

SEPTEMBER 2023 – SEPTEMBER 2024

# Annual Report on State Enforcement and Regulation

*The National Association of State Charity Officials (NASCO)  
is an association of state offices charged with  
the regulation and oversight of charitable organizations  
and charitable solicitation in the United States.*

*Learn more at [www.nasconet.org](http://www.nasconet.org).*

# Introduction

The National Association of State Charity Officials (NASCO) is an association of governmental offices of the states, territories, and commonwealths of the United States that are charged with the oversight of charitable assets, charitable organizations, and charitable solicitations. Members include offices of attorneys general, secretaries of state, and others charged with these oversight duties. On a day-to-day level, we are a group of public servants committed to ensuring the integrity of the charitable sector.

Among the purposes of NASCO are to provide a forum for the exchange of views and experiences regarding charities matters and to foster communication and coordination with the public on issues related to charities regulation and oversight.

Consistent with these purposes, NASCO is pleased to provide fellow regulators and the public with the Annual Report on State Enforcement and Regulation for the period September 2023 to September 2024. The report consists of state-by-state activities in the following areas:

## **1. Enforcement cases by these general topics: :**

- a. Deceptive Solicitations
- b. Governance
- c. Trusts and Estates
- d. Other

## **2. Transactions, dissolutions and winding up - review and enforcement**

## **3. Registration and registration enforcement activities**

## **4. Outreach efforts and published guidance**

## **5. Regulations adopted and legislation enacted**

Questions regarding particular cases, actions or issues should be directed to the relevant state. Contact information for each state can be found at [www.nasconet.org](http://www.nasconet.org).

**PLEASE NOTE:** The report is not comprehensive. It is designed to provide and highlight a sample of activities for the covered period, not to encompass all matters addressed by state charity regulators.

*The contents of the report do not constitute legal advice and are not intended for legal citation. Rather, as indicated, they are provided to share experiences and communicate to the public, including the charitable sector, some of the key activities of charity regulators during the year.*

Thank you to all who contributed your time and effort to help compile this report and for your dedication to ensuring a strong and vibrant charitable sector.

# 1. Enforcement Actions

## A. Deceptive Solicitations

**CA** *In the Matter of Neal Zeavy, Raffle Administration Corp, NZ Consulting:* Neal Zeavy and his companies, Raffle Administration Corp. and NZ Consulting, contracted with charities to conduct “Dream House” raffles in California in violation of California’s criminal law. Under the agreements with the charities, Zeavy received a percentage of the raffle proceeds, resulting in millions in unlawful payments to him and his companies. The case was resolved through a settlement and Assurance of Voluntary Compliance under which Zeavy agreed to pay \$5.5 million and other injunctive terms.

**CO** In 2019, the Colorado Secretary of State denied **InfoCision’s** attempt to register as a paid solicitor after InfoCision disclosed that it had been enjoined from making false or misleading statements in connection with a settlement with the Federal Trade Commission in Ohio. InfoCision sued the Colorado Secretary of State in the U.S. District Court, alleging that the Colorado Charitable Solicitation Act’s registration requirements violated the First Amendment. The District Court initially granted summary judgment in favor of the Secretary of State, holding that the law complied with the First Amendment. By the time InfoCision appealed to the 10th Circuit in 2023, InfoCision’s five-year statutory ban on registration had expired and the company was registered. The 10th Circuit remanded the case to the District Court and in 2024, and the District Court ruled that the case was moot. In August 2024, the 10th Circuit held the case to be moot and ordered that the initial summary judgment in favor of the Secretary of State be vacated. However, the 10th Circuit did not order that the Secretary of State’s initial denial of InfoCision registration be vacated. InfoCision petitioned for a rehearing, The 10th Circuit subsequently denied InfoCision’s petition for a rehearing en banc.

**KS** In April 2024, the Kansas Attorney General (AG) was awarded a default judgment against **Southern Winds Equine Rescue and Recovery Inc.** (SWER), a Kansas charity, and its president for using donations for other than charitable purposes. Specifically, SWER’s president failed to properly dissolve SWER after the board approved dissolution, continued to receive donations for the next two years, and used the donations for personal and for-profit purposes. The AG obtained an order permanently enjoining the defendants from operating any charitable organization or soliciting donations in Kansas and requiring them to pay actual damages of \$50,922.36. In addition, the court assessed a civil penalty. During the pendency of the litigation, SWER’s president violated a TRO and was held in contempt after a show cause evidentiary hearing.

**MD** An investigation by the Maryland Attorney General led to a Cease and Desist Order issued to **Johns Hopkins House** and its director, Robert Brown, banning the organization from soliciting in Maryland. Violations alleged include use of false or materially misleading advertising or promotion in connection with a charitable solicitation, committing an act or engaging in a practice that by affirmative representation, or by omission, was misleading about a matter important to, or likely to affect, a person's decision to make a charitable contribution, application of charitable contributions in a way substantially inconsistent with the charitable solicitation, use of a name, symbol, emblem, device, service mark, or printed matter that belongs to or is associated with another charitable organization to solicit charitable contributions without authorization, and failing to provide a copy of a financial statement to a person upon request. Enforcement activity is ongoing.

**MD** An investigation led to a Cease and Desist Order issued to **Louisville Naval Museum** (d/b/a Veterans Heritage Foundation U.S.A.A.F.) and its director Mark Gatton, banning the organization from solicitation in Maryland. Violations include failure to register and receive a registration letter from the Secretary of State before soliciting and failure to ensure the timely submission of a registration statement. Additional violations are suspected.

**MA** After an investigation, the Massachusetts Attorney General's Office (AGO) filed suit in 2019 against **Dawn Cardinal** and **Destiny's Road Animal Rescue**, the Massachusetts public charity controlled by Ms. Cardinal. As alleged in the complaint, Ms. Cardinal employed deceptive solicitation practices to raise funds for Destiny's Road, significant amounts of which were misappropriated for her personal use. In January 2024, the AGO reached an agreement with Ms. Cardinal, memorialized in a Consent Judgment, under which she will pay \$90,000 over a period of years. Those funds will be directed, under principles of *cy pres*, to another public charity that also conducts animal rescue efforts. Destiny's Road is dissolving.

**MN** In October 2023, the Minnesota Attorney General (AG) entered into an Assurance of Discontinuance with the **Kitchen Kingz Corporation**, a Minnesota nonprofit. Kitchen Kingz claimed to operate a recycling program for "high-end kitchens and luxury home goods" in which Kitchen Kingz would repurpose or sell items and use the proceeds to help charities like Secondhand Hounds and Prevent Child Abuse America. An AG investigation revealed that Kitchen Kingz had not donated any funds to any charitable beneficiaries. Additionally, the investigation found that Mitchell Helling, the charity's president, used at least \$19,501.63 of Kitchen Kingz's assets for his personal benefit. Under the terms of the settlement agreement, Helling must pay back \$19,501.63 and is permanently banned from charitable-sector activity. He is also subject to a penalty of \$25,000 if he violates any term of the settlement. The charity must liquidate its assets, distribute them to one or more Minnesota nonprofit corporations with similar charitable purposes, and dissolve.

