



***UPDATE FROM STATE ATTORNEYS GENERAL:
CURRENT DEVELOPMENTS IN REGULATION AND ENFORCEMENT***

RESOURCE DOCUMENT

Presenters:

Michael Foerster: Senior Deputy Attorney General,
Pennsylvania Office of Attorney General

President, National Association of State Charities Officials

David M. Horn: Senior Counsel, Consumer Protection Division
Washington State Attorney's General's Office

Moderator:

Cindy M. Lott: Academic Program Director, Nonprofit Management Programs,
School of Professional Studies, Columbia University

Senior Fellow, Center on Nonprofits and Philanthropy,
Urban Institute

I. DECEPTIVE SOLICITATION

All 50 states and the Federal Trade Commission announced Operation Donate With Honor on July 19, 2018. This sweep focused on organizations that deceived donors by claiming to help military veterans. Including more than 100 enforcement actions, this was at least the fourth national enforcement sweep organized by the FTC with assistance from numerous states. <https://www.ftc.gov/news-events/blogs/business-blog/2018/07/operation-donate-honor-law-enforcers-unite-challenge> and <https://www.ftc.gov/news-events/press-releases/2018/07/ftc-states-combat-fraudulent-charities-falsely-claim-help>

Spreadsheet of enforcement actions by the FTC and the states:

https://www.ftc.gov/system/files/attachments/press-releases/ftc-states-combat-fraudulent-charities-falsely-claim-help-veterans-servicemembers/dwh_list-enforcement-actions_1.pdf

USA Today article: <https://www.usatoday.com/story/money/business/2018/07/19/charity-call-help-vets-scam-so-were-many-others-ftc/797959002/>

CA In re Giving Children Hope

Filed an assurance of voluntary compliance against Giving Children Hope and its principals for misleading public reporting using vastly inflated gift-in-kind donations of pharmaceuticals. As part of the settlement, the charity, directors, officers and accountant paid \$410,000 to be used for state charity enforcement and will stop providing misleading reports. <https://oag.ca.gov/news/press-releases/attorney-general-becerra-announces-410000-settlement-giving-children-hope-after>

CA People v. Wounded Warriors Support Group

Received a jury verdict for nearly \$8.8 million against individuals who fraudulently solicited charitable donations under the pretext of assisting wounded veterans and their families but instead illegally enriched themselves. In addition, the court dissolved the charities and permanently enjoined the individual defendants from future involvement with charities. <https://oag.ca.gov/new-press-categories/charities>

CA People v. Cars 4 Causes

Settled an enforcement action against Cars 4 Causes (C4C), a nonprofit that advertised itself as the “Charity that Gives to Charities.” C4C misrepresented to donors that designated charities would receive 70 percent of the net proceeds from car donations but C4C stopped paying the designated charities. The office and the local district attorney filed a civil enforcement action against C4C, officers, directors, and its CPA and CPA firm. C4C shut down its operations as a result of our lawsuit and the parties settled the case for \$1.02 million, a permanent injunction, and dissolution.

CO Filed criminal contempt charges against Adam Shryock, who was banned from charitable solicitation in 2014 after operating a nationwide business selling merchandise in bars and at tailgate parties ostensibly to benefit breast cancer charities, but remitting little to the charities and failing to obtain their permission. In spite of the ban, and having been found in contempt twice for violating it, Shryock reverted once again to the same practices in 2018.

FTC, FL, MO The Federal Trade Commission filed four charitable solicitation fraud cases against sham charities in the past year. The agency filed against Help the Vets and Veterans of America as part of Operation Donate With Honor, and announced a settlement with Veterans of America on March 26, 2019. <https://www.ftc.gov/news-events/press-releases/2019/03/ftc-crackdown-stops-operations-responsible-billions-illegal> The FTC also filed suit in March against two more shams, the Disabled Police & Sheriffs Foundation (with the MO AG) and the American Veterans Foundation (with the FL AG). <https://www.ftc.gov/news-events/press-releases/2019/03/ftc-states-continue-fight-against-sham-charities-shut-down> These actions reflect the FTC's ongoing partnerships with state attorneys general as well as a continued commitment to protecting donors from deception.

FL The principal of Soaring Paws pled guilty to five felony counts in this prosecution based on an investigation by the Florida Department of Agriculture and Consumer Services. Albert Lonzo Adams III was charged with duping donors out of \$142,000 by claiming that 100% of donations would pay for abused or abandoned dogs to be flown to rescue organizations. https://www.tampabay.com/news/courts/criminal/Soaring-Paws-founder-pleads-guilty-to-state-charges-gets-10-years-probation_172706709

ID On July 19, 2018, Attorney General Lawrence Wasden announced Idaho's participation in Operation Donate with Honor, a federal and multistate crackdown on fraudulent organizations that claim to benefit veterans and service members. As part of the enforcement sweep, Wasden also announced his office's settlement with Veterans Relief Association, Inc., and owner Wayne Longmore. The settlement resolves allegations that the Idaho Falls-based nonprofit engaged in deceptive charitable solicitations and misrepresented itself as a registered Idaho telephone solicitor. <https://www.ag.idaho.gov/newsroom/idaho-joins-national-effort-to-target-fraudulent-charities-that-falsely-claim-to-help-veterans-and-service-members/>

IL Sued Supplemental Security Foundation, Inc. (SSF), an Illinois-based professional fund raiser, its owner, Ronald L. Broadstone, and American Veterans Foundation (AVF), a Florida-based charity on whose behalf SSF and Broadstone solicited Illinois residents in violation of Illinois charitable solicitation laws. The Illinois AG alleged that SSF and Broadstone failed to disclose that they were paid professionals when soliciting the public, and made false statements in filings with the AG's Office, and that SSF failed to properly supervise the fundraising activities of the other defendants. The AG obtained default judgments against SSF, Broadstone, and AVF for \$218,130.00 disgorgement of fundraising profits/fees/salaries and for injunctions against SSF, Broadstone, and AVF operating in Illinois. This case was part of a coordinated AVF investigation involving the FTC and other states (Michigan, Florida, California, and others) to address misrepresentations in fund raising occurring nationwide.

