



Summer 2013

School-affiliated Groups Must Register Annually

As Ohio families tackle back-to-school tasks, school-affiliated organizations should make sure their own to-do lists include ensuring they are in compliance with the state's year-old registration requirement for such groups.

Previously exempt from charitable registration rules, booster, parent-teacher, and similar groups became responsible to register online with the Ohio Attorney General's Office in September 2012. By filing annually with the state, the groups bolster the public's confidence that they place a high priority on good stewardship of donors' contributions. While many school-affiliated groups used to be quite small — and have budgets to match — some now have coffers exceeding \$100,000.

Charitable organizations' filing deadlines are based on their fiscal year periods. These are the same deadlines the IRS uses for filings required of tax-exempt organizations. So, for example, if an organization's fiscal year ends in December, the filing is due May 15 unless the group receives an extension from the IRS. The Attorney General's Office honors all IRS extensions for registration filings. Under the new filing requirement, school-related groups must use the online charitable registration system to complete filings for all fiscal periods ending after August 2012.

The Attorney General's Charitable Law staff has reached out to school districts throughout the state and also sent a notice of the registration requirement to all IRS-approved booster and parent groups. As of August, more than half of those organizations had completed the registration process.

At least three representatives from each organization are encouraged to have accounts in the Attorney General's charitable registration system at www.OhioAttorneyGeneral.gov/CharitableRegistration. Email messages are sent automatically to these individuals to remind them when filings are due, advise them of changes to the group's data, and confirm filing activities.

"We hope that filing annual reports with our office will help leaders of these charitable organizations focus on their legal duties and take seriously their responsibility as board members to protect charitable assets," Ohio Attorney General Mike DeWine said. "It is a simple process, and we encourage school officials to help inform parent leaders of the requirement to register."

School officials can log in to the charitable registration system and connect to all organizations within their district to monitor the timing of each group's filing and ensure that expenditure reports are in sync with expectations.

Information filed online is available to members of the public, who can review data and research which organizations are compliant with registration requirements. Individuals also can visit www.OhioAttorneyGeneral.gov/Charities to file a complaint with the Attorney General's Office regarding suspicious activities involving a charitable group.

"Transparency, accountability, and integrity are important concepts that help maintain the public's trust in the charitable sector," DeWine said.

Compliance examiners in the Attorney General's Charitable Law Section are available during business hours to assist with charitable registration questions. They can be reached at 800-282-0515 or CharitableRegistration@OhioAttorneyGeneral.gov.

Conference Features Social Entrepreneur, Speed Networking

Mark your calendars for Sept. 26 for the Ohio Association of Nonprofit Organizations' annual conference, co-sponsored by the Ohio Attorney General's Office. The theme of the daylong program, to take place at the Athenaeum in downtown Columbus, is *Taking Charge of Change*.

Social entrepreneur Nancy Lublin will deliver the keynote address. At age 23, she turned a \$5,000 inheritance into the international charity Dress for Success, which provides interview, dress, and career development information for women in need. The organization is active in 120 cities in 13 countries. Today, Lublin is CEO of Do Something, the country's largest not-for-profit involving young people in social change with more than 2.1 million members. Lublin is credited with understanding how to harness trends in technology and among youth to deepen support for her causes.

A speed networking event will give conference attendees a chance to talk directly with representatives of funding sources, including private foundations, corporations, and government grantors. Break-out training sessions will cover legislative developments, enterprising organizations, connecting with millennial donors, the future of charitable regulation, and other topics. Luncheon presentations will recognize outstanding organizations and those achieving OANO Standards of Excellence certification.

Conference and luncheon fees range from \$89 to \$125 depending on OANO membership and whether registration is completed by Sept. 19. For additional details, visit www.oano.org.

Charitable Giving Continues to Rise, but Slowly

If donations to your organization rose last year — but modestly — you're in good company.

The national [Giving USA report](http://givinginstitute.org/giving-usa-charitable-donations-grew-in-2012-but-slowly-like-the-economy/) (<http://givinginstitute.org/giving-usa-charitable-donations-grew-in-2012-but-slowly-like-the-economy/>), produced by Giving USA Foundation and Lilly Family School of Philanthropy at Indiana University, put total giving to charities nationwide at \$316 billion in 2012, up 3.5 percent from the year before. The figure — which takes into account contributions from living individuals, bequests, foundations, and corporations — compares to the all-time peak of \$344.5 billion.

Other highlights from the report:

- Donations by living individuals, which account for three-fourths of charitable giving, rose 3.9 percent to \$228.9 billion.
- Giving by bequest decreased 7 percent, to \$23.4 billion.
- Corporate giving rose 12.2 percent, to \$18.1 billion.
- Giving by foundations increased 4.4 percent, to \$45.7 billion.

Recent Enforcement Actions

The Attorney General's Charitable Law Section has taken enforcement action against a number of questionable solicitors and charities in recent months, including a large number of groups claiming to help veterans. Ohioans are known for their generous support of veterans and members of the military, but unfortunately, some individuals and groups take advantage of those good intentions.

