedly offered "Shelter to Service Dog (SD2)™" as another one of its training programs. "Shelter to Service Dog," however, is a registered trademark for an entirely different charitable organization, Humane Society of Greater Jupiter/Tequesta, Inc. DBA Furry Friends Adoption Clinic & Ranch, which has no relationship with Merlin's Kids. The Merlin's Website merely lists the "Shelter Dog to Service Dog" name and provides a link to "Donate Now."

25. While making misstatements regarding its expertise, experience, and services, the Merlin's Kids Website solicited donations, stating "we need your help." The Merlin's Kids Website reminded potential donors that "[a]ll donations are 100% tax deductible" and that the organization placed purportedly rehabilitated service dogs with candidates "challenged" with conditions such as "PTSD," even though not all donations were tax deductible and placements were not exclusively with candidates suffering from physical or mental ailments. The Merlin's Kids Website further states that Merlin's Kids, "rescue[s] and rehabilitate[s] shelter dogs and change their lives by turning them into service dogs. These service dogs are then placed with

candidates that are challenged with autism and other special needs, PTSD dogs for disabled war veterans . . . ,”

26. Worse yet, in those instances where Merlin’s Kids actually placed an animal with an individual, the Merlin’s Kids Website promised that “Merlin’s Kids will continually follow up by doing in-home visits as needed,” but rarely did so. In fact, the Merlin’s Website inaccurately suggested that it would provide life-time service, stating: “An average of 600-1200 hours of training and behavior modifications goes into . . . each MK service dog . . . [a]ll service dogs are monitored and offered regular follow-up training for their lifetime.”

27. Members of the public repeatedly donated to Merlin’s Kids unaware of these deceptions or that meaningful sums of their donations would be extracted from Merlin’s Kids through suspicious and unexplained payments having no apparent relation to its charitable purpose, as detailed below.

2. United K9

28. Through the website located at www.unitedk9pros.com (“United K9 Website”), Wolfe advertised, offered for sale, and/or sold additional services, including dog behavior and training services, to residents of New Jersey and elsewhere.

29. At varying times, United K9 advertised its dog training services by referencing Merlin’s Kids, stating:

[G]roup service dog and therapy dog training classes are offered through our sister non-profit organization. Many of our team members partner hand-in hand with Merlin’s Kids as volunteers, fosters, service dog handlers, administrative assistants, and more. If you are interested in becoming a service dog handler or training your own dog to be a service dog, visit www.merlinskids.org.

Both the United K9 Website and the Merlin’s Kids Website link to the other entity in describing available courses for dog training. When consumers contracted with United K9 for courses to

become certified dog trainers, Wolfe instructed them to make payment for those services to Merlin's Kids, falsely telling consumers that payments made in that fashion would be 100% tax deductible.

30. Further, the United K9 Website promises "Lifetime Guarantee Policy (Private Classes Only)," which provides "[w]hile we do NOT offer refunds for our services, our private in-home classes are backed by our Lifetime Guarantee Policy, offering continued support for your dog for the duration of his or her life." United K9, however, repeatedly failed to provide continued support when needed.

31. Some consumers also procured Wolfe's training services directly. For those services, Wolfe similarly instructed consumers to remit payment for said instruction to Merlin's Kids. And frequently only provided minimal, incomplete in-person training, refusing to provide continued in-person support.

C. Suspicious Transactions and Failure to Properly Monitor, Segregate, and Account for Merlin's Kids' Funds

32. Wolfe opened and/or had signatory authority on multiple Merlin's Kids business checking accounts, including a Providence Bank account ending in 3254 ("Merlin's Kids Account 3254"); a Unity Bank account ending in 3134 ("Merlin's Kids Account 3134"); a Bank of America account ending in 8825 ("Merlin's Kids Account 8825"); a Bank of America account ending in 1053 ("Merlin's Kids Account 1053"); and a PNC Bank account ending in 1997 ("Merlin's Kids

Account 1997”). In addition, Merlin’s Kids used a PayPal account to receive donations, as well as a Square / Cash App account.