IA Obtained an AVC banning the National Association of Chiefs of Police (NACOP), of Titusville, Florida, and two principals, Barry Shepherd and Brent Shepherd, from mailing solicitations into Iowa.

IA Obtained an AVC barring Veterans Relief Network from soliciting Iowa residents.

KY Obtained an assurance of voluntary compliance from Ruffalo Noel Levitz, LLC, on allegations that the firm failed to register as a professional solicitor, failed to timely file 22 campaign financial reports, and included misleading statements in scripts, including having callers identify themselves as students rather than employees or contractors of the company.

MD Stephen D. Everhart et al, Cease and Desist Order, September 27, 2018:

<http://www.marylandattorneygeneral.gov/Press/2018/092818.pdf> Over \$ 1 million in charitable donations were diverted from their charitable purpose by a cash on delivery scheme that went on for several years. The target used a private company to pick up checks and cash donations from unsuspecting individuals solicited by telephone. To induce donations, the individual falsely claimed to be calling on behalf of local FOP and law enforcement agencies, among other false statements. Donations were used for personal living expenses and not for a charitable purpose.

MD Cancer Society of America, Farbod Afkhami, Settlement Agreement announced March 9, 2018: <http://www.marylandattorneygeneral.gov/press/2018/030918a.pdf> A cancer charity based in Maryland was masquerading as the American Cancer Society on-line, which resulted in the founder receiving and cashing over 150 checks expressly made out to the American Cancer Society. He used the proceeds mostly for personal expenses, and not for the solicited charitable purpose. Settlement agreement required the charity to issue refunds to donors, and banned the founder for 7 years from charitable soliciting or serving in that capacity for another charitable organization. The founder also agreed to turn over the charity's remaining assets to the American Cancer Society.

MD, PA Operation Donate with Honor. The Maryland Attorney General and Secretary of State announced their participation in Operation Donate with Honor and several enforcement actions on July 19, 2018 (Help the Vets, Operation Troop Aid, and Southern Maryland Veterans Association/Daniel Brashear referral to State's Attorney). www.marylandattorneygeneral.gov/Press/2018/071918.pdf and https://sos.maryland.gov/Documents/071918_ODH_SOS.pdf In addition, the Secretary of State participated in the national press conference held at the Federal Trade Commission on July 19, 2018 announcing Operation Donate with Honor, and highlighted Maryland's participation in multi-state enforcement actions against sham veterans' charities. MD coordinated work with the Pennsylvania AG on Operation Troop Aid.

MD, FL, CA, OH, OR, MN, FTC In Help the Vets, the Court ordered that more than \$1.8 million recovered from the defendants be split between two veterans' charities, the Injured Marine Semper Fi Fund and Hope for the Warriors.

MI The Attorney General reached a settlement agreement with Opus Bono Sacerdotii (OBS) and its president, Joe Maher in December 2018. The settlement agreement provided for more board oversight and \$10,000 in litigation expenses to the Attorney General's Office. Additionally, Joe Maher agreed to resign from OBS by March 31, 2019. Finally, Maher agreed not to act as an officer, director, or trustee or to solicit funds on behalf of a charitable-purpose corporation in Michigan.

MI The MI AG obtained a \$300,000 settlement from Food for the Poor, which was claiming that 95% of donations would go directly to programs to benefit the poor and that for every 6 cents donated, Food for the Poor would provide a meal to a starving child. \$250,000 of the settlement was divided between the Food Bank Council of Michigan and the Capuchin Soup Kitchen. <https://www.michigan.gov/ag/0,4534,7-359-82930-479605--,00.html>

MI The MI AG issued a Notice of Intent to Deny Registration to the Disabled Police and Sheriffs based on allegedly misleading fundraising materials. The Disabled Police and Sheriffs agreed to withdraw from soliciting in Michigan for two years.

MI The AG issued a Notice of Intent to Deny Registration to the United Cancer Support Foundation based on allegations that the UCSF provided false information on its Form 990 and made misrepresentations in soliciting donations. The UCSF agreed to withdraw from Michigan for five years.

MI The Reserve Police Officers Association withdrew from Michigan rather than provide its solicitation materials to the Attorney General.

NY Operation Bottomfeeder. In March 2018, the Attorney General reached a settlement that shut down Menacola Marketing, Inc., a telemarketing company that solicited on behalf of the National Vietnam Veterans Foundation (NVVF) – a sham charity previously shut down by the Attorney General – and other shell charities that exploited popular causes in order to line fundraisers' pockets. The settlement is part of the Attorney General's Operation Bottomfeeder, which has previously shut down other shell charities, such as the Breast Cancer Survivors Foundation. <https://ag.ny.gov/press-release/operation-bottomfeeder-ag-schneiderman-shuts-down-brooklyn-telemarketing-operation> and https://ag.ny.gov/sites/default/files/menacola_aod_18-009.pdf

NY Sued McEnerney, Brady & Company, LLC, an accounting firm and Edmond Brady, its founder. The complaint alleged that the defendants audited the financial statements of Breast Cancer Survivors Foundation ("BCSF"), a sham charity previously shut down by the Attorney General, and provided it with fraudulent unqualified opinions concerning its financial statements. In addition, it alleged that the defendants "facilitated a multi-year scheme of fraudulent not-for-profit conduct by falsifying [BCSF's] financial statements." This matter was settled. <https://www.courthousenews.com/wp-content/uploads/2018/05/breast-cancer-complaint.pdf>