**MN** In December 2023, the Minnesota Attorney General investigated Florida-based charity **Kids Wish Network, Inc.** (Kids Wish) for deceptively soliciting donations from Minnesotans by giving the impression that funds would be used to grant lavish wishes to area children with serious medical diagnoses, when, in reality, the vast majority of the funds raised supported mail campaigns rather than helping kids. Kids Wish entered into an Assurance of Discontinuance with the Attorney General in which it agreed to refrain from soliciting contributions in Minnesota for five years.

**OH** The Ohio Attorney General's Charitable Law and Consumer Protection Sections worked together to bring an action against Samuel Darling, creator of a crowd-funding initiative under the business name of **Flamingo Collective** called Turtle Conservation Diver. Darling allegedly collected more than \$31,000 from over 100 supporters but did not deliver the items promised in exchange for support of the campaign. He is also alleged to have failed to turn over donations to the charities that were named as campaign beneficiaries. Through a settlement, Darling agreed to provide restitution to supporters, pay civil penalties and to refrain from engaging in crowd-funding campaigns in Ohio for at least five years.

In March 2024, the Federal Trade Commission and nine states including **CA, FL, MD, MA, NC, OK, OR, TX, VA and WI** sued **Cancer Recovery Foundation, Inc.** (d/b/a Women's Cancer Fund) and its operator, Gregory B. Anderson, for deceiving donors who sought to offer financial support to women battling cancer and their families.

## **B. Governance**

**CA** In 2017, charity **African-American Male Achiever's Network** (AMAN) paid \$2,401,100 to Bettye Walker and Hildreth Walker, Jr., as "retroactive compensation" for their 25 years of service to AMAN. The Attorney General (AGO) alleged that the AMAN board of directors failed to follow proper procedures and lacked supporting documents to demonstrate that the compensation was just and reasonable, as required under California law. In addition, the payment was funded by the sale of AMAN's primary asset, a building in Inglewood, and AMAN failed to give the AGO notice of the sale as required. The matter was resolved through a settlement agreement, with the Walkers returning \$1.7 million to the charity.

**CA** The **AERO Institute** received funding from NASA to promote STEM in local schools. In June 2017, the Los Angeles County District Attorney filed charges against the mayor of Palmdale, who was paid by the charity as a consultant, and two of AERO's officers/directors for embezzlement, misappropriation of public funds, and grand theft, resulting in guilty pleas. In June 2021, the District Attorney filed related charges against AERO's executive director. The Attorney General filed a complaint in the Los Angeles County Superior Court to involuntarily dissolve AERO. In June 2024, the Court entered judgment involuntarily dissolving AERO and distributing more than \$1 million in its remaining assets to other charities to fulfill its charitable purpose.

**CT** **Trustees of the First Company Governor's Foot Guard** is a charity formed in 1883 for the specific purpose of supporting the First Company Governor's Foot Guard, a ceremonial militia unit under the governor's authority in Connecticut. Due to a dispute between the charity and the militia unit, the charity ceased taking any action to support the militia unit in violation of its fiduciary duties. After multiple unsuccessful attempts to help resolve the dispute, the Attorney General sued to shut down the charity, alleging *ultra vires* acts, quo warranto, conversion, and violations of fiduciary obligations. The case is in its preliminary stages.

**DC** In 2020, the Attorney General (DCOAG) filed a complaint challenging the **NRA Foundation, Inc.**'s transactions with the NRA, including transfers of its funds to the NRA in a series of unfair loans, grants to the NRA that were made without legally required oversight, and inflated management fee payments. In April 2024, the parties entered into a consent order resolving the District's claims. Under the agreement, the NRA Foundation must conduct annual compliance training for all new officers and directors, create an audit committee separate from the NRA's, enter into a revised shared services agreement with the NRA that specifically sets forth the basis for the fee, create its own conflict of interest policy, require the NRA to submit written grant applications for Foundation funds, enter into written grant agreements with the NRA that ensure proper oversight of grants to the NRA to support its charitable programs, and create a policy governing future loans to the NRA of \$250,000 and above. The consent order also requires the Foundation to provide the DCOAG with copies of all related new or revised policies and agreements through at least December 2026.

**DC** In October 2023, the **Coast Guard Auxiliary Association** entered into an assurance of voluntary compliance with the Office of the Attorney General (DCOAG). DCOAG opened an investigation into the Association after it learned of improper payments from the Association to its president Vincent Pica. That investigation revealed that in 2017, 2018, and 2019, Mr. Pica donated a total of \$315,000 to the Coast Guard Foundation—another nonprofit organized to support the Coast Guard—to buy tables at its annual fundraising gala. The Foundation then returned \$302,716 of Mr. Pica's donations to the Association. Rather than using the funds for its charitable programs, the Association transferred them back to Mr. Pica without board approval or ratification. The Association entered into a settlement with DCOAG that requires it to make compliance reports to DCOAG for two years and to report all meeting minutes regarding either the election or appointment of officers and directors or the review and approval of conflicted transactions between the Association and an officer or director.

**DC** The **Fraternal Order of Police, Jerrard F. Young Lodge #1** (Lodge) is a nonprofit corporation whose membership includes active and retired DC law enforcement officers. The Office of the Attorney General opened an investigation into the Lodge after *The Washington Post* reported on its “Jack Daniels Committee” which was running an extensive illegal off-premises liquor sales program that had raised hundreds of thousands of dollars, approximately one-third of which were paid to the Lodge’s chair, Michael Kruggel, as “reimbursements” for travel and lodging expenses he allegedly incurred. The investigation uncovered that the Lodge violated numerous alcohol and beverage regulations and did not have sufficient oversight or procedures for credit card usage or reimbursements. In October 2023, the Lodge entered into a settlement agreement requiring it to comply with the District’s alcohol and beverage code, ensure key personnel take courses in nonprofit governance and financial accountability, implement policies governing credit card use and reimbursements, and cooperate with any continuing investigation into Mr. Kruggel.

**FL** In May 2024, the Attorney General sued **The Directed Benefits Foundation, Inc.**, three of its officers, and a related company for civil theft, violation of Florida’s Deceptive and Unfair Trade Practices Act, dissolution for *ultra vires* acts, revocation of corporate charter, injunction, and recovery of profits. The Foundation purports to offer services related to special needs trusts. This type of trust is a vehicle to permit low-income disabled individuals to receive the benefit of inheritances, gifts and proceeds from court judgments and settlements arising out of personal injury lawsuits while remaining eligible for Medicaid benefits. The Foundation marketed itself to special needs individuals and their families as having expertise in the formation, management, and administration of special needs trusts, despite having no such expertise. The misconduct of the Foundation and its officers resulted in over \$ 2,000,000 in funds from special needs trusts under management going missing or being otherwise unaccounted for. The case is in its early stages but has already resulted in a consent judgment against one of the individual defendants, enjoining her from any future involvement in special needs trusts and requiring her cooperation as the rest of the case proceeds.

**IL** The Office of the Attorney General (OAG) continues to pursue a civil accounting action against **Wheaton Historic Preservation Council** (WHPC) and three of its board members for violations of the Illinois Charitable Trust Act and the Illinois Solicitation for Charity Act. WHPC was founded in 1980 and operated a historical museum in the City of Wheaton, Illinois until at least 10 years ago when it entered into an agreement with the city to store its historical artifacts in a city storage facility that is not open to the public. WHPC subsequently sold its museum property and ceased active operations. WHPC also stopped filing required annual reports, resulting in cancellation of its registration. Questions arose as to (a) whether WHPC was properly protecting its historical artifacts, (b) whether WHPC had misused money, and (c) whether WHPC had improperly loaned money to a board member. WHPC and its board members did

not cooperate in providing accounting documents and did not authorize access to the WHPC storage facility. The OAG later obtained WHPC bank records showing questionable distributions of \$300,000 to a WP board member. In August 2023, the Court granted the OAG's Partial Motion for Judgment, ruling that \$192,000 of the monies that were paid out to a board member must be forfeited, and that the pleadings established that the Defendants are unfit to serve as charitable trustees and should be removed and replaced with new trustees or a receiver. In June 2024, the Court appointed a receiver to enforce the \$192,000 judgment and collect and inventory the organization's artifacts and assets.