33. As part of its investigation of Defendants, described, in part, in Section D infra, the Division sought the production of financial records and other documents from Wolfe relating to Merlin’s Kids, as well as bank records.

34. This investigation revealed that Wolfe failed to properly monitor, segregate, and account for Merlin’s Kids’ funds—including, by way of example, spending in excess of \$150,000.00 in 2018 on transactions. These transactions, especially when taken together and in light of their frequency and amounts relative to the comparatively small size of Defendants’ operation—which operates with a handful of staff and volunteers—were flagged by the Division as suspicious and/or not obviously related to the organization’s charitable purpose.

35. For example, and among many other questionable transactions in 2018, Wolfe used Merlin’s Kids Account 1053, Merlin’s Kids Account 8825, Merlin’s Kids Account 3254, Merlin’s Kids Account 1997, and/or Merlin’s Kids’ account at PayPal for:

- a. Purchases from Michael Kors, Macy’s, Ikea, Menards, Groupon, Etsy, Overstock, Wish, Evine Live, and many other retail stores and online retail totaling \$3,893.43;
- b. Purchases from Meaningful Beauty (\$206.46) and Adora Bella Salon (\$555);
- c. Teller / counter withdrawals, ATM withdrawals, “Venmo[s] to self” and other cash transfers totaling \$84,751.40;
- d. Payments to Chestnut Meadows LLC, Steve’s Pest Control, Karpelian Carpet & Floor and other property-related purchases totaling \$20,801.72;
- e. Purchases from numerous gas stations, NJM Insurance, several automotive repair shops, and other travel-related expenses totaling \$3,659.18; and
- f. Purchases from Dunkin’, China King, Ruby Tuesday, Jack in the Box, Panera Bread, Burrini’s Olde World Market, Seafood Gourmet Maywood, Event Wines, Vegan Treats, and many other supermarkets and restaurants totaling \$7,753.60.

36. Indeed, there are hundreds of transactions from January 2018 until the end of October 2019 across the Merlin's Kids accounts that the Division has questioned. But when questionable transactions were presented to Wolfe during the investigation, she was unwilling or unable to demonstrate a legitimate purpose for the overwhelming majority of them, despite promising to do so and being given multiple opportunities to follow through on her promises.

37. Prior to 2019, Wolfe also used funds from Merlin's Kids' business accounts at Bank of America (Merlin's Kids Account 1053 and Merlin's Kids Account 8825) for other questionable transactions that do not relate to the charitable purpose of Merlin's Kids. Some of the expenses charged during this period include: (a) a counter withdrawal in 2014 in the amount of \$13,127.69; (b) a purchase in 2015 from NouveauFineArts.com in the amount of \$4,626.00; (c) a purchase in 2016 from Lexus of Edison in the amount of \$10,000.00; and (d) purchase in 2017 from Menards—Jefferson City in the amount of \$7,223.99.

38. Furthermore, while Wolfe had access to, and/or control over, the bank accounts associated with Merlin's Kids, large sums of money were transferred from Merlin's Kids' business accounts into Wolfe's personal accounts as "Venmo to self" payments.

D. Defendants' Failure to Cooperate with the Attorney General's Investigation

39. On May 15, 2019, the Division issued an Administrative Subpoena Duces Tecum to Merlin's Kids ("Merlin's Kids Subpoena"). On June 7, 2019, the Division received a first, incomplete set of documents in response to the Merlin's Kids Subpoena. On August 16, 2019, the Division received a second, incomplete set of documents in response to the Merlin's Kids Subpoena.