OK AG's Office filed a 20 count indictment against a Tulsa man for obtaining money under false pretenses, making false material statements on a charitable organization registration statement and using a name similar to another charitable organization in connection with the solicitation of contributions with the intent to deceive the public. Jeff McDougal is alleged to have solicited donations for a veterans' organization he created through a professional fundraiser he owned but failing to provide support for veterans. <http://www.oag.ok.gov/attorney-general-hunter-tulsa-vfw-commander-aarp-announce-20-count-felony-indictment-on-tulsa-man-for-charity-fraud-involving-a-veterans-org>

SC Secretary of State's Office entered into an AVC with Carolina Youth Club of America, through which the organization agreed to cease solicitation in South Carolina until it complies with the professional solicitor requirements of the South Carolina Solicitation of Charitable Funds Act. The solicitation model of this organization involves having minors (ages 13-15) sell candy and other low-quality items door-to-door, and the minors receive a percentage of products sold. The charitable appeal of the organization is that the sales support activities and prizes for the minors and keep vulnerable children off the street. The organization was fined several thousand dollars by the state's Department of Labor, Licensing and Regulation for violating child labor laws. The operators of Carolina Youth Club have been the subject of investigation and/or enforcement actions in New York, New Jersey, and North Carolina, and have also operated in Maryland, Virginia, and Florida.

TN Obtained an AVC with Operation Troop Aid, a multistate action led by Tennessee. Case arose out of a consumer protection multistate action involving Harris Jewelers. OTA, a Tennessee nonprofit, has agreed to dissolve and distribute assets to legitimate veterans' charities; executive director has agreed

not to be involved with any future charities in any sort of management/leadership position; and has agreed to pay \$30,000 penalty to TN SOS, with \$5,000 paid now and remaining \$25,000 only coming due if E.D. violates AVC.

TX The Texas Attorney General filed a petition to cy pres charitable funds in the amount of \$466,888 that the AG holds as a result of a Memorandum of Agreement with The BeHive Youth Development, a dissolved charity. The AG invited four charities as possible recipients of the charitable funds and set the matter for hearing to allow the Court to make a determination on which charity or charities should receive the funds. The money was obtained pursuant to a pre-suit settlement agreement after an investigation of the organization, whose mission was to fund after school and summer programs for financially needy youth. An Austin organization embarked on a campaign to raise funds for a branch office in Houston. AG investigation revealed excess compensation issues and misrepresentation as funds solicited for Houston operations were redistributed to fund failing Austin operations.

VA AG filed suit against Service Dogs by Warren Retrievers, Inc. ("SDWR"), a Virginia-based organization that raises, trains, and places service dogs called "Diabetic Alert Dogs," and Charles "Dan" Warren, Jr., SDWR's president and chief executive officer. The AG alleged that SDWR and Warren violated the Virginia Consumer Protection Act (VCPA) and the Virginia Solicitation of Contributions (VSOC) law by misleading and deceiving consumers about its Diabetic Alert Dog program; the dogs' testing, training, skills, abilities, and efficacy; what goods or services would be included in the costs of the dogs; how the dogs could be paid for; how long consumers would have to pay for them; whether consumers could receive refunds; whether the program was endorsed by the JDRF; and whether Warren had served in the military. The Complaint seeks injunctions, restitution, civil penalties, and costs and attorneys' fees, and the Commonwealth's expenses. <https://www.oag.state.va.us/consumer-protection/index.php/news/283-may-8-2018-herring-files-suit-against-service-dogs-by-warren-retrievers>

VA, WV, PA Three AGs sued Hearts 2 Heroes Inc. d/b/a Active Duty Support Services Inc., a West Virginia for-profit business that conducted door-to-door sales of care packages that purportedly would be sent to service members overseas. The AG alleged that the company misrepresented itself as a charitable organization, used donated funds for personal purposes, and instructed door-to-door sales staff to falsely tell consumers they were licensed to solicit, they were retired service members or volunteers, and funds would be used to send care packages overseas. The lawsuit was announced as part of "Operation Donate with Honor." <https://www.attorneygeneral.gov/taking-action/press-releases/attorney-general-shapiro-protecting-consumers-from-charities-scams/>

WA Obtained summary judgment against Roy Haueter, his wife and adult kids, and their several different children's nonprofits that the court found really benefitted only Haueter's family. <https://www.atg.wa.gov/news/news-releases/court-rules-washington-family-broke-law-using-charities-deceive-donors>

WA Continued to litigate against TVI/Value Village on several alleged violations of the consumer protection act, including leading donors to think TVI, a for-profit business, was a nonprofit. <http://www.spokesman.com/stories/2017/dec/20/washington-ag-sues-company-that-owns-value-village/>

WA Sued Healing Heroes Network of Tampa, FL and its principals. HHN raised well over \$20 million by claiming donations would provide medical care to wounded, post-9/11 veterans of the wars in Iraq and Afghanistan and by mailing sweepstakes letters that falsely promised the recipient had already won a \$10,000 prize. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-cracks-down-two-veterans-charities-misleading-washington-donors>

WA Sued and obtained preliminary injunctions against Fallen Hero Bracelets and Michael A. Friedmann of Spanaway, WA. They claimed sales of their hats, badges and pins on the internet would support 40 listed veterans' organizations. None of the named organizations received any money, and defendants often retaliated against customers who complained to the AG or the BBB by suing them for fraud or turning them over to multiple collection agencies. <https://www.atg.wa.gov/news/news-releases/pierce-county-judge-grants-injunction-against-fallen-hero-bracelets>

WA Sued and shut down several deceptively named Washington nonprofits such as "American Cancer Society of Seattle" and "United Way of Washington" that were created by a Brooklyn, NY man named Ian Richard Hosang. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-files-lawsuit-against-nonprofit-founder-ties-organized-crime> Hosang was described as "a former stockbroker who has ties to the mafia" and who spent 12 years in federal prison after pleading guilty to money laundering and conspiracy. Hosang also created deceptively named nonprofits in several other states.