**MN** In December 2023, the Minnesota Attorney General's Office (AG) filed an Assurance of Discontinuance that required **Gateway STEM Academy** (Gateway), a Minnesota charter school, to part ways with its founder, who allegedly directed \$300,000 to companies owned or controlled by himself and three of the school's directors or officers. An investigation by the AG's Charities Division determined that Abdiaziz Shafii Farah, founder and executive director of Gateway, violated his fiduciary duties, and that previous directors or officers violated their fiduciary duties by failing to sufficiently oversee Farah and failing to have policies and procedures that would have detected and prevented improper transactions. In the Assurance, Gateway's reconstituted board agrees to investigate how the improper transactions occurred, ensure sufficient training for directors and officers regarding their duties under state and federal law, and not work again with the former directors and officers accused of benefiting from the self-dealing transactions. Separately, Farah was convicted in a federal criminal trial for stealing millions of dollars in federal child-nutrition funds and was subsequently charged with attempting to bribe a juror in the trial.

**MN** In December 2023, the Minnesota Attorney General entered into an Assurance of Discontinuance with the **Minnesota 100 Club**. The Minnesota 100 Club provides charitable assistance to the families of first responders seriously injured or killed in the line of duty. The Minnesota 100 Club voluntarily complied with a Charities Division investigation that revealed that the organization engaged in related-party transactions without having proper policies or procedures or otherwise taking affirmative steps to determine whether these transactions were fair and reasonable. The investigation further revealed that the alleged violations were the result of general governance deficiencies at the Minnesota 100 Club. In the Assurance, the nonprofit agreed to conduct a review of its governing documents, policies, and procedures, adopt written conflict of interest and vendor contract management policies, conduct regular board and committee meetings and reporting, and undergo training on their duties as nonprofit directors and officers under Minnesota and federal law.



**MN** The Minnesota Attorney General (AG) investigated **Honor the Earth**, a charity supporting Native American and environmental causes, after the nonprofit incurred a \$750,000 sexual harassment judgment that implicated the nonprofit's governance. The investigation revealed former leadership's dismissal of internal misconduct that exposed the organization to significant legal and financial liability, as well as additional governance issues including inadequate financial controls and recordkeeping and failure to comply with registration requirements. The charity had made significant compliance improvements, and in February 2024, the AG entered into an Assurance of Discontinuance with the organization, requiring it to continue compliance efforts including reinstating its registration.

**MN** The Minnesota Attorney General (AG) investigated **Eagles Healing Nest**, a charity providing veterans and their families with housing and services, after reports that the founder was misusing funds. The investigation uncovered evidence that the founder was running the nonprofit without board supervision and was mismanaging the nonprofit's finances, including using charitable assets for personal expenses. The charity had also failed to maintain its required registration. In March 2024, after the organization formed a new board and hired experienced nonprofit counsel to improve compliance, the AG and the charity and its founder entered into an Assurance of Discontinuance that required that the founder be terminated and that the organization continue its compliance efforts including reinstating its registration, and that mandated that the founder repay \$10,000 to the nonprofit over three years.

**MN** In March 2024, the Minnesota Attorney General's Office (AG) filed an Assurance of Discontinuance requiring **Action for East African People** (AFEAP) to separate from its founder, whom the AG found had diverted millions of dollars in charitable assets to herself and family members. The AG alleged that AFEAP violated charity laws by making payments of at least \$450,000 to Ayan Abukar, its founder and executive director, or to companies she headed, and additional payments of at least \$287,000 to one of Abukar's daughters or companies she headed as well as at least \$894,000 to other Abukar family members or companies they headed. In the Assurance, AFEAP agrees to enact governance reforms and remove Abukar and the daughter from its financial accounts. Separately, a federal indictment alleges that Abukar used AFEAP as a conduit to allegedly steal millions of dollars in federal child-nutrition funds. AFEAP operates a dental clinic that serves low-income patients and others in need, including those from Minnesota's Somali community and other uninsured and underinsured immigrant communities.

**MN** The Minnesota Attorney General (AG) sued 23 charities involved in defrauding the federal child nutrition program for breaches of fiduciary duties and governance violations after the Department of Justice revealed the widespread scheme in 2022. The complaints alleged that the directors and officers of the nonprofits created or revived sham entities that were used to fraudulently claim federal reimbursements for meals that were not actually provided to children in need under the program. After the complaints against six entities were resolved voluntarily, the AG successfully secured court orders dissolving the remaining 17 sham charities in May 2024.

**MN** The Minnesota Attorney General's Office (AG) investigated **All In Minnesota**, a youth soccer charity, after receiving complaints about the nonprofit's governance. The investigation uncovered evidence that the board of directors failed to hold meetings, appoint a treasurer, or implement policies and procedures to protect the charity's assets, resulting in conflicted transactions with the founder and entities tied to related parties. The charity also failed to register with the AG and abandoned the corporation in 2022 without following dissolution procedures. In August 2024, the AG entered into an Assurance of Discontinuance with the charity notifying the public of the organization's governance violations and requiring the charity to dissolve.

**NH** The New Hampshire Charitable Trust Unit (CTU) executed an Assurance of Discontinuance with the New Hampshire nonprofit charitable corporation **Bearcamp for Sustainable Community** for alleged breaches of fiduciary duties. The Board's conduct included voting to sell real estate below market value to former board members and in violation of the terms of a conservation easement. The Board also failed to pay wages in a timely manner to the Executive Director and voted to change its purpose, then used its existing assets for the new purpose without seeking court approval. As part of the Assurance, the charity was required to retain legal counsel to resolve real estate issues, repay loans from the Executive Director, pay compensation timely, and undergo Board training. The charity was also required to pay CTU's cost of investigation and a voluntary payment of \$10,000 in lieu of civil penalties.

**NH** The New Hampshire Charitable Trust Unit (CTU) executed an Assurance of Discontinuance with the New Hampshire nonprofit corporation **NuDay**, which provided humanitarian aid inside Syria and helped displaced Syrians in the areas bordering Syria. The president of NuDay, Nadia Alawa, pled guilty in federal court to three counts of failure to file export information in violation of federal law. CTU investigated NuDay regarding its annual reports and determined there were irregularities, including an extraordinary value assigned to in-kind donations (approximately \$40 million), which allowed the charity to appear more successful than it was. In the course of CTU's investigation, Alawa made false statements under oath regarding bank accounts controlled by NuDay. The Assurance required Alawa to pay CTU the cost of investigation as well as a \$20,000 voluntary payment in lieu of civil penalties. Alawa is also prohibited from serving on any New Hampshire charitable organization for a period of 50 years.