40. On September 3, 2019, the Division's counsel sent a letter enumerating deficiencies in the production received in response to the Merlin's Kids Subpoena ("September 3 Deficiency

Letter”). On September 27, 2019, the Division received a third, incomplete set of documents in response to the Merlin’s Kids Subpoena. On September 30, 2019, the Division’s counsel sent an email asking whether the September 27, 2019 production included the balance of the production and, if so, reiterating the requirement for an immediate return of the executed Certification of Compliance transmitted with the Merlin’s Kids Subpoena. On October 18, 2019, the Division received a fourth, incomplete set of documents in response to the Merlin’s Kids Subpoena.

41. On March 13, 2020, the Division received the fifth and last set of documents in response to the Merlin’s Kids Subpoena. This production was incomplete.

42. On October 28, 2019, the Division issued to Merlin’s Kids a Request for Statements Under Oath (“RFSUO”). On November 8, 2019, the Division received only a partial response to the RFSUO from Merlin’s Kids. Despite the Division’s requests for compliance, the Division never received a complete response to the RFSUO.

COUNT I

VIOLATIONS OF THE CRIA AND CHARITIES REGULATIONS BY THE MERLIN’S DEFENDANTS (FAILURE TO FILE A REGISTRATION STATEMENT)

43. Plaintiffs repeat and reallege the allegations contained in the preceding paragraphs as if more fully set forth herein.

44. For purposes of the CRIA and Charities Regulations, a “charitable organization” is:

(1) any person determined by the federal Internal Revenue Service to be a tax exempt organization pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C. s.501(c)(3); or

(2) any person who is, or holds himself out to be, established for any benevolent, philanthropic, humane, social welfare, public health, or other eleemosynary purpose, or for the benefit of law enforcement personnel, firefighters or other persons who protect the public safety, or any person who in any manner employs a charitable appeal

as a basis of any solicitation, or an appeal which has a tendency to suggest there is a charitable purpose to any such solicitation.

[N.J.S.A. 45:17A-20; N.J.A.C. 13:48-1.3.]

45. The CRIA requires every charitable organization operating or soliciting within New Jersey, and not otherwise exempt, to register with the Attorney General. N.J.S.A. 45:17A-23(a). It is unlawful for any non-exempt charitable organization to solicit contributions or have contributions solicited on its behalf before the Attorney General has been given the opportunity to review the organization's registration statement. N.J.S.A. 45:17A-23(b); N.J.A.C. 13:48-3.1(a).

46. The Charities Regulations further address "Unregistered Practice" and provide in pertinent part that:

(a) It shall be a violation of the Act for any charitable organization or person required to file a registration statement in accordance with the Act and the rules set forth in this chapter to fail to do so.

...

(c) Solicitation activities on behalf of an unregistered charitable organization, whether conducted by the charitable organization or any other person, shall be a violation of this Act and considered misconduct by both the charitable organization and the other person.

[N.J.A.C. 13:48-13.1.]

47. At least since it obtained status as a tax exempt organization pursuant to section 501(c)(3) of the Internal Revenue Code in 2011, and potentially dating back to its incorporation, Merlin's Kids functioned as a charitable organization within the meaning of the CRIA and solicited charitable donations in New Jersey.

48. As Merlin's Kids is not exempt from the registration requirements of the CRIA and Charities Regulations and has annually collected contributions in excess of \$25,000.00, it has been required to file the Long Form Registration Statement with the Attorney General, as provided in

the CRIA, specifically N.J.S.A. 45:17A-24, and the Charities Regulations, N.J.A.C. 13:48-5.1, as well as annual renewal statements, N.J.S.A. 45:17A-23(b); N.J.A.C. 13:48-3.1(f).

49. At no time prior to February 12, 2019, did Merlin's Kids submit a Form CRI-150-I to the Attorney General, through the Division.

50. On February 12, 2019, the Division's Charities Registration Section received the Merlin's Kids Form CRI-150-I.

51. At least from the time Merlin's Kids first obtained a 501(c)(3) status in 2011, and potentially dating back to its incorporation, until February 12, 2019, the Merlin's Defendants violated the CRIA and the Charities Regulations by soliciting and continuing to solicit contributions through the Merlin's Kids Website and otherwise, without registration as a charitable organization with the Division.