WA Sued Holiday Treasure Chest and its principal, Mark Bergeson aka Mark Jensen, alleging that from 2013 to 2018, Bergeson withdrew more than \$280,000 in cash from the nonprofit's account, kept no records of how it was spent, and wrote checks from the nonprofit's account to pay for his personal groceries, utilities, vacations, and his Match.com account. Bergeson was also alleged to have used online auction sites to sell toys and electronics donated to Holiday Treasure Chest. Donated toys were supposed to be given to children suffering from cancer and other diseases. <https://www.atg.wa.gov/news/news-releases/ag-ferguson-files-lawsuit-against-holiday-treasure-chest-founder>

WA The AG and Secretary of Health announced that more than \$500,000 recovered by the AG from the bankruptcy of a bogus nonprofit, the Breast Cancer Prevention Fund, will be used to pay for breast cancer screenings for underinsured women, as donors originally intended. <https://www.atg.wa.gov/news/news-releases/ag-recovers-500k-donated-washingtonians-bankrupt-sham-charity>

II. DONOR ADVISED FUNDS

OR The AG alleged that the director of a nonprofit with donor advised funds used the assets of the nonprofit to enrich himself. <https://www.oregonlive.com/opinion/2019/02/steve-duin-oregon-doj-and-the-limits-of-charity.html>

III. FAITHLESS FIDUCIARIES

CA Settled *People v. Bishop*, a probate case against a trustee, for \$450,000, return of trust property, and a life-time ban against two trustees from serving as charitable fiduciaries. The Jean Schroeder Education Trust was created to provide scholarships to needy college students, but the trustees instead engaged in excessive compensation, self-dealing transactions, and diversions of charitable assets.

CA In *In re Estate of Martha Mack*, the CA AG obtained a judgment against the daughters of Martha Mack, who wanted to leave most of her estate to a charitable foundation. After Martha suffered a debilitating stroke, her daughters petitioned the court to place her in a conservatorship and then sought to change her estate plan to erase the gift to charity. After trial, the Court ruled in the state's favor on all grounds. As a result, \$25 million will go to charity. In addition, the Court awarded the AG's Office \$1.7 million in attorney's fees and costs.

CA The AG obtained a \$1.4 million trial judgment against William Shine, former trustee of the Eva Lindskog Trust, for breach of his fiduciary duties. Under the Trust terms, the trustee had a duty to form and fund a charitable foundation. Instead of forming a foundation, Shine operated the Trust's rental properties at a loss for years without making any charitable donations and engaged in self-dealing transactions. The Court found Shine's conduct as trustee "grossly negligent" and awarded \$1.4 million in damages to the Trust, along with \$1.7 million in attorney's fees and costs.

DC *District of Columbia v. Park Southern Neighborhood Corp, et al.*: After a bench trial, the District obtained a constructive trust judgment against the former President of a nonprofit board that owned and managed an affordable housing building. The President of the nonprofit had been diverting tenant and nonprofit funds for her personal benefit while the property deteriorated and the nonprofit went into default on its affordable housing loan. In addition to the judgment, the court appointed a receiver over the property that oversaw the sale of the property, the new board election, and removal of the president from power.

OK The AG filed criminal charges against Jeff David McDougal for alleged criminal actions that involved an Oklahoma Charitable Organization and Professional Fundraiser. This Office's investigation into McDougal found that McDougal allegedly solicited charitable contributions on behalf of American Oklahoma Veterans of Green Country for the purpose of assisting veterans, through his for-profit fundraising business, Cornerstone Oklahoma but that McDougal failed to provide any support to veterans. Instead, most of the funds obtained for American Oklahoma Veterans of Green Country were directed to a separate account controlled by McDougal. In addition, the investigation also revealed that a number of individuals that McDougal solicited donations from believed that they were giving to a similarly named charity called the Green Country Veterans Association. McDougal has been charged with eighteen (18) counts of Obtaining Property by False Pretenses for an Alleged Charitable Purpose, one (1) count of Making False Material Statements on a Charitable Organization Registration and one (1) count of Using a Name Similar to Another Charitable Organization for the Purpose of Deceiving the Public. Litigation is pending.

OK The AG filed criminal charges against a former Board President of the Down Syndrome Association of Tulsa for embezzling money from the organization. After receiving a complaint from other Board Members of the organization about financial inconsistencies, this Office opened an investigation into Jamie Harper, who had recently been removed as the organization's Board President. As a result of this investigation, it is alleged that during her time as the President of the organization, Harper deposited 25 checks made payable to Down Syndrome Association of Tulsa, totaling more than \$9,000, into her personal account for her personal use. Harper has been charged with nineteen (19) counts of Embezzlement and one (1) count of Engaging in a Pattern of Criminal Offenses.