**NY** Following an investigation that began in Spring 2019, the New York Attorney General's Office (NY OAG) in August 2020 sued the **National Rifle Association of American** and several of its officers and directors including Wayne LaPierre, the Executive Vice-President, Wilson Phillips, the former Chief Financial Officer and Board Treasurer, and John Frazer, the then General Counsel and Corporate Secretary, alleging various statutory violations of state law governing charities and their fiduciaries. The case proceeded to a jury trial in early 2024, the first time a New York jury addressed claims asserted under state charity law in a regulatory

enforcement action. After a six-week trial, the jury found: (1) improper administration of a charity and its assets under N.Y. Estates, Powers & Trusts Law by the NRA; (2) violations of New York's whistleblower provisions of the N.Y. Not-for-Profit Corporation Law (N-PCL) by the NRA, (3) violations of statutory fiduciary responsibilities under the N-PCL by the individual defendants, who were senior leaders of the NRA. The jury further determined there was cause to remove the chief executive officer and assessed damages of \$7.4 million from breaches of fiduciary duty by LaPierre and Phillips. In addition, the jury found that the organization and its former general counsel had made false statements in regulatory filings in violation of N.Y. Executive Law.

The Court bifurcated the issue of non-monetary equitable remedies for a second, non-jury trial, which was held in July 2024. The Court barred Mr. LaPierre from returning to the NRA or any of its affiliates in any fiduciary role for 10 years. The Court declined to appoint an independent monitor over the NRA, citing remedial measures and governance changes at the NRA during the pendency of the litigation. These measures included changes in personnel at the executive level and establishing a Compliance function led by a new Chief Compliance Officer and Director of Internal Audit. The Court, however, found more changes at the NRA should be considered and directed the parties to make further submissions of proposed forms of relief to be ordered at a later time.

Before the second stage of the trial, the NY OAG reached a settlement with Phillips, the former CFO, who accepted a 10-year bar on serving as a nonprofit fiduciary in New York. The settlement left in place the \$2 million damages and liability verdict against him by the jury. In addition, the NY OAG reached a settlement before trial with a fourth NRA executive, Joshua Powell, former senior strategist and chief of staff to LaPierre, who admitted wrongdoing, paid \$100,000 in restitution to the NRA, and agreed to a lifetime bar on being a nonprofit fiduciary in New York.

**NY** In April 2024, the New York Attorney General's Office (NY OAG) reached an agreement with the **Diocese of Brooklyn** to resolve years of mismanagement of clergy sexual abuse cases by the Diocese and its failure to comply with the policies and procedures it had adopted for investigating and responding to abuse complaints. The agreement is reflected in an Assurance of Discontinuance that includes the NY OAG's findings that the Diocese applied inconsistent standards to evaluate the credibility of an abuse allegation, delayed investigations, and failed to monitor priests who were found by the Diocese to have been credibly accused of sexual abuse. The agreement requires the Diocese to strengthen its existing policies and procedures for handling sexual abuse, including by mandating timelines for the review, independent investigation and determination process. It also requires the Diocese to implement measures to improve the availability of the complaint process and to put in place a whistleblower policy. The Diocese also agreed to changes and improvements to the personnel handling allegations of sexual abuse and misconduct, including appointing a director to oversee that function at the Diocese and adding a qualified person with law enforcement or counseling experience

to be a Clergy Monitor. The Diocese further committed to making public disclosures when clergy are removed from active ministry due to a finding of credible allegations of abuse. The Diocese's compliance with these and the other conditions in the Assurance will be reviewed by an independent secular monitor, who will be installed for a minimum of 3 years, and will issue annual reports, which will be published on the Diocese's website.

**NY** The New York Attorney General's Office (NY OAG) entered into an agreement with **Northwell Health** ("Northwell"), New York's largest health care network, to improve and expand access to financial assistance for millions of New Yorkers at Northwell facilities across the state, including its 21 hospitals. The collaborative agreement provides that uninsured and underinsured New Yorkers receiving necessary medical care and earning under five times the federal poverty level—\$75,300 for an individual or \$156,000 for a family of four—will be eligible for free or discounted care. Northwell committed to dedicating more staff to help patients apply for financial assistance and significantly reducing medical debt collection. In addition, Northwell will have a Medical Debt Ombudsperson review accounts before litigation is commenced to ensure that patients are given ample notice of Northwell's financial assistance policies and the opportunity to apply for assistance. This agreement was developed after the NY OAG reviewed Northwell's financial assistance program and Northwell agreed to work with the NY OAG to improve and expand its program. The agreement strengthens and expands Northwell's financial assistance program beyond the requirements of the New York Hospital Financial Assistance Law. Northwell has agreed to keep the policies in place for five years and will provide annual reports to the NY OAG and the Northwell Board of Trustees on its financial assistance program.

**NY** In June 2023, **St. Peter's Health Partners** (St. Peter's), a nonprofit health system in upstate New York, announced a plan to close the Burdett Birth Center, the maternity ward at Samaritan Hospital of Troy, one of its hospitals, and the only hospital in Rensselaer County. Samaritan is a New York charitable nonprofit corporation affiliated with and operated by both St. Peter's and Trinity Health Corporation, a national nonprofit healthcare organization. After the announcement to close Samaritan drew strong condemnation from a wide array of public officials, residents, members of the medical community, community groups, maternity care experts, and health system experts, the NY OAG began investigating the causes of the proposed closure. The NY OAG reviewed state and federal filings of Samaritan, St. Peter's, and Trinity and held a daylong public hearing in Troy, New York, gathering first-hand accounts of Samaritan's maternity service, and expert testimony on financial trends and incentives in the region's health industry. In April 2024, St. Peter's and Samaritan reversed course, canceling its plan to close the maternity ward at Samaritan. The NY OAG investigation continues, focusing on issues of governance, fiduciary duty, and conflicts of interest related to transactions between and among Samaritan, St. Peter's, and Trinity.

**OH** Problems within the Wood County-based **Impact with Hope Children’s Worldwide Hunger & Health Relief** led to inter-agency enforcement efforts. The Charitable Law Section (CLS) staff assisted the Wood County Prosecuting Attorney’s Office in successfully prosecuting Linda Green, the organization’s founder and CEO, for making personal use of funds intended to support the organization’s mission. Green was sentenced to three years in prison with 18 months of mandatory post-release control, with a possibility of three years of post-release control. She was also ordered to make restitution of \$300,000. CLS also examined breaches of fiduciary duties by the board members who failed to ensure that policies and procedures were in place that would have prevented Green from near total control of the charity’s books, records, finances, governance and operations. CLS received a consent judgment in an action targeting the members of the charity board. Under the judgment, all board members were directed to resign their positions. A receiver was appointed by the court to wrap up operations and sell any assets of the group, which will be directed by the Attorney General’s Office to other charitable entities.

**OH** In 2022, the Charitable Law Section sued **Art Iron Foundation** and its last remaining board member, Robert Schlatter, for allegedly breaching fiduciary duties in failing to properly operate the charity. Following mediation, the case was resolved with a consent judgment requiring payments of \$30,000 in civil penalties and an agreement to submit missing reports, fees, and late fees for all registration-related reports since 2018. Schlatter will resign from the board and will be permanently enjoined from participating in the charitable sector. CLS will participate in the appointment of new board members, and all of them will be required to complete Charitable University, CLS’ online training for charitable boards.