52. In its fiscal years from 2011 through 2018, Merlin's Kids collected monetary payments, either through PayPal, Cash App or by check, in the aggregate amount of at least \$6,987,223.00.

53. Each solicitation the Merlin's Defendants made while Merlin's Kids was not registered as a charitable organization, when such registration was required, constitutes a separate violation of the CRIA, N.J.S.A. 45:17A-23, and the Charities Regulations, N.J.A.C. 13:48-3.1(a) and N.J.A.C. 13:48-13.1(a), (c).

COUNT II

**VIOLATIONS OF THE CRIA AND THE CHARITIES REGULATIONS
BY DEFENDANTS
(UNTRUTHFUL STATEMENTS, MISREPRESENTATIONS AND
EXPENDING CONTRIBUTIONS IN A
MANNER INCONSISTENT WITH CHARITABLE PURPOSE)**

54. Plaintiffs repeat and reallege the allegations contained in the preceding paragraphs as if more fully set forth herein.

55. The CRIA and the Charities Regulations require that oral or written statements made by charitable organizations or on their behalf be truthful. N.J.S.A. 45:17A-32(a); N.J.A.C. 13:48-11.2(b).

56. Further it is unlawful, as applied to the planning, conduct or execution of any solicitation or charitable sales promotion, to misrepresent the purpose or nature of the charitable institution or the purpose or beneficiary of a solicitation; to solicit contributions for a purpose other than the charitable purpose expressed in the statement of the charitable organization or expend contributions in a manner inconsistent with that purpose, or to fail to disclose any material fact. N.J.S.A. 45:17A-32(c)(1); N.J.A.C. 13:48-13.2(a)(1).

57. Defendants have made false statements and misrepresentations in violation of the CRIA and the Charities Regulations.

58. The conduct of Defendants in violation of N.J.S.A. 45:17A-32(a), (c)(1) and N.J.A.C. 13:48-11.2(b) and 13.2(a) includes, but is not limited to, the following:

- a. Representing on the Merlin's Kids Website that Merlin's Kids is "a non profit organization dedicated to providing individually trained service dogs to those in need" and that Merlin's Kids "rel[ies] solely on charitable donations to achieve this goal" while payment for United K9 dog training services are made to Merlin's Kids, and transactions from Merlin's Kids accounts are unrelated to its charitable purpose;

- b. Representing to the public that any donations made to Merlin's Kids would be eligible for a charitable contribution deduction under the Internal Revenue Code, when such is not the case when dog training or other services are exchanged for the donation;
- c. Representing to the public on Merlin's Kids Website that "over 700 shelter dogs have been rescued, rehabilitated, trained and placed as Merlin's Kids (MK) service dogs to special needs children and families," and "over 1,000 shelter dogs have been saved and trained as therapy and companion animals through Merlin's Kids," when such is not the case;
- d. Representing to the public on the "Disease Detection" portion of the Merlin's Kids Website that "blood samples are obtained and analyzed" as part of the program, when such is not the case;
- e. Representing to the public on the Merlin's Kids Website that Merlin's Kids "partner[s] with the International Firefighter Cancer Foundation" after the partnership with the foundation had been terminated;
- f. Falsely implying a connection between Shelter Dog to Service Dog and Shelter to Service Dog, which is a registered trademark for a charitable organization as well a recognized 501(c)(3) nonprofit organization, Humane Society of Greater Jupiter/Tequesta, Inc. DBA Furry Friends Adoption, Clinic & Ranch in solicitations of donations on the Merlin's Kids Website, when such is not the case; and
- g. Representing that monies donated are used as charitable contributions, among other things, by falsely stating that Merlin's Kids "rescue[s] and rehabilitate[s] shelter dogs and change their lives by turning them into service dogs. These service dogs are then placed with candidates that are challenged with autism and other special needs, PTSD dogs for disabled war veterans . . . ," when such is not the case.