OR The AG forced the long-time director of the Portland Marathon to repay \$865,000 he borrowed from the nonprofit.

https://www.oregonlive.com/portland/2018/04/longtime_portland_marathon_rac.html

OR In a case initially investigated by the AG, the head of a nonprofit foster agency was convicted of embezzling nearly \$1 million from the organization over her seven years as president and executive director. <https://www.oregonlive.com/news/2019/02/former-head-of-foster-care-agency-found-guilty-of-embezzling-nearly-1-million.html>

OR In another case referred by Oregon charities officials, the former executive director of a summer camp for children with diabetes Kids' camp director was convicted of embezzling thousands to support her gambling habit. She was sentenced to nearly three years in prison and ordered to pay \$364,000 in restitution. <https://www.oregonlive.com/portland/2019/03/former-oregon-camp-director-who-stole-from-nonprofit-gets-nearly-3-years-in-prison-must-repay-about-364000.html> and <https://www.oregonlive.com/portland/2019/03/former-oregon-camp-director-who-stole-from-nonprofit-gets-nearly-3-years-in-prison-must-repay-about-364000.html>

PA In the Estate of Richard Draude, the AG objected to estate administration fees and negotiated those fees down by \$700,000, all of which went to the charitable beneficiary.

PA Ira Daffin's estate was divided between two trusts for the benefit of son and daughter. Upon the death of each child, the Will directed the creation of new trusts for that child's decedents. If either died without issue, that trust was to terminate and be paid to local hospitals. The decedent's daughter died without issue and the son filed objections claiming an ambiguity in the will allowed him to take. The AG litigated the matter and settled with a \$40,000 payment to the son and a \$1,757,244 payment to the charities.

IV. COMMERCIAL CO-VENTURING

TN, VA, & 15 other states, led by Tennessee, reached a settlement with Operation Troop Aid Inc., a Tennessee-based charity, and its president and chief executive officer, Mark Woods. In Virginia's action, the AG alleged, among other things, that the charity failed to conduct proper oversight of a commercial co-venture called "Operation Teddy Bear," in which retail stores sold teddy bears in military uniforms and supposedly would provide a fixed dollar amount to the charity for each bear sold—for the express purpose of sending care packages to service members. The charity also allegedly failed to maintain donated funds as restricted funds and improperly spent funds on non-charitable purposes. The settlement required the charity to dissolve and prohibited Woods from becoming an employee, officer, director, board member, or other fiduciary with a nonprofit corporation and from soliciting on behalf of a nonprofit corporation. The settlement also included a \$10,000 civil penalty to be held in abeyance to ensure compliance with the settlement's injunctive terms. <https://www.oag.state.va.us/consumer-protection/index.php/news/291-july-19-2018-herring-takes-action-against-deceptive-veterans-charities-as-part-of-nationwide-sweep>

V. HEALTH CARE

CT Johnson Memorial Hospital went through bankruptcy. Another nonprofit hospital purchased its assets, so the CT AG worked with the hospital to review all of its charitable funds and to submit them to

court for an order of equitable deviation to get them to the purchasing hospital. The charitable gift assets did not go through bankruptcy.

CT Eastern Connecticut Health Network and Greater Waterbury Health Network each sold substantially all of their assets to a for-profit hospital company several years ago. The former hospitals are now sufficiently liquid that they can transfer all of the charitable gift assets that they hold to an independent foundation for use to support healthcare in the communities in which the hospitals operated. The CT AG is in the process of preparing for that action. Additionally, since the sale, the AG has appeared in numerous probate matters looking to determine who should receive the income from third-party held charitable assets.

CT The CT AG has been involved in the review of the three proposed transfers of restricted charitable gifts from the Hospital of St. Raphael's to Yale New Haven Hospital, both non-profit entities, through an equitable deviation/cy pres proceeding. As the operations of St. Raphael's (a Catholic hospital) were being integrated with those of Yale New Haven (non-Catholic), the AG's office reviewed the proposed transfer of the endowment and other charitable funds to ensure that donor intent (i.e. fidelity to the Catholic tradition with respect to medical care) would continue to be honored and to ensure that the charitable gifts to and for St. Raphael's various purposes would continue to be managed responsibly and in compliance with state law. The AG is currently working on the third and final equitable deviation/cy pres action related to the transfer of free bed, cancer, pediatric, and research funds.

MA The MA AG reviewed and reached a settlement with Beth Israel Deaconess Medical Center and Lahey Health (both charities) over their proposed merger. The agreement included a 7-year price cap, Medicaid participation, \$70 million in investments and joint planning commitments to expand health care access to low-income patients and strengthen safety net providers, and governance commitments. <https://www.mass.gov/news/ag-healey-reaches-settlement-with-beth-israel-lahey-health-over-proposed-merger>

MA The MA AG reviewed multi-specialty medical group and charity Reliant Medical Group's proposal to sell substantially all its assets to a for-profit company, continue its corporate existence as a noncharitable nonprofit corporation, and transfer the net proceeds from the sale of its charitable assets to the Reliant Medical Group Foundation, Inc. The AGO's review focused, among other things, on protecting the value of Reliant's charitable assets. The AGO assented to Reliant's petition to the Supreme Judicial Court for approval of this transaction based in part on consultation with experts regarding the purchase price and the Foundation's agreement to undertake certain steps to separate itself and operate independently from Reliant and report regularly to the AGO on those efforts. The Single Justice granted the relief Reliant requested.

NH has pending legislation to broaden Attorney General oversight of hospital acquisition transactions. 2019 HB 552.

PA The AG filed litigation against the largest healthcare provider in the state, UPMC. UPMC is at odds with the state's largest health insurer, Highmark (a Blue Cross Blue Shield plan). UPMC and Highmark are both vertically integrated healthcare systems, meaning that they operate both as a provider (hospital system) and health insurer. UPMC's position arises from the circumstance when Highmark integrated, through merger, a smaller hospital system in and around Pittsburgh so as to avoid that system's

bankruptcy. UPMC has taken the position that it will not contract with Highmark after the expiration of an existing consent decree where the parties agreed to contract for hospital reimbursements. Such cancellation would disrupt healthcare and raise costs for millions of Highmark's subscribers. The case represents a compelling example of the difficult issues presented when applying the laws of Antitrust and Charitable Trusts in the context of health care as well as whether Integrated Delivery & Finance Systems are capable of preserving broad access to affordable care.