**OH** The Ohio Attorney General’s Charitable Law Section was one of several different governmental entities and AG sections that became involved after *The Columbus Dispatch* published a story featuring a whistleblower’s account of financial fraud and personal misuse of assets at the **Columbus Zoo** in 2021. After a multi-year investigation, criminal charges were filed against the former chief executive officer, the former chief financial officer, the former zoo marketing director, and the former zoo purchasing agent. All defendants entered pleas to a range of felony charges that included aggravated theft, conspiracy and tampering with records. Sentencing is expected in the Fall of 2024. The zoo was also required to adopt a wide range of internal controls and other procedures aimed at preventing the various schemes that defrauded the zoo of at least \$2.3 million.

**WA** In September 2023, the Washington Attorney General (AG) sued **The Noble Foundation**, its associated charities, and directors/officers (collectively, “Foundation”) for violations of Washington’s Nonprofit Corporation Act. The Foundation’s primary purpose was to help BIPOC members of Southwest Washington obtain government services, particularly during the COVID-19 pandemic. The AG alleges that the Foundation mismanaged and/or misappropriated over \$1 million dollars in charitable assets. Ophelia Noble, the Foundation’s founder, received

most of the misappropriated funds, including a house, car, and lump sum payments as purported “back pay.” The AG further alleges that the Foundation’s directors—largely comprised of Ms. Noble, her family, and friends—breached their fiduciary duties to the Foundation by assenting to the offending transactions. The AG continues to litigate the matter, with trial set for February 2025.

### **C. Trusts and Estates**

**CA** When **Robert Greeley** died in 2022, his estate was valued at \$31.4 million. Greeley had a trust and a pour-over will. Under the Trust, three-tenths of Greeley’s residual estate was to fund a charitable foundation not yet established. In February 2024, the trustee incorporated the foundation in North Carolina. The trustee petitioned to distribute \$4 million from the estate to elderly beneficiaries, citing intent to improve the beneficiaries’ quality of life. Greeley’s third wife objected because she had not yet received \$7 million due to her under the Trust. The trustee claimed that Greeley had transferred \$35 million to his wife and sister-in-law during his lifetime as a result of incompetence or undue influence, thus decreasing the amount available for charity. The AG attended the mediation to protect the charitable interest in the trust and the parties reached an agreement that will require the wife and her sister to repay \$15.5 million to the estate and waive any claims against the charitable foundation. As a result, the amount going to the Greeley Foundation will increase from \$6.3 million to \$11 million.

**CA** **Decedent Beatrice Zitter**’s son petitioned the court to transfer property (Decedent’s home) from her charitable Foundation to her estate. Both the will and trust bequeathed the property to an entity called Human Eyes Help the Blind and Partially Sight, but there was no evidence that the charitable foundation existed. Based on the objection of the California Attorney General’s office, the Court agreed that the property should be distributed through *cy pres* to a charity with a similar charitable purpose. A successor trustee was appointed to sell the house, marshal the assets and prepare an accounting. A Petition for Final Accounting and Distribution was granted in March 2024. This order resulted in the distribution of over \$600,000 to charities.

**CA** **Saghafi Living Trust**. This case involved \$5 million in real estate, multiple claimants, a handwritten amendment, a special-needs family member, and an unnamed charity to be selected by Settlor’s longtime attorney. The Attorney General received notice of a mediation involving the Saghafi Living Trust and attended, helping to negotiate a settlement that provided for the special-needs beneficiary but is expected to net charity approximately \$1.3 million.

**CT** The Connecticut Charities Unit reviewed 96 gift funds (totaling \$5,596,901.66) which were the subject of an equitable deviation action to transfer administration of the charitable gifts from the Metropolitan Bridgeport, Inc. (formerly known as **University of Bridgeport**) to The University of Bridgeport, Inc. (formerly known as The New University of Bridgeport, Inc.) to ensure funds would be used for the purposes originally intended by the donor.

**CT** The Connecticut Charities Unit initiated an equitable deviation action to resolve a long-standing dispute over the ownership and management of the **Spaulding Pond Preserve** in Norfolk, Connecticut. The main controversy centered around a historic dam that has deteriorated significantly and is approaching the end of its natural life. The Charities Unit worked with parties to facilitate discussion and collaborate on a global resolution that will serve to solidify and strengthen the donors' original charitable intent for the future management and use of the Preserve.

**IL** **Meadows Mennonite Retirement Community** (MMRC) is a religious charity organized to assist the elderly in Chenoa, Illinois, that operated a licensed skilled nursing facility and rehab center for senior citizens there. MMRC was a named beneficiary of the Streid Trust for which Heartland Bank is the trustee. The bank also holds a \$500,000 loan on MMRC's Chenoa facility. Heartland ceased making payments to MMRC from the Streid Trust after a final order of foreclosure was entered by Heartland against MMRC in Woodford County, Illinois. Heartland subsequently filed a separate chancery action in McLean County, Illinois in which it attached a judgment lien it has on the Streid Trust for its \$500,000 loan as well as a declaratory judgment to permit it to stop paying out monies to MMRC under the Streid Trust. Concerned about the bank's actions as both trustee and creditor, the Illinois Attorney General intervened in this litigation. To the surprise of all, it was discovered that a 2021 judgment assigned MMRC's beneficial interest in the Streid Trust to another religious charity, the Franciscan Sisters. The Franciscan Sisters intervened and, in February 2024 the Court ruled in favor of the Franciscan Sisters and ordered it to be substituted as the charitable beneficiary on all the trusts in which MMRC was a beneficiary.

**MN** February 2024, the Minnesota Attorney General prevailed when the Minnesota Supreme Court upheld decisions of lower courts supporting the removal of former **Otto Bremer Trust** trustee Brian Lipschultz. The Minnesota Attorney General first sued the Otto Bremer Trust in 2020, alleging the trustees of the Otto Bremer Trust, including Lipschultz, had engaged in a pattern of serious breaches of fiduciary duty, including self-dealing, excessive compensation and spending, creating a hostile work environment, and shifting the focus of the Trust from charitable to financial purposes. The Minnesota Supreme Court affirmed that Lipschultz "failed to meet [the] standard" expected "of a trustee of a well-respected charitable trust" because, among other things, he used "his position of power to intimidate a grantee on matters unrelated to any charitable purpose," "affirmatively lied" to the Attorney General "about having a named successor" trustee, and "repeatedly placed his own priorities before those of the Trust" by using trust property for his own benefit and furthering his own interests when selling the Trust's shares in Bremer Financial Corporation. The Court also affirmed that the Attorney General is "the representative of the community" that benefits from charitable trusts and is "empowered" to litigate on the community's behalf to ensure their purposes are accomplished.

**MN** *In re Parrot Trust*. The Minnesota Attorney General's Office filed an objection to a *cy pres* petition filed by the beneficiary of two trust agreements. The petition sought to reform the trusts to have one named charitable beneficiary instead of the two distinct charitable beneficiaries named in the trust agreements. The objection addressed both procedural and substantive issues with the petition to reform the trust. Following a hearing, Petitioner withdrew the petition.

**OH** When **St. Luke's Hospital** in Toledo closed and sold its assets to Bon Secours Mercy Health, the Charitable Law Section assisted in a *cy pres* action to modify restrictions on the unrestricted and auxiliary charitable funds held at the St. Luke's Hospital Foundation in order to ensure that the charitable funds continued to be used to support important hospital and community health initiatives. As a result, two funds totaling approximately \$16.2 million will be moved from the dissolving St. Luke's Hospital Foundation to the Bon Secours Mercy Health Foundation to continue to fund the types of programs previously supported through St. Luke's.