59. Each false statement, misrepresentation, and expenditure of contributions in a manner inconsistent with the charitable purpose by the Defendants constitutes a separate violation of the Charities Act, N.J.S.A. 45:17A-32(a), (c)(1), and the Charities Regulations, N.J.A.C. 13:48-13.2(a).

COUNT III

VIOLATION OF THE NEW JERSEY NONPROFIT CORPORATION ACT BY THE MERLIN'S DEFENDANTS (FRAUDULENT MISREPRESENTATION AND CONDUCTING ACTIVITIES PREJUDICIAL TO THE PUBLIC)

60. Plaintiffs repeat and reallege the preceding allegations as if more fully set forth herein.

61. The Nonprofit Corporation Act authorizes the Attorney General to seek dissolution of a nonprofit corporation through an action in the Superior Court upon the grounds that the corporation has procured its organization through fraudulent misrepresentation, has repeatedly conducted its business in an unlawful manner, or concealment of a material fact or is conducting activities in a manner which is prejudicial to the public, among other reasons. N.J.S.A. 15A:12-11(a)(1), (5), (11).

62. To date, the Merlin's Defendants have failed to apply significant monetary contributions made to Merlin's Kids to the training of service dogs for special needs children and adults and their families. Similarly, the Merlin's Defendants have failed to apply significant monetary contributions made to Merlin's Kids to date to its other stated charitable purposes, specifically, the rescue and rehabilitation of domesticated and shelter animals, the provision of free service dogs to children with Autism and other mental or physical ailments and to Veterans, and the free occupational speech and physical therapies to children.

63. As such, they have failed to conduct the activities of Merlin's Kids in a manner consistent with the charitable purpose articulated in its Certificate of Incorporation, specifically the "rescue and rehabilitat[ion of] domesticated animals . . . for the training of service dogs."

64. In their solicitation of contributions, the Merlin's Defendants have made false and misleading statements and otherwise engaged in conduct that will inure to the detriment of the public making such contributions.

65. Among other things, the Merlin's Defendants have:

- a. Represented on the Merlin's Kids Website that Merlin's Kids is "a non profit organization dedicated to providing individually trained service dogs to those in need" and that Merlin's Kids "rel[ies] solely on charitable donations to achieve this goal" while payment for United K9 dog training services are made to Merlin's Kids, and transactions from Merlin's Kids accounts are unrelated to its charitable purpose;
- b. Misled the public by stating that any donations made to Merlin's Kids would be eligible for a charitable contribution deduction under the Internal Revenue Code, when such is not the case when dog training or other services are exchanged for the donation;
- c. Misled the public by stating on Merlin's Kids Website that "over 700 shelter dogs have been rescued, rehabilitated, trained and placed as Merlin's Kids (MK) service dogs to special needs children and families," and "over 1,000 shelter dogs have been saved and trained as therapy and companion animals through Merlin's Kids," when such is not the case;
- d. Misled the public on the "Disease Detection" portion of the Merlin's Kids Website by stating that "blood samples are obtained and analyzed" as part of the program, when such is not the case;
- e. Misled the public on the Merlin's Kids Website by stating that Merlin's Kids "partner[s] with the International Firefighter Cancer Foundation" after the partnership with the foundation had been terminated;
- f. Falsely implied a connection between Shelter Dog to Service Dog and Shelter to Service Dog, which is a registered trademark for a charitable organization as well a recognized 501(c)(3) nonprofit organization, Humane Society of Greater Jupiter/Tequesta, Inc. DBA Furry Friends Adoption, Clinic & Ranch in solicitations of donations on the Merlin's Kids Website, when such is not the case; and
- g. Represented that monies donated are used as charitable contributions, among other things, by falsely stating that Merlin's Kids "rescue[s] and rehabilitate[s] shelter dogs and change their lives by turning them into service dogs. These service dogs are then placed with candidates that are challenged with autism and other special needs, PTSD dogs for disabled war veterans . . . ," when such is not the case.