<https://www.attorneygeneral.gov/taking-action/press-releases/attorney-general-josh-shapiro-announces-legal-action-against-upmc-for-violating-pennsylvanias-charities-laws/>

TN Ballard Health System –Tennessee Attorney General and Commissioner of Dept. of Health issued a Certificate of Public Advantage (COPA) to Wellmont Health System and Mountain State Health Alliance, two hospital systems operating in upper East Tennessee and southwest Virginia, allowing the two systems to enter into a cooperative agreement (i.e., merge) subject to the terms of the COPA and the incorporated Terms of Certification. (The State had previously approved the parties' application for a COPA in September 2017; issuance of the actual Certificate was dependent on certain conditions being met by the January 31, 2018 deadline.) The State of Virginia had previously issued on October 30, 2017, an Order and Letter authorizing the COPA, subject to 49 conditions contained in the Order. The resulting health system, Ballard, serves a 21-county area (10 counties in TN, 11 in VA) with 20 hospitals. Three of the hospitals are tertiary-level and one additional hospital is classified as an "urban" hospital. The remaining 16 hospitals are all classified as rural. While there have been other COPAs issued (currently have one in South Carolina and West Virginia) – this is the first ever COPA authorizing the merger of two hospital systems operating in two states – and therefore subject to "active supervision" in both states.

TX East Texas Medical Center Regional Healthcare System, a nonprofit hospital system, sold the majority of its assets to a newly formed joint operating company consisting of a subsidiary of Ardent Health Partners, LLC and The University of Texas Health Science Center at Tyler. The Texas Attorney General reviewed the transaction and elected to take no action. The Attorney General continues to monitor the winding up process to safeguard the net proceeds, all of which will go to the supporting foundation.

VI. GOVERNANCE ISSUES

CT Connecticut Landmarks ("CTL") is a non-profit organization that owns and shows historic house museums across Connecticut. The AG received allegations of neglect regarding two of the properties that CTL owns, and learned that CTL was considering income from a restricted endowment as unrestricted. The AG investigated CTL's handling of the two properties to determine whether CTL had breached its fiduciary duty of care and reviewed all of CTL's charitable gift funds to make sure that CTL was interpreting all of its charitable funds correctly. Ultimately, the AG issued a report on its findings and conclusions, which required CTL to alter some of its corporate practices and to adhere to the AG's interpretation of donor intent on two specific charitable gift funds. https://portal.ct.gov/-/media/AG/Charities/Connecticut_Landmarks_Final_Report.pdf?la=en

FL The Department of Agriculture and Consumer Services issued 613 fines for a total of \$311,373 in Fiscal Year 17/18.

MA The AG pursued claims against the Massachusetts Preservation Corporation and its principal director, Matthey Haney (“Haney”), for breaches of the duty of care and duty of loyalty as well as for the failure to appropriately register the charity with the Attorney General’s Office. The case proceeded as a bench trial in September 2017, and in early 2018, the judge found in the Division’s favor on all counts. As a result, Haney is required to pay the Attorney General’s Office \$80,000 in civil penalties and \$375,159.37 in restitution, and he is permanently enjoined from being involved in any capacity at any other public charity organized or operating in Massachusetts.

MA In April 2018, the AG was notified of Mount Ida College’s plans to sell substantially all its assets to the University of Massachusetts at Amherst and close its doors with only 6 weeks’ notice to regulators, faculty, staff and students. The AG reviewed the proposed transaction with UMass Amherst for compliance with charities law and worked with the Massachusetts Department of Higher Education (DHE), the UMass system and others to help secure transfer opportunities and record keeping for Mount Ida College students. The AG completed its review of the transaction on May 15, 2018, the same date it announced an intent to investigate the circumstances surrounding the closure of the College. In March 2019, the AG sent a letter to DHE summarizing its findings from that investigation, including some regarding the board and President’s exercise of their fiduciary obligations in addressing Mount Ida’s financial challenges. The letter also included recommendations for DHE and others considering policy changes in light of the current financial climate for higher education. Our letter supported requiring that schools at risk of closure make contingency plans to ensure students can complete their degrees. We also called for stronger training of charitable boards, and accountability for accreditors, auditors, and education consultants.

MA Hopkinton-based Greyhound Friends Inc. (GHF) agreed to institute governance reforms and file reports with the AG following the AG’s allegations of financial mismanagement. In addition, GHF’s former Executive Director, alleged to have misused charitable assets and failed to keep appropriate records, agreed to pay \$40,000 and be barred from serving in financial fiduciary roles for Massachusetts public charities. <https://www.mass.gov/news/greyhound-friends-in-hopkinton-to-institute-governance-reforms-additional-monitoring-to>

NE The NE Department of Justice announced the conclusion of its investigation into the United States Amateur Confederation of Roller Skating (USARS) – a Nebraska nonprofit – on March 13, 2018. The investigation stemmed from a complaint alleging USARS was reimbursing employees for expenses unrelated to its charitable mission. The settlement requires USARS to, among other things, report any internal complaints to the Attorney General’s Office; perform annually a neutral, third-party audit to be posted on the USARS website; eliminate all incentive-based compensation; and requires USARS board members to attend nonprofit training sessions. The settlement was achieved through a Consent Judgment filed in Lancaster County District Court.

