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Attorneys for Petitioner The Autonomous Region of Narcotics Anonymous, an interested party of The Narcotics Anonymous Fellowship Intellectual Property Trust

**SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF LOS ANGELES,
STANLEY MOSK COURTHOUSE**

In the Matter of: THE NARCOTICS ANONYMOUS FELLOWSHIP INTELLECTUAL PROPERTY TRUST

Case No: PETITION FOR

- (1) INSTRUCTIONS;
- (2) ORDERS FIXING COMPENSATION OF TRUSTEE;
- (3) REMOVAL AND REPLACEMENT OF TRUSTEE; AND
- (4) SURCHARGE [PROBATE CODE §§ 16000, 16002, 16004, 16060, 16102, 16420, 16440, 17200]

Petitioner, The Autonomous Region of Narcotics Anonymous, an interested party of The Narcotics Anonymous Fellowship Intellectual Property Trust, alleges as follows:

Introduction and Parties

1. This Petition is brought to resolve a conflict of interest between the mission of a charitable trust and the interests of its trustee. The Fellowship of Narcotics Anonymous (the “Fellowship”) was founded in about 1953 by recovering addicts. They met regularly to help each other stay clean and practice complete abstinence from all drugs. Today, the Fellowship consists of hundreds of thousands of members meeting regularly in NA Groups throughout the world. The Fellowship uses a twelve-step model that is a variation of the twelve-step model used by Alcoholics Anonymous, but which relies on recovery literature specific to drug addiction, i.e., Narcotics Anonymous books, booklets, and pamphlets (the “NA’s Literature”). The NA’s Literature is one of the Fellowship’s key tools that has helped save the lives of countless addicts and which enables addicts to redirect their lives from the otherwise common outcome of jails, institutions and death to which drug addiction leads. As such, the Fellowship’s interest is to ensure the availability of NA’s Literature to those in need. In contrast, the trustee’s role is to be the printer, distributor, and (with the voluntary assistance of members of NA and paid editors) producer of some, but not all, of NA’s Literature. This role has created in the trustee a self-interest in monetizing the NA’s Literature as the primary source of its income, which denies its availability to those without the financial means to pay for it. Absent intervention, addicts whose lives could be saved by the message conveyed in the NA’s

Literature are at risk, and the very purpose of the Fellowship is undermined each day this conflict persists.

2. In about 1993, a trust was established to hold and manage the NA's Literature and other intellectual property assets called "The NA Fellowship Intellectual Property Trust," a charitable trust registered on about July 1, 1993 (the "Trust"). A copy of the Trust is attached hereto as Exhibit A.
3. Petitioner is a regional delegate group of the Fellowship with a voice at the World Service Conference who has a special and definite interest in the charitable Trust.
4. Narcotics Anonymous World Services, Inc. ("World Services" or "Trustee") is and at all relevant times was the Trustee of the Trust. Petitioner is informed and believes and thereon alleges that World Services has its principal place of business in Los Angeles County, California.
5. Petitioner is informed and believes and thereon alleges that World Services has and continues to breach its duties as Trustee of the Trust, including by self-dealing and exploiting the NA's Literature for its own financial benefit and to the detriment of Petitioner and addicts throughout the world, as set forth in further detail below.
6. This Court has jurisdiction over this matter because the Trust provides that the "Superior Court of the State of California has exclusive jurisdiction of proceedings concerning the internal affairs of the Trust" and World Services has its principal place of business in Los Angeles County, California. Names and Addresses of Persons Entitled to Notice
7. The names and addresses of the persons entitled to notice of hearing on the petition are attached hereto as Exhibit B. The Trust
8. The Trust, which was registered on about July 1, 1993, was formed for the purpose of "hold[ing] and administer[ing] all recovery literature and other intellectual properties of the Fellowship of Narcotics Anonymous in a manner that will help addicts find recovery from the disease of addiction and carry that message of recovery to the addict who still suffers." (Exhibit A ["Trust"], Article I, Sections 2-4, p. 1 [emp. added].)
9. The Trust designated World Services as the Trustee of the Trust and World Services has served in that capacity since the Trust's formation. (Trust, Article II, p. 1.)
10. The Trust states that the "Trustee shall hold the Trust Properties as a perpetual charitable trust . . . and shall use the properties and income derived therefrom exclusively for the charitable and educational purposes described in the statement of purpose below, and for the payment of the incidental expenses and costs of the administration of the Trust." (Trust, Article I, Section 3, p. 1 [emp. added].)
11. The Trust Properties include, among other things, the NA's Literature, i.e., "all recovery literature," including "any Narcotics Anonymous book, booklet, or pamphlet intended primarily for use by individual NA members or for use or distribution within the context of an NA recovery meeting." (Trust, Article III, p. 2.)
12. The Trust states that "[t]he intent of the trust is to provide assurance to our present and future membership that NA's properties are duly protected from misuse by anyone, including our world services." (Trust, Reader's Notes, Introduction, p. 23 [emp. added].) In furtherance of this intent, the Trust provides that the Trustee must abide by the following general duties, among others:

- a. “The Trustee has a duty to administer the Trust solely in the interest of the Beneficiary and the Trustor.” (Trust, Article V, Section 1, pp. 2-3 [emp. added].)
 - b. “The Trustee has a duty to deal impartially with the Beneficiary.” (Id.)
 - c. “The Trustee has a duty not to use or deal with Trust Property for the Trustee’s own profit or for any other purpose unconnected with the Trust, nor to take part in any transaction in which the Trustee has an interest adverse to the Beneficiary or the Trustor.” (Id.)
13. The Trust also states that the “Trustee shall be nonprofit and nonpartisan.” (Trust, Article V, Section 7, p. 5 [emp. added].)
14. The Trust further provides that the Trustee “acts as a fiduciary in its dealings with and on behalf of the Trustor.” (Trust, Operational Rules, Article IV, Section 3, p. 12.)
15. The Trust further provides that the Trustee is required to “abide by, the principles of the Twelve Traditions of Narcotics Anonymous.” (Trust, Operational Rules, Article IV, Section 3, p. 12.) This includes, among other things, the following traditions:
 - a. “Each group has but one primary purpose—to carry the message to the addict who still suffers.”
 - b. “Our common welfare should come first; personal recovery depends on NA unity.”
 - c. “Our leaders are but trusted servants; they do not govern.”
 - d. “An NA group ought never endorse, finance, or lend the NA name to any related facility or outside enterprise, lest problems of money, property, or prestige divert us from our primary purpose;”
 - e. “NA, as such, ought never be organized, but we may create service boards or committees directly responsible to those they serve” and
 - f. “Narcotics Anonymous should remain forever nonprofessional.” (Trust, Twelve Traditions, p. 22 [emp. added].)
16. With respect to compensation for these services, the Trust provides that World Services’ board members and officers “shall serve without compensation, but may be reimbursed for expenses they incur.” (Trust, Operational Rules, Article IV, Section 4, p. 12.) The Trust further specifies that “No board member, officer, employee, or other person connected with the Trustee, or any other private individual, shall receive at any time any of the net earnings or pecuniary profit generated by the Trust.” (Id.)
17. In order to ensure compliance with the Trust’s provisions, World Services is required to give a full written report of its activities to the Fellowship, including year-end financial reports, descriptions of activities funded from the Trust, and budgets, and is required to submit to financial audits. (Trust, Operational Rules, Article IV, Section 12, p.15.)

The Trustee’s Breaches of the Trust

18. Petitioner is informed and believes and thereon alleges that World Services has breached its duties under the Trust in numerous ways, including, but not limited to, the following:
 - a. World Services is engaged in self-dealing and is not impartial with respect to the NA’s Literature. As World Services admitted in a “NA Intellectual Property

Bulletin #1,” which was circulated to the Fellowship, World Services “is largely dependent on the income generated from the sale of NA recovery literature” and a “large part of [World Services’] income comes from NA groups who purchase recovery literature to distribute at their meetings.” (Exhibit C.) Petitioner is informed and believes and thereon alleges that World Services’ self-interest with respect to the monetization of the NA’s Literature is adverse to the mission of the Fellowship and is contrary to the Trust’s intent and directive to use the NA’s Literature “and income derived therefrom exclusively for the charitable and educational purposes” of the Fellowship. (Trust, Article I, Section 3, p. 1.)