66. Based upon Merlin's Defendants' conduct, dissolution of Merlin's Kids is appropriate, as provided by the Act, specifically N.J.S.A. 15A:12-11(a)(1), (11).

COUNT IV

**VIOLATION OF THE CRIA BY THE MERLIN'S DEFENDANTS
(FAILURE TO COOPERATE WITH THE ATTORNEY GENERAL'S
INVESTIGATION)**

67. Plaintiffs repeat and reallege the allegations contained in the preceding paragraphs as if more fully set forth herein.

68. In addition to violating the substantive requirements of the CRIA and the Charities Regulations, Merlin's Kids violated the CRIA by failing to cooperate with the investigation initiated by the Attorney General and the Division.

69. The CRIA, specifically N.J.S.A. 45:17A-21 and -33, authorizes the Attorney General to issue subpoenas to any person in aid of any inquiry under the CRIA.

70. On May 15, 2019, the Division issued the "Merlin's Kids Subpoena, which was returnable on June 10, 2019. The Division received multiple partial responses to the Merlin's Kids Subpoena, but notwithstanding the Division's efforts to secure compliance, Merlin's Kids failed to comply with the Merlin's Kids Subpoena.

71. On October 28, 2019, the Division issued to Merlin's Kids a RFSUO. On November 8, 2019, the Division received a partial response to the RFSUO from Merlin's Kids. Notwithstanding the Division's efforts to secure compliance, Merlin's Kids failed to comply with the RFSUO.

72. Merlin's Kids, has failed to fully and accurately respond to the Merlin's Kids Subpoena and RFSUO.

73. Merlin's Kids' failure to cooperate with the investigation constitutes a separate violation of the CRIA, N.J.S.A. 45:17A-33.

COUNT V

**VIOLATION OF CRIA AND CHARITIES REGULATIONS
BY THE MERLIN'S DEFENDANTS
(FAILING TO MAINTAIN ACCURATE BOOKS AND RECORDS)**

74. Plaintiffs repeat and reallege the allegations contained in the preceding paragraphs as if more fully set forth herein.

75. The CRIA, specifically N.J.S.A. 45:17A-31(a), requires:

Every charitable organization, unless exempted pursuant to subsection a. or b. of section 9 of this act . . . keep complete and accurate records of its activities in this State as may be required by this act, in such form as will enable them to accurately provide the information required by this act or regulations promulgated under the authority of this act. The records shall be made available upon demand by the Attorney General.

76. The Charities Regulations, N.J.A.C. 13:48-10.1(a)-(b), have a similar requirement.

77. The deficient response of Merlin's Kids to the Subpoena demonstrates that the Merlin's Defendants have failed to keep complete and accurate records of its activities in the State in such form as would enable the Merlin's Defendants to accurately provide the information required by the CRIA and Charities Regulations upon demand by the Attorney General.

78. Failure to maintain accurate books and records by Merlin's Defendants comprises a separate violation of the CRIA, N.J.S.A. 45:17A-31(a) and the Charities Regulations, N.J.A.C. 13:48-10.1(a)-(b).

COUNT VI

VIOLATION OF THE CRIA AND THE CHARITIES REGULATIONS BY WOLFE

79. Plaintiffs repeat and reallege the allegations contained in the preceding paragraphs as if more fully set forth herein.

80. At all relevant times, Wolfe has been an owner, member, manager, director, and/or representative of Merlin's Kids and has controlled, directed and/or participated in the management and operation of that entity, including the conduct alleged in this Complaint.