NE The Nebraska Attorney General issued a report on numerous problems at Goodwill Omaha. <https://protectthegoodlife.nebraska.gov/news/ago-files-consent-judgment-and-issues-report-conclusion-goodwill-omaha-investigation>

NH The Attorney General issued a report on the decline of Serenity Place, a 40 year old substance use disorder treatment provider in NH with annual revenues of about \$3.5 million. The AG’s office put the

organization into receivership as it was running out of cash to meet payroll. When it became clear it could not survive on its own, and because lives were literally at stake, the AG worked with the court and the NH Dept. of Health and Human Services to divide its programs among five other charitable orgs. Thereafter the receiver filed for Chapter 7 liquidation. That is where it now sits. The report is a cautionary tale about a charity that more than doubled its budget to meet new demands (the opioid crisis), received new resources (insurance payments from Medicaid expansion, government grants, etc.), and still ran out of cash. Here, poor management and weak board governance meant Serenity Place could not handle the challenges of rapid expansion. The AG left pursuit of fiduciary breach claims to the bankruptcy trustee. <https://www.doj.nh.gov/charitable-trusts/documents/serenity-place.pdf>

NY The AG commenced a proceeding against The Donald J. Trump Foundation and its directors, Donald J. Trump, Ivanka Trump, Eric F. Trump, and Donald J. Trump, Jr., alleging a pattern of persistent illegal conduct that includes extensive unlawful political coordination with the Trump presidential campaign, repeated and willful self-dealing transactions to benefit Mr. Trump's personal and business interests, and violations of basic legal obligations for non-profit foundations. The AG also sought dissolution of the foundation, restitution, penalties, a 10-year ban on Mr. Trump serving as a director of a New York not-for-profit corporation, and a one-year ban for each of the Foundation's other board members, Donald J. Trump, Jr., Ivanka Trump, and Eric F. Trump. The Attorney General also sent referral letters to the Internal Revenue Service and the Federal Election Commission, identifying possible violations of federal law for further investigation and legal action by those federal agencies. The court denied respondents' motion to dismiss the petition. In December 2018, the respondents signed a stipulation agreeing to dissolve the Foundation under judicial supervision, with review and approval by the Attorney General of proposed recipient charities of the Foundation's remaining assets. Other causes of action are pending. Verified Petition - https://ag.ny.gov/sites/default/files/court_stamped_petition.pdf Press Release - <https://ag.ny.gov/press-release/attorney-general-underwood-announces-lawsuit-against-donald-j-trump-foundation-and-its> Decision and Order denying the motion to dismiss - https://ag.ny.gov/sites/default/files/trump_foundation.pdf Stipulation dissolving the Trump Foundation - https://ag.ny.gov/sites/default/files/stipulation_re_dissolution_execution_version.pdf

NY In December 2018, the Appellate Division (New York's intermediate appellate court) reinstated the Attorney General's petition against The Lutheran Care Network, Inc. ("TLCN"), a New York not-for-profit, and its directors and officers. TLCN is the sole member of a group of independent not-for-profits that operate senior housing in New York, including Coburg Village, Inc. ("Coburg"), which runs independent living apartments in Clifton Park, NY. The decision holds that a sole member may not assume control of and operate an independent affiliate in a manner inconsistent with the affiliate's purpose. The AG alleged that TLCN's officers and directors repeatedly breached their fiduciary duties to Coburg by diverting Coburg's funds to pay TLCN's executives' salaries and operate other organizations in the network. The AG sought removal of directors and officers, an accounting, and recovery of improperly authorized management fees assessed to Coburg Village.

The Appellate Division held the trial court's dismissal of the petition was based on an "unduly narrow view" of the AG's evidence, which included testimony by officers that Coburg's board of directors was treated as advisory only and that TLCN unilaterally approved use of Coburg's assets as the primary source of income for TLCN and to compensate for losses incurred by other affiliates. The Court also

noted that TLCN imposed high management fees on Coburg and reclassified a \$500,000 loan to TLCN as a “management fee.” The Court further concluded that the Supreme Court erred in applying the business judgment rule as a bar to the AG’s claims, as the “business judgment rule has no place where corporate officers or directors take actions that exceed their authority under the relevant corporate bylaws” or where the decision-making process is “affected by an inherent conflict of interest.”

The Court’s decision affirmed the statutory prohibition against distributing charitable assets to a not-for-profit’s members, directors and officers and the strict regulation of related-party transactions. The Court identified genuine issues of material fact regarding the propriety of TLCN’s actions and held that TLCN could not operate Coburg in a manner inconsistent with Coburg’s purpose, nor engage in prohibited related party transactions. The case was remanded to the trial court for proceedings consistent with the decision, and is still pending. <https://iapps.courts.state.ny.us/search/wicket/page?2-IResourceListener-pnlResultContainer-pnlResult-1-InkDocument>

NY In September 2018, the New York Attorney General’s Charities Bureau launched a civil investigation into allegations that the New York dioceses of the Catholic Church and other church entities – which are nonprofit institutions – reviewed and potentially covered up allegations of extensive sexual abuse of minors. The office opened a hotline and web page for use by victims of sexual abuse and others so they may provide the office with information concerning such abuse. <https://ag.ny.gov/press-release/ag-underwood-announces-clergy-abuse-hotline-part-investigation-sexual-abuse-children> Hotline - <https://ag.ny.gov/sexualabuse>

OK The Oklahoma AG filed embezzlement charges against Jamie Harper, who previously served as President for the Down Syndrome Association of Tulsa (“DSAT”), for allegedly depositing 19 checks made payable to DSAT and totaling over \$9,000 into her personal account for an unauthorized use. <http://www.oag.ok.gov/attorney-general-hunter-files-charity-fraud-charges-against-former-president-of-the-down-syndrome-association-of-tulsa>