**TX** The Texas Attorney General intervened in 2019 in a will contest in the **Estate of Ola Mae St. Germain**. In her Last Will and Testament, St. Germain left her entire estate to a charitable foundation that did not exist at the time of her death. Her will and the charitable gift were challenged by family members. The Attorney General petitioned the Court to *cy pres* the funds left to the foundation. The case settled with the result that Texas charities will receive an estimated \$4.58 million, of which \$1.58 has already been distributed.

**TX** The Texas Attorney General intervened in an estate and trust matter relating to the **Estate of William Dorfmeister**. During his lifetime, Dorfmeister established a complex set of trusts and partnerships and executed a Last Will and Testament, all of which made some charitable gifts, partly to mis-named charitable organizations. After his death, his testamentary documents were challenged. The Attorney General intervened to protect the charitable gifts. The Attorney General agreed to a settlement with all 23 parties, under which three charities will receive donations totaling over \$150,000 with Court approval of the *cy pres* of these gifts, and the Attorney General will receive \$5,000 in fees and costs.

**TX** The Texas Attorney General received statutorily required notice of a proposed trust modification involving a multi-million-dollar trust executed in 1996. The effect of the proposal would have been to disregard the donor's explicit geographic restriction. After discussions with the Attorney General regarding the legal criteria for judicial modification of trust, petitioner nonsuited the trust modification.



## **D. Other**

**CA** In August 2023, the California Supreme Court issued its opinion in *Turner v. Victoria*, holding that a director of a charity, suing on behalf of a nonprofit corporation, does not need to have continuous directorship throughout the litigation to maintain standing to sue. The Charitable Trusts Section and the Office of the Solicitor General filed an amicus brief arguing that nonprofit directors do not lose standing to sue if they are ousted from the board or their terms end after they file suit. The opinion quotes and refers to the AG's amicus brief several times and confirms that by giving directors standing to sue to enforce laws governing nonprofit corporations, the Legislature intended to supplement the AG's role in protecting charities.

## 2. Transactions and Dissolutions

**CA** **Holy Names University** (HNU), a private nonprofit university in Oakland, California, closed after finishing the 2022-2023 academic year and sold the school to a for-profit corporation. HNU gave notice of the proposed sale, and the California Attorney General's Office (OAG) approved the transaction. The OAG is overseeing HNU's proposed distribution and use of their endowment funds.

**CT** **The West Granby United Methodist Church** (WGUMC) closed its doors in 2021. The property on which the church was built was given to the church in 1972 by Laura and Tudor Holcomb, with the stipulation that if it were no longer used for ecclesiastical purposes, it would pass to the Hartford Foundation for Public Giving (HFPG). The Charitable Trusts Unit communicated with the parent organization of WGUMC, the New York Annual Conference (NYAC), and was able to secure a commitment to conform to the terms of the deed. In 2024, NYAC ceased to use the property for ecclesiastical purposes, and the Charitable Trusts Unit facilitated the transfer of the property to HFPG in accordance with the donors' intent.

**MA** In early 2024, **Cambridge College**, a Massachusetts public charity largely serving a population of adult learners, including many persons of color, informed the relevant state officials that it intended to close. Soon thereafter, Cambridge College announced that it would affiliate with Bay Path University, also a Massachusetts public charity, through a transaction in which Bay Path will acquire most of Cambridge College's assets and continue to run the programs of Cambridge College for 18 to 24 months before combining the two schools into one entity. Under Massachusetts law, such a transfer of assets requires review by the Massachusetts Attorney General's Office, followed by a filing seeking court authorization for the transfer. Following authorization by the court, this transfer will proceed.

**MA** Following the death of the rabbi of the **Congregation Lubavitch Orthodox Synagogue of South Brookline**, the Massachusetts Attorney General's Office (AGO) determined that this religious organization had no other fiduciaries, but did control significant charitable assets, including real property. The AGO asked the Court to appoint a receiver for the religious organization, and to help determine next steps for a synagogue whose membership had dwindled. Following several years of work, including defending against and ultimately settling claims from family members of the late rabbi, the receiver proposed a distribution of the assets of the synagogue, under principles of *cy pres*, to other Jewish religious organizations near South Brookline. The court authorized those transfers, and the receivership is now in the process of concluding.

**MA** For many decades, Massachusetts public charity **Our Lady's Guild House** operated a single-room occupancy building for women in Boston's Fenway neighborhood. After receiving complaints from residents of the building, the Civil Rights Division of the Massachusetts Attorney General's Office (AGO) reached a resolution, through an Assurance of Discontinuance, on the complaints of the residents. Concurrently, the charity's board worked with the Non-Profit Organizations/Public Charities Division on a proposal to sell the building to an affordable housing operator (controlled by two Massachusetts public charities) in order to preserve the affordable nature of the building. Following review by the AGO and authorization from the court, the building was sold in late 2023.

**NH** In December 2022, pursuant to New Hampshire's Standards for Acquisition Transactions involving Health Care Charitable Trusts, **Valley Regional Health Care, Inc.** (VRH) and its subsidiaries submitted to the New Hampshire Charitable Trust Unit (CTU) notice of a proposed change of control with Dartmouth-Hitchcock Health (DHH). Under the terms of the proposed transaction, DHH would become the sole corporate member of VRH and retain certain reserved powers over VRH and its subsidiaries. On April 1, 2024, the State and CTU filed a complaint against VRH and DHH seeking an injunction and other relief alleging the transaction violated anti-trust and charitable trust law. The State and CTU also filed a proposed final judgment to which VRH and DHH assented. The proposed final judgment, which the court approved, requires that VRH and DHH undertake certain additional actions to comply with state antitrust and charitable trust laws. The CTU also issued a separate 15-page report, concluding that it would take no action to oppose the transaction, subject to compliance with final judgment. The report is available at: [www.doj.nh.gov/bureaus/charitable-trusts/valley-regional-hospital-and-dartmouth-hitchcock-health](http://www.doj.nh.gov/bureaus/charitable-trusts/valley-regional-hospital-and-dartmouth-hitchcock-health).

**NY** **The Bronxwood Home for the Aged**, a nonprofit elder care home, sought NY OAG approval to transfer its real property, valued at nearly 10 times the value of the business, prior to the transfer of its health care business to a for-profit purchaser. Transfer of the healthcare business to a new operator first requires approval and licensing from the NY State Department of Health (DOH), while transfer of the real property of an elder care home only requires NY OAG or Court approval. The purchaser of both the health care assets and the real property was the same for-profit entity that claimed it was necessary to purchase the real property first and not wait for approval from DOH for the purchase of the business assets. NY OAG opposed this bifurcated approach to the sale of an elder care home, arguing that it puts the residents at risk and leaves the charity open to financial manipulation by the real property owner. After multiple hearings and filings at the state trial level, the court allowed the bifurcated sale and the NY OAG appealed. The appellate court unanimously reversed the trial court, pointing to the many risks associated with a bifurcated sale approach and finding that allowing such a risk provides no benefit to the residents.