81. In these capacities, Wolfe actively participated in the violations of the CRIA and the Charities Regulations committed by Merlin's Kids. Among other things, Wolfe: (1) solicited donations on behalf of Merlin's Kids by holding out Merlin's Kids as a charity when Merlin's kids was not registered as a charity, N.J.A.C. 13:48-13.1; (2) had signatory and other authority over Merlin's Kids financial accounts at the time questionable transactions in those accounts occurred; (3) instructed consumers to make payments for United K9 services to Merlin's Kids while asserting that those payments would be 100% tax deductible, N.J.S.A. 45:17A-32(a); N.J.A.C. 13:48-11.2(b); (4) failed to provide guaranteed training services, N.J.S.A. 45:17A-32(a); N.J.A.C. 13:48-11.2(b); (5) failed to provide promised in-person training to recipients of service animals, N.J.S.A. 45:17A-32(a); N.J.A.C. 13:48-11.2(b); (6) offered lifetime guarantees to consumers regarding training, but then failed to follow-up with consumers or provide subsequent services; and (7) claimed that dogs deployed by her for cancer detection were "screening thousands of people each year," N.J.S.A. 45:17A-32(a); N.J.A.C. 13:48-11.2(b).

COUNT VII

**VIOLATION OF THE CFA BY ALL DEFENDANTS
(UNCONSCIONABLE COMMERCIAL PRACTICES AND DECEPTION)**

82. Plaintiffs repeat and reallege the allegations contained in the preceding paragraphs as if more fully set forth herein.

83. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing[] concealment, suppression, or omission of any material fact with the intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby . . .

84. Similarly, the CRIA, N.J.S.A. 45:17A-32(c) prohibits:

The following acts and practices are declared unlawful as applied to the planning, conduct, or execution of any solicitation or charitable sales promotion:

. . .

(3) To violate or fail to comply with any of the applicable provisions of the consumer fraud law, P.L.1960, c. 39 (C.56:8-1 et seq.) or the regulations adopted pursuant to that act.

85. The United K9 Website advertises "[g]roup service dog and therapy dog training classes are offered through our sister non-profit organization" and urges consumers interested "in becoming a service dog handler or training your own dog to be a service dog" to visit www.merlinskids.org.

86. The United K9 Website also provides that "[p]rivate classes are backed by our Lifetime Guarantee Policy, which features unlimited FREE follow-ups (after your initial class fee) for the entire duration of your dog's life."

87. The Merlin's Kids Website states that the organization offers Certification in Natural Canine Behavior Rehabilitation™, Behavioral Intervention™, Therapeutic Facilitation™, disease detection dog training. The Merlin's Kids' Website further provides that "[o]nce requirements are satisfied for each program, there will be a test and continuing education to ensure that each candidate has mastered the techniques."

88. In the operation of their business, Defendants employed and engaged in the use of unconscionable commercial practices by failing to provide contracted for and paid for certifications to students, and failing to honor the lifetime guarantee.

89. Each instance of each unconscionable commercial practice and act of deception by Defendants constitutes a separate violation of the CFA, N.J.S.A. 56:8-2. Each violation of the CFA, is, in turn, a violation of the CRIA, N.J.S.A. 45:17A-32(c)(3).

PRAYER FOR RELIEF

WHEREFORE, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

- (a) Finding that the acts and practices of Defendants constitute multiple violations of the CRIA, N.J.S.A. 45:17A-18 to -40, the Charities Regulations, N.J.A.C. 13:48-1.1 to -15.1, the New Jersey Nonprofit Corporation orgAct, N.J.S.A. 15A:1-1 to -16.2, and the CFA, N.J.S.A. 56:8-1 to -226;
- (b) Permanently enjoining Defendants and their owners, officers, directors, trustees, shareholders, members, founders, managers, agents, servants, employees, representatives, independent contractors and all other persons or entities directly under their control, from engaging in, continuing to engage in, or doing any acts or practices in violation of the CRIA, N.J.S.A. 45:17A-18 to -40, the Charities Regulations, N.J.A.C. 13:48-1.1 to -15.1, and the CFA, N.J.S.A. 56:8-1 to -226, including, but not limited to, the acts and practices alleged in the Complaint;
- (c) Permanently enjoining Wolfe, whether individually or through any corporation, from registering or operating any charitable organization and/or independent paid fund raiser within New Jersey, in accordance with the CRIA, N.J.S.A. 45:17A-33(e);