The office's recent actions involving veteran-related charities:

- John W. Hargrove of Columbus was sentenced to two and a half years in prison for soliciting money for a fraudulent charity, Ohio Veterans Source, aka Ohio Vets. Hargrove raised more than \$2,000, falsely claiming it would aid local veterans. In reality, Hargrove, who is not a veteran, used the funds for himself.
- In May, the Attorney General reached an agreement calling for A Dollar to Care to cease operations. The group's stated purpose was to help with the monthly bills of soldiers incarcerated for crimes allegedly committed during combat. However, A Dollar to Care paid no bills or living expenses for incarcerated soldiers or their families, and the organization held only a few small events.
- In April, the Attorney General filed suit against American Heroes Alliance and its operators, Rebecca Drobnick and her children. Drobnick allegedly misled donors who believed their contributions would help veterans and misappropriated more than \$150,000 in charitable assets for personal purposes.
- The Attorney General announced an agreement in April with William A. Hastings and Michael E. Gibson, both of Columbus, to stop illegal charitable solicitation activities on behalf of Just 4 Vets. Just 4 Vets is a legitimate nonprofit organization created to help needy veterans and their families. Hastings and Gibson solicited donations using the Just 4 Vets name, but Just 4 Vets was not aware of their campaign and never received any of the proceeds.

The Attorney General also took action against other charitable organizations or solicitors that failed to meet their obligations:

- Florida-based Go Green for the Cause Inc. agreed to dissolve, and its operators agreed to stop charitable solicitations in Ohio under a June agreement with the Attorney General. The 501(c)(3) nonprofit collected \$19,000 worth of recycled clothing in Ohio, claiming it would benefit environmental causes. Instead, most of the money went to for-profit businesses.

- The Attorney General filed a lawsuit charging Integral Resources Inc., a Massachusetts-based solicitor, with multiple violations of Ohio's Charitable Organizations Act, including failing to notify donors that calls were coming from a solicitor and misrepresenting how much of the contributions would go to the charity. The Attorney General also was granted a temporary restraining order to stop Integral Resources from soliciting in Ohio.
- Matthew M. Casey of Toledo agreed to stop charitable solicitations. Casey formerly managed a scholarship fund named for his father, Mike Casey, and misappropriated about \$18,700 in charitable funds from 2005 to 2012.
- Three cases were pursued in coordination with the Richland County Prosecutor's Office. Bretley Rogers was indicted on two counts of theft involving the misuse of funds belonging to a youth sports organization. Donna Payne was indicted in connection with fraudulent solicitations to raise funds for a firefighter who lost his legs in an accident at a fire. Alverta Williams, Mary Davis, Arthur Davis, and Clarence Jacocks were indicted in connection with the theft of assets belonging to residents of the Mary McLeod-Bethune Intervention and Enrichment Center.
- Defining Vision Ministries, formerly known as Focus Up Ministries Inc., was part of a worldwide pyramid scheme that defrauded individuals out of millions of dollars, according to a joint lawsuit filed by the Attorney General and the Ohio Department of Commerce in July. The lawsuit alleges the charity and three individuals — Nancy Jo Frazer, David Frazer, and Albert Rosebrock — violated Ohio's charitable and securities laws.
- In late July, a Richland County grand jury indicted the Mansfield Tyger All Sports Booster Club and trustees Kendall and William Clemons of Lexington for the improper use of more than \$200,000 in scholarship funding.

To report fraudulent, deceptive, or questionable activities within charitable organizations, file a complaint with the Ohio Attorney General's Office by calling 800-282-0515 or visiting www.OhioAttorneyGeneral.gov/NonprofitComplaint.

New Resource Available to Research Charities

A new national database lists regulators' enforcement actions against charities and solicitors. The database (<http://charitysearch.apps.cironline.org/>) is a project of the *Tampa Bay Times* and the Center for Investigative Reporting, based in Berkeley, Calif.

The *Tampa Bay Times* broke the story of John Donald Cody, aka Bobby Thompson, and his scam charity, the U.S. Navy Veterans Association. Cody is in jail awaiting prosecution by the Ohio Attorney General's Office in Cuyahoga County for fraud and the theft of millions solicited on the pretense the contributions would benefit veterans.

Donors are always encouraged to research charities before making contributions to unfamiliar groups. The Research Charities function on the Ohio Attorney General's website at www.OhioAttorneyGeneral.gov/Charities provides basic information filed by charities, indicates if the organization is compliant with filing obligations, and provides other tips. Checking the new national database will reveal whether state regulators have taken enforcement actions against the organization.

Take Advantage of Training Resources

The Attorney General's Charitable Law Section offers a variety of resources for charitable organizations' leaders.

- Numerous publications are online at www.OhioAttorneyGeneral.gov/Charities.
- Webinars are offered each month, and registration can be completed online. A webinar providing a basic overview of board governance issues is available at noon on the first Wednesday of each month. One covering the online charitable registration system is offered at noon on the third Wednesday of each month.
- Bingo School trainings are held throughout the year in various locations around the state. Registration is available online for those sessions. The trainings are ideal for new members of an organization that has a bingo license or for organizations considering applying for a license.

Organizations interested in hosting training for representatives of multiple charities should email CharitableLaw@OhioAttorneyGeneral.gov.