- b. World Services has been using proceeds from the sales of the NA’s Literature for World Services’ own benefit. Petitioner is informed and believes and based thereon alleges that World Services has used proceeds from the sales of the NA’s Literature to, among other things, pay millions of dollars per year to World Services and its representatives under the guise of personnel salaries, overhead and other “costs.” Petitioner is informed and believes that World Services even pays its executives and representatives bonuses based on sales of the NA’s Literature. Petitioner is informed and believes that World Services spends nearly 90% of proceeds from sales of the NA’s Literature on its own salaries, office overhead, travel and other expenses and only uses the remaining 10% or so of the proceeds to actually carry out the intent of the Trust. Petitioner is informed and believes and thereon alleges that World Services has been paying its representatives and personnel compensation substantially over and above any legitimately reimbursable expenses according to the terms of the Trust.
 - c. World Services unreasonably restricts the distribution of NA’s Literature and substantially limits the abilities of Petitioner and others to reproduce and distribute the NA’s Literature to recovering addicts.
19. Petitioner is informed and believes and based thereon alleges that World Services’ knowing and wrongful use of the NA’s Literature for their own benefit contrary to the primary purpose of the Fellowship is a violation of the Trust and World Services’ fiduciary duties, including duties enumerated under Probate Code Sections 16000, 16002, and 16004, which state a trustee has a “duty to administer the trust according to the trust instrument,” “duty to administer the trust solely in the interest of the beneficiaries,” and “a duty not to use or deal with trust property for the trustee’s own profit . . . nor to take part in any transaction in which the trustee has an interest adverse to the beneficiary.” Petitioner is informed and believes and based thereon alleges that World Services’ actions also constitute a violation of Probate Code section 16102(a) (with respect to charitable trusts, “the trustee shall not . . . Engage in any act of self-dealing”).
20. Petitioner did not first make a written petition to revoke World Services as Trustee at the biennial meeting of the World Service Conference because Petitioner is informed and believes and based thereon alleges that such a petition would have been futile given the World Service Conferences are controlled and managed by World Services itself, and World Services would not agree to or allow the relief sought herein without Court intervention.

Petitioner Requests Relief Against World Services for Violation of its Fiduciary Duties

21. Petitioner is informed and believes and based thereon alleges that World Services' actions as alleged above constitute violations of the Trust's terms and of World Services' fiduciary duties, including but not limited to those duties enumerated under Probate Code Sections 16000, 16002, 16004, 16102, and 16060.
22. Accordingly, Petitioner requests appropriate remedies provided by Probate Code Sections 16420, 16440 and 17200 as set forth in the Prayer below.

Prayer

WHEREFORE, Petitioner prays as follows:

1. That the Court order and instruct World Services forthwith to allow Petitioner and others to re-print and distribute the NA's Literature to recovering addicts in accordance with the intent of the Trust. (Probate Code §§ 16420(a)(1).)
2. That the Court review the reasonableness of all personnel, overhead and other expenses being paid to World Services and its representatives and thereupon fix a reasonable compensation for the Trustee. (Probate Code §§ 16420(a)(7), 17200(b)(9).)
3. That the Court order World Services to be removed as Trustee of the Trust or compel the resignation of World Services as Trustee of the Trust, and appoint a new Trustee. (Probate Code §§ 16420(a)(4)-(5), 17200(b)(10)-(11).)
4. That the Court surcharge World Services in amount to be determined at trial representing damages proximately caused by World Services' breaches, including but not limited to a disgorgement of any profits wrongfully made by World Services in breach of its duties and the loss and depreciation in value of Petitioner's interest in the Trust. (Probate Code §§ 16420(a)(3), 16440(a), 17200(b)(12).)
5. That the Court award to Petitioner its reasonable attorneys' fees and costs.
6. That the Court grant such other orders as the Court deems proper.

Dated: January 27, 2020

RUTAN & TUCKER, LLP

By: Michael D. Adams, Attorneys for Petitioner New Autonomous Region

VERIFICATION STATE OF CALIFORNIA, COUNTY OF ORANGE

I have read the foregoing PETITION FOR

- (1) INSTRUCTIONS;
- (2) ORDERS FIXING COMPENSATION OF TRUSTEE;
- (3) REMOVAL AND REPLACEMENT OF TRUSTEE; AND
- (4) SURCHARGE and know its contents.

I am an authorized representative of Petitioner The Autonomous Region of Narcotics Anonymous, a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I am informed and believe that they are true. Executed on January 27, 2020 at _____, _____. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.