**NY** The New York Court further codified the *quasi cy pres* doctrine in a matter involving the sale of a building, the **August Aichhorn Center for Adolescent Residential Care**, that had been used as an adolescent residential care and treatment center but was now vacant. The sale price to a for-profit purchaser was \$14 million. The selling charity, which had no alternative plans for another adolescent treatment center, wanted to apply the proceeds to research activities. NY OAG argued that the proceeds of the sale should be used for the center's purpose. The court ruled in NY OAG's favor with a comprehensive opinion applying the *cy pres* doctrine to the use of proceeds in a sale transaction. As a result, the selling charity negotiated a restricted grant agreement with a local hospital which requires that proceeds be limited to adolescent care and treatment.

# 3. Registration and Registration-Related Enforcement

**CA** Mickey Barreto founded **Mickey Barreto Missions**, which he then used to try and take over a church, both by submitting fraudulent records to the California Secretary of State and to the California Attorney General's Registry of Charities and Fundraisers. The AGO issued a cease-and-desist order and a notice that the Attorney General's Registry was revoking the registration of Mickey Barreto Missions. Barreto appealed and a contested evidentiary hearing followed, with preliminary denial by the hearing officer. On January 31, 2024, the AGO issued a final decision upholding the cease and desist order and revoking the charity's registration.

**CO** The Colorado Secretary of State plans to gather data on the **use of AI** in in the Colorado charity ecosystem to capture how AI is being utilized and the scope of footprint of the evolving technology. The office plans to expand on this by adding a disclosure question for all charitable solicitation categories (charities, paid solicitors and professional fundraising).

**NC** The North Carolina Department of the Secretary of State, Charitable Solicitation Licensing Division collected \$30,500.00 in civil penalties from charities or sponsors for expired registrations.

**SC** The Secretary of State received a record \$1,031,571.01 in fine revenue for delinquent filings from charitable organizations, professional fundraisers, and raffles.

**WA** The Washington AGO conducts an investigative and enforcement program using its authority to enter into assurances of discontinuance (AOD) with unregistered charities. If the AGO learns of a charitable organization soliciting without being registered or having let its registration lapse, the AGO sends the organization an enforcement letter and/or a proposed AOD with a demand for a payment of a financial penalty. In the last year, the AGO sent 17 enforcement letters, filed two AODs, initiated an additional 11 AODs that are still pending, and worked to clean up the roster of involuntarily closed charitable organizations.

## 4. Outreach Activities

### A. Guidance Issued

**CO** The Colorado Secretary of State issued its annual holiday “wise giving tips” press release. The office also released an annual report on charitable giving.

**FL** The Florida Attorney General’s Office issued tips to avoid holiday season charity scams for Giving Tuesday. The AG also released a holiday guide discussing fraudulent charities.

**HI** The Hawaii Attorney General released a series of alerts cautioning donors about charitable scams in response to the Maui-Lāhainā Wildfire.

**MD** The Maryland Secretary of State conducted virtual town halls for nonprofit organizations about various topics including registration requirements for charities and paid fundraisers, giving wisely (targeting donors), and how to avoid being a victim of cybercrime (targeting charitable organizations). See: <https://sos.maryland.gov/Charity/Pages/default.aspx>.

**NH** The New Hampshire Charitable Trusts Unit conducted five (5) webinars on the topics of board governance and compliance with state statutes for 1,139 charity attendees in 2023. In addition, the New Hampshire Department of Justice website was updated, including the Charitable Trusts page, which was reorganized and designed to be more user-friendly.

### B. Outreach Activities

**IL** In January 2024, the Office of the Illinois Attorney General’s Charitable Trust Bureau teamed with the Crime Victims Assistance Bureau to host informational webinars for potential grant applicants to the **Violent Crime Victims Assistance** grant program. The Charitable Trust Bureau provided information about charities’ registration requirements and ongoing reporting requirements pursuant to the Charitable Trust Act and Solicitation for Charity Act and answered questions from potential applicants about the Bureau’s processing of requests for registration and letters of good standing.

**IL** In January 2024, the Office of the Illinois Attorney General’s Charitable Trust Bureau teamed with the Military and Veterans Rights Bureau to provide information to the **Illinois Association of County Veterans Assistance Commissions** about registration requirements and ongoing reporting requirements pursuant to the Charitable Trust Act and Solicitation for Charity Act, as well as the ongoing fiduciary duties of a charitable organization’s board of directors.

**IL** In March 2024, the Office of Attorney General’s Charitable Trust Bureau presented an update to the **Illinois CPA Society’s Not-for-Profit Committee** on the new audit threshold/ financial review requirements in the Solicitation for Charity Act, which took effect on January 1, 2024. The OAG made a similar presentation at the Illinois CPA Not-for-Profit Conference in June.

**MA** Following the rollout of the electronic filing Portal (<https://www.mass.gov/info-details/online-charity-filing-portal>) by the Massachusetts Attorney General’s Office (AGO), and in conjunction with making Portal use mandatory for all registrations and annual filings, the AGO conducted a series of monthly webinars on the use of the Portal, coupled with additional outreach to specified user groups, and new electronic resources. A full-length training video will soon be added.

**MD** The Maryland Attorney General’s office provided outreach to organizations about registration requirements in the wake of the Key Bridge disaster.

**MN** The Minnesota Attorney General conducted trainings for board members of **animal rescue charities**, covering governance requirements, fiduciary duties, registration requirements, and managing internal compliance issues.

**NC** North Carolina made the following presentations:

- Alamance County Small Business Center – From Registration to Fundraising
- NC Crime Stoppers – Playing by the Rules
- Community Leaders Group: Let’s Talk Regulatory Compliance – Why is it important?

**NH** The New Hampshire Charitable Trusts Unit conducted 24 videoconference meetings with charity boards in 2023 providing them with personalized governance and compliance training.

**NH** The New Hampshire Charitable Trusts Unit developed a “Roadmap to Registration” and added it as a link on its website as a resource for charities. <https://www.doj.nh.gov/sites/g/files/ehbemt721/files/inline-documents/sonh/roadmap-to-registration.pdf>

**OH** In January 2023, the Ohio Attorney General’s Charitable Law Section launched Charitable University, an online learning platform housing videos and resource materials related to the legal obligations of charitable board members. The trainings fall within four pillars that address the areas which seem to hold the biggest challenges to charitable organizations: board governance; governmental filings and recordkeeping; fundraising; and financial activities. Since launching the program, 4,500 people have accessed the program, and 3,100 people have completed the requirements and graduated from Charitable University, having completed at least one training in each of the four pillar areas. Ohio Attorney General Dave Yost announced a policy change when the program launched, requiring that at least one-half of all board members complete Charitable University if their organization receives grants or other funds from the office.

**OH** The Ohio Attorney General's Charitable Law Section staff began reaching out to governmental offices that provide grants or contracts to charitable organizations and urging them to ensure that all charitable recipients of funds are in compliance with registration filing requirements. This has resulted in an opportunity to help bring hundreds of charities into compliance. Additionally, these public offices are made aware of training and resources available to assist board members in better understanding their legal obligations.

**SC** In November 2023, Secretary of State Mark Hammond recognized 10 "Angel" charities that spend 80 percent or more of their total expenses on program services and have a significant presence in South Carolina. See: <https://sos.sc.gov/news/2023-11/south-carolina-secretary-state-mark-hammond-announces-angels-2023>

**SC** As part of Charity Fraud Awareness Week in November 2023, Secretary of State Mark Hammond published the 2022-2023 Wise Giving and Professional Solicitor Report. This report included tips on wise charitable giving and data from PFR fundraising campaigns and joint financial reports. See: <https://sos.sc.gov/news/2023-11/sc-secretary-state-mark-hammond-announces-charity-fraud-awareness-week-and-releases>

**SC** The South Carolina Secretary of State's Office continued to publish online video tutorials to assist charities in accessing the office's online filing system to file registration statements, annual financial reports, and raffle filings. The agency will continue to increase the number of tutorials to help all charities customers navigate the online filing system.

