

Ohio Attorney General's Charitable Advisory Council
March 29, 2010

Minutes

Participants: George Espy, chair, Mary Gallagher, Joyce Garver Keller, Prof. Stephanie Moulton, David Spialter, Jennifer Williams. Others participating by telephone included: Barbara Kraig and Elaine Woloshyn. AG staff members Monica Moloney and Beth Short were present.

1. Mr. Espy called the meeting to order and participants introduced themselves.
2. On motion of Ms. Keller, seconded by Ms. Williams, minutes of the previous meeting were approved.
3. Ms. Short reminded the group that the past two meetings were cancelled because of weather and it was thought that the group should meet prior to the regularly scheduled meeting in May. Council members agreed that the May meeting might not be needed but that they would make themselves available if issues arose and the Attorney General's office requested a meeting.
4. Ms. Moloney updated the group on the status of the previously discussed modifications to rules affecting charity registration processes. She said that since the Council meeting in October, there were some modifications to the draft made in an effort to provide clarity, and that the proposals had been officially submitted to JCARR. A public hearing will be held April 30 on the changes which are intended to require online registration and make adjustments raising the threshold level for groups required to comply with registration requirements. Ms. Short and Ms. Moloney also reported that efforts are underway to revamp the entire computer system that will allow the online registration and it is expected to become operational this fall. In addition to making the registration system easier for charities, the AG's office and the public, the new system will create an effective means to provide ongoing electronic communication with the state's charities on issues affecting governance, IRS changes and other important issues.
5. Ms. Moloney gave an overview of the complaint process within the office. She explained that since 2004, a team approach has been used for processing complaints. A Clearinghouse meets weekly to review all new complaints and determine if the issue should be referred to another agency, raises an issue that the Section has jurisdiction over, or referred to one of the three investigation teams within the office. Each team has lawyers, investigators and accountants who gather information and determine how to proceed. Some of the potential outcomes of the team's efforts could include closing the issue because it is without merit,

referring it elsewhere, sending a warning letter or closing for litigation or settlement discussions.

Two years ago when Ms. Moloney made a presentation to the Council on the complaint process, bingo complaints represented the vast majority of the complaints. In checking just before the Council meeting, Ms. Moloney said that currently there are 438 open cases within the three teams and 43 new complaints that have not been assigned yet and will be handled by the Clearinghouse team this week. Of the open cases, 53.4 percent deal with bingo, 24 percent are general trust/governance issues, 17 percent deal with solicitation and 5 percent are in the other category.

She said she is pleased with an increase in the number of solicitation complaints and thinks that there may be more complaints filed because of the assistance provided through the office's call center which takes complaints from callers as well as increased public attention on solicitation fraud.

Council members asked numerous questions surrounding bingo and wondered whether the new casino will affect charities that rely on bingo for fundraising. Ms. Moloney reported that in other states that have had casinos for the first time, bingo revenues dropped between 25 percent and 44 percent. It is unclear what will happen in Ohio and whether the impact will be felt statewide or more regionally based on the location of the casinos.

6. Ms. Short reviewed some of the outreach strategies being used to focus on board governance matters. She outlined efforts in Marion and Knox counties where trainings were hosted by the community foundations and United Way. The seminars were well attended and pre- and post-training was conducted at each. The testing indicated that participants learned things at the seminar and plans are to follow up and determine if the participation at the trainings resulted in any changes. Ms. Short said the Section wants to learn what changes might have resulted within the organizations because of the training such as board discussions, policy reviews, adoption of new policies, etc. Developing tools for charities to make those sorts of changes possible and likely is a prime focus.

Council members agreed that there were fewer resources in smaller communities and that focus in less urban areas made sense. However, many suggested that there might not be adequate attention paid statewide. Ms. Short noted that the office will be doing its first webinar on board governance in May and the target group is a listing of the newest 501(c)(3) groups approved by the IRS. A long term vision is to develop a number of small training videos and materials that might be online and available around the clock. Council members noted that although having resources online is valuable, there is great value in having in-person trainings which contribute to ongoing dialogue about nonprofit excellence and raise the visibility of the issues.

A monthly nonprofit newsletter has been going out from the office since October. Council members agreed to provide feedback and ideas that might be appropriate for the newsletter. Additionally, Council members agreed to provide profile information and input for an article that would feature a different Council member monthly and include suggestions or resources for charities.

Council members asked if the office was again going to partner with OANO in sponsoring its annual conference. Ms. Williams reported that all of the workshops conducted by AG staff received very high marks in the evaluations and that the booth sponsored by the office was the most highly ranked exhibitor space. Additionally, the conference saw a 5 percent growth in attendance over the previous year. Other Council members commented that given the fact that other groups were reporting significant declines in attendance at conferences, the AG's participation might have been a significant and positive factor. Many suggested that the office again co-sponsor the event.

7. Mr. Espy noted that Attorney General Cordray also spoke at the Grantmaker's Forum which was after the OANO fall conference. As a result of that effort, the Attorney General asked to meet with representatives of the foundation community in Columbus, Cleveland and Cincinnati. He said that his members appreciated hearing that the Attorney General wants the Charitable Law Section to be seen as a resource to the charitable community rather than just a heavy-handed regulator. He also shared a column that was just published in the OGF Connection featuring the Attorney General.
8. Because of the meeting cancellations due to weather, the next regularly scheduled meeting in May will only be held if necessary. Therefore, it is likely that the next meeting date will not be until August 10.
9. Meeting was adjourned.

Respectfully Submitted,

Beth Short