- (d) Ordering Defendants to arrange for the shut-down of the Merlin's Kids Website, as well as Merlin's Kids' affiliated online accounts, including, but not limited to, any Facebook page, Instagram account, Twitter account and Amazon registry;
- (e) Vacating or annulling the corporate charter of Merlin's Kids, as authorized by the CRIA, N.J.S.A. 45:17A-33(e), and the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:12-11;
- (f) Ordering Defendants, jointly and severally, to disgorge all funds and property (real and personal) acquired and/or retained as a result of any acts or practices in violation of the CRIA, N.J.S.A. 45:17A-18 to -40, the Charities Regulations, N.J.A.C. 13:48-1.1 to -15.1, or the CFA, N.J.S.A. 56:8-1 to -226, including, but not limited to, the acts and practices alleged in the Complaint;
- (g) Appointing a receiver, as authorized by the CRIA, N.J.S.A. 45:17A-33(e), the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:14-2, and the CFA, N.J.S.A. 56:8-8, at Defendants' expense, to assume control over the assets of Defendants, render a full accounting and thereafter sell and/or convey such assets under the direction of the Court in order to restore any person who has suffered damages, whether or not named in the Complaint, as a result of the unlawful acts of Defendants;
- (h) Directing Defendants, jointly and severally, to restore to any affected person, whether or not named in this Complaint, any money or real or personal property acquired by means of any practice alleged herein to be unlawful and found to be unlawful, as authorized by the CRIA, N.J.S.A. 45:17A-33(e), the Charities Regulations, N.J.A.C. 13:48-14.1(a)(3), and the CFA, N.J.S.A. 56:8-8;
- (i) Directing Defendants, jointly and severally, to pay the maximum civil penalties for each and every violation of the CRIA and the Charities Regulations, in accordance with N.J.S.A. 45:17A-33(d) and N.J.A.C. 13:48-14.1, and the CFA, in accordance with N.J.S.A. 56:8-13;

- (j) Directing Defendants, jointly and severally, to pay costs and fees, including attorneys' fees, for the use of the State, as authorized by the CRIA, N.J.S.A. 45:17A-33(d), and CFA, N.J.S.A. 56:8-11; and
- (k) Granting such other relief as the interests of justice may require.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: /s/ Stephanie M. Asous
Stephanie M. Asous
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: December 18, 2020
Newark, New Jersey

RULE 4:5-1 CERTIFICATION

I certify, to the best of my information and belief, that the matter in this action involving the aforementioned violations of the Charitable Registration and Investigations Act, N.J.S.A. 45:17A-18 to -40, the regulations promulgated thereunder, N.J.A.C. 13:48-1.1 to -15.1, the New Jersey Nonprofit Corporation Act, N.J.S.A. 15A:1-1 to -16.2, and the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 to -226, is not the subject of any other action pending in any other court of this State. I further certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: /s/ Stephanie M. Asous
Stephanie M. Asous
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: December 18, 2020
Newark, New Jersey

RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with R. 1:38-7(b).

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: /s/ Stephanie M. Asous
Stephanie M. Asous
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: December 18, 2020
Newark, New Jersey

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, Deputy Attorney General Stephanie M. Asous is hereby designated as trial counsel for the Plaintiffs in this action.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: /s/ Stephanie M. Asous
Stephanie M. Asous
Deputy Attorney General
Consumer Fraud Prosecution Section

Dated: December 18, 2020
Newark, New Jersey