**TN** In June 2024, Tennessee Secretary of State's Office (TN SOS) issued its first issue of "The Tennessee Charitable Organizations Chronicle," an online quarterly newsletter. TN SOS also made a number of presentations to veterans organizations and senior citizens centers on how to register under Tennessee's Charitable Solicitations Act and how to apply for and conduct a charitable gaming event.

**WA** Washington State made the following presentations:

- In January 2024, the Attorney General's office (AGO) presented on charitable trust law at the North Central Washington Estate Planning Council
- In March 2024, AGO and the Office of the Secretary of State (OSOS) had a session at a nonprofit conference regarding compliance and best practices for charitable nonprofit organizations. OSOS also facilitated a Q&A panel of state agencies with AGO as a panelist.
- In May 2024, AGO and OSOS held a session at the virtual statewide nonprofit conference regarding compliance and best practices for charitable nonprofit organizations.
- In June 2024, OSOS co-sponsored the Central Washington Nonprofit Conference. OSOS also served as panelist in a Q&A session with nonprofits in rural Eastern Washington.



# 5. Regulations and Legislation

## A. Published or Adopted Regulations

**CA** Regulations implementing California Government Code sections 12599.9, 12599.10 (Cal. Code Regs, tit 11, §314-323) went into effect on June 12, 2024, to address **charitable fundraising platforms and platform charities**. This is the first statutory framework of this kind in the country. These new laws require online charitable fundraising platforms and platform charities to register with the California Attorney General's Registry of Charities and Fundraisers before engaging in any online solicitations, and to report on the fundraising activities.

**CA** California added section 328.1 to its regulations to implement Corporations Code sections 5913 and 9633, and Probate Code section 16106. (Cal. Code Regs., tit. 11, § 328.1). These statutory provisions address **transactions involving the sale of all or substantially all of the assets of a charity** or charitable trust, and assets held in charitable trust by a mutual benefit corporation. The new regulation defines "substantially all" for the purpose of giving notice to the California Attorney General's Office.

**IL** In May, the Office of Illinois Attorney General, Charitable Trust Bureau, published updates to the rules promulgated pursuant to the Illinois Charitable Trust Act and the Illinois Solicitation for Charity Act. The updates reflect new legislation that requires a charitable organization to file audited financial statements with its annual report if its contributions exceed \$500,000. The audit threshold of \$25,000 for organizations that use a professional fundraiser remains unchanged. The rules also clarify provisions related to the extension of time to file annual financial reports and update the forms and instructions to make it easier for them to be converted into an online filing system.

**NH** The New Hampshire Charitable Trusts Unit updated Jus 400 Administrative Rules which became effective in May 2024. The updates were to the following forms: NHCT-10, NHCT-11, NHCT-12, NHCT-13, NHCT-32, NHCT-50.

**NC** Effective October 2023, a charitable organization or sponsor whose federal informational tax form (IRS Form 990 and related schedules) filing date has been extended pursuant to filing the federal application for an automatic extension with IRS, shall notify the North Carolina Department of the Secretary of State by providing a copy of the filed application, to receive an automatic 6-month extension of time to file a renewal application.

## ***B. Legislation Enacted***

**FL** Effective July 1, 2024, 496.406(1)(d) Fla. Stat. changed charities' registration fees to reflect total contributions in a fiscal year instead of total revenue. The change only applies to those organizations that do not use fundraising professionals. Also included was language clarifying that the term "street address" does not include a virtual office, post office box or a mail drop.

**HI** Senate Bill 2983, which becomes effective in January 2026, adds a new section, definitions, and other changes to regulate charitable fundraising platforms and platform charities to the Solicitation of Funds from the Public Act in Hawaii Revised Statutes Chapter 467B.

**IL** Effective January 1, 2024, charitable organizations whose fund-raising functions are carried on solely by staff and volunteers and who receive contributions in excess of \$500,000 will be required to file an Audit with the Annual Report. (225 ILCS 460/4(a)) Charities that receive contributions in excess of \$300,000 but not in excess of \$500,000 shall file Reviewed Financial Statements in lieu of an audit. The audit threshold of \$25,000 for charitable organizations that use the services of a paid professional fundraiser has not changed. (225 ILCS 460/4)

**MN** The Minnesota Attorney General's Office provided technical assistance on new legislation governing conversion transactions involving nonprofit health coverage entities, effective July 1, 2025. The new legislation applies to nonprofit health service plan corporations and nonprofit health maintenance organizations and includes prohibitions on certain conversion transactions, notice requirements and enforcement authority and remedies. See Minn. Stats. 145D.30 to 145D.36.

**MS** Effective July 1, 2024, Senate Bill 2545 added the definition of monetary donations to the charity act in Miss. Code Ann. Section 79-11-501(f). Effective July 1, 2024, House Bill 845 revised Miss. Code Ann. Section 79-11-507 to require the financials filed with the charity registration to be for the organization's most recent fiscal year end.

**NC** In September 2023, the North Carolina Legislature passed SB 429, making several changes to the Charitable Solicitation Act. The new law increased the charitable contributions threshold for exemption from licensure from \$25,000 to \$50,000 in any calendar year. The new threshold only applies to organizations that do not provide compensation to any officer, trustee, organizer, incorporator, fundraiser, or solicitor. This does not include professional fees paid to licensed attorneys or licensed accountants.

**TN** The Tennessee Secretary of State's Office had two bills pass this legislative session: Public Chapter 615 and Public Chapter 533. Public Chapter 615 lowered the fee for organizations registering (including renewal registrations) under Tennessee's Charitable Solicitations Act to a flat fee of \$10 for the 2024-25 fiscal year. The Act also reduced the application fee to conduct a charitable gaming event to a total of \$20 (\$10 paid upfront with application and balance of \$10 paid with financial accounting) and reduced late fees for charitable organizations from \$25 per month to \$10 per month. Public Chapter 615 also raised the threshold for the audit requirements under the Charitable Solicitations Act to gross revenues in excess of \$1 million. Public Chapter 533 made several changes to the Charitable Solicitations Act, including the following:

- Changes the definition of "charitable organization" to include organization determined to be tax-exempt pursuant to 501(c)(3);
- Excludes from the \$50,000 and under exemption any organization that uses a professional solicitor or commercial coventurers;
- Amends the initial registration application to require a statement of whether organization has ever been subject to an administrative order;
- Amends TCA 48-101-506(e) to provide that SOS can grant a request for 1st extension "upon good cause shown;"
- Requires anyone that places or maintains a donation bin to maintain a comprehensive list of locations of each bin placed or managed and to file that list with the SOS on an annual basis, along with any written permission that is required;
- Requires anyone that enters into a commercial co-venture contract or agreement to file a copy of that contract or agreement with the Secretary of State at least 5 days before commencing the promotion; and
- Provides that the Secretary "by order, letter, or other appropriate means, may enjoin the charitable organization, professional fundraiser, or other person from continuing an act or violation, or committing other acts in furtherance of it, during the course of an investigation."

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