OR The AG filed an action alleging that the principals of two different dog rescue organizations used adoption fees for personal use, provided false information on state records, and failed to report millions in revenue to the IRS, while misleading donors by claiming to be veterinarians or licensed animal behavior experts. <https://www.koin.com/news/oregon/oregon-doj-targets-sham-nonprofit-dog-rescue/1745172980>

PA The AG is in litigation with several fire companies. The common theme is that volunteerism is down; participation whittles down to a small corps of fiduciaries, often family or friends; disputes arises between those fiduciaries and the local sponsoring municipality; and that municipality revokes municipal sanction to answer fire calls. Issues are that the assets are no longer being used for their charitable purpose (because they can no longer be applied to fire suppression), the need for corporate cy pres, and possible maladministration including conversion of assets.

TX The AG filed an action against 13 former officers and directors of Sears Methodist Retirement System, Inc., a system of senior living facilities that liquidated in bankruptcy. Action was for breach of fiduciary duty, negligence, and statutory violation of UPMIFA. The focus of this lawsuit was primarily on the mismanagement of donor-restricted gifts. Defendants were alleged to have commingled donor-restricted gifts with the result that such funds were liquidated and improperly expended prior to

bankruptcy or so commingled with unrestricted funds that they became subject to creditor claims rather than properly preserved for their restricted charitable purpose. Allegations also included wrongful reclassification and subsequent improper expenditure of restricted donor gifts and failure to ensure that the charitable remainders of annuity contracts were preserved. Defendants asserted defenses including charitable immunity, contributory negligence and failure to mitigate by the attorney general. Case settled for \$1 million to be distributed to charity.

TX Prior to filing for Chapter 11 bankruptcy, Eden Home, a nursing home, pledged an account holding restricted donated funds as collateral for its bond debts. The Attorney General filed an adversary proceeding in the bankruptcy case seeking to protect restricted charitable assets from inclusion in the bankruptcy estate and to establish that the bond trustee does not have a valid lien on any restricted charitable funds.

TX The AG intervened when trustees of a \$15 million charitable trust sought to terminate this Texas trust and distribute its proceeds to two out of state nonprofit corporations in violation of donor intent. Trustees asserted that the modification was necessary due to their inability to work together. Trustees nonsuited their proposed modification after meeting with counsel for the Attorney General, thus preserving this Texas trust in conformity with donor intent.

TX The Texas Attorney General intervened in a will contest involving a \$44 million estate, the residuary of which was left to a family foundation created by a previously unfunded trust instrument. The decedent's surviving spouse challenged the will, in spite of having signed the trust creating the foundation, having been present at the time her spouse signed his will, and having executed her own will leaving a bequest to the foundation. The Attorney General achieved a favorable settlement.

TX The AG intervened in the \$20+ million estate of Anna Morgan Crouch, whose holographic will left almost the entire estate to a charitable foundation. The AG sought to protect donor intent, participating in the will construction suit, helping create a separate pet trust, and forming a new board of directors for the foundation comprised of individuals from two groups, each of which claimed to be the legitimate foundation.

WA In a tale of a nonprofit board gone terribly wrong, the Attorney General obtained injunctive action against Maryfest, Inc., which produces the annual Marysville Strawberry Festival, and former board vice-president Mark Sterling Bergeson a/k/a Mark Jensen. The state alleged that the board was effectively taken over by Bergeson, who alienated board members and volunteers and was eventually drummed out, but who, on his way out the door, entered into a contract with the nonprofit that banned several of his perceived enemies from involvement in future festivals – and purported to require the nonprofit to pay \$25,000 to him personally for each one who violated the ban. The AG persuaded the court to invalidate the contract. <https://www.heraldnet.com/news/judge-agreement-that-put-strawberry-fest-at-risk-is-illegal/>

VII. OTHER INCLUDING LEGISLATION

AL Completed transition to online registration.

AZ In 2018, the Arizona Legislature unanimously passed SB 1077, drafted by the AG's Office, which barred knowingly misrepresenting to a donor that a donation is tax deductible, going to a nonprofit, or will enable the donor to receive a tax credit.

AR Arkansas Act 727 removed the responsibility of financial reporting from the Attorney General's Office. Charities now file financial reports and requests for exemption with the Secretary of State. All investigative functions remain with the Attorney General's Office. The Act took effect on Jan. 1, 2018.

CO SB 18-141 ("Tax Check-off bill") passed. The bill creates the Donate to a Colorado nonprofit fund in the state treasury. The bill requires the secretary of state to provide a list of eligible organizations to the Colorado Dept. of Revenue annually, so a taxpayer may choose a single charity from the list to receive a contribution through the fund when they complete their state income tax return.

CO New rules adopted effective Oct. 1, 2018. The most significant change is that charity registrations will be allowed to expire without penalty and with no presumption that the registration needed to be renewed. Charities will only pay fines if they indicate on a reinstatement form that they should have been registered but were not.

CT, GA Connecticut and Georgia were the first states to go-live on the Single Portal multistate registration system. They began accepting new registrations and annual filings on the Single Portal system in October 2018.

CT The AG represented the public interest in reviewing and protecting the charitable assets of Chase Collegiate School in connection with its purchase by a for-profit entity.

CT In *St. Edmunds v. Girl Scouts*, the AG is challenging an adverse possession claim that seeks to extinguish a charitable gift over provision in a will. The adverse possession claim is based on the property holder's use of the property that is inconsistent with the donor's intent. The property holder argues that the misuse has continued for over fifteen years and meets all the other elements of adverse possession, so the property is now theirs in fee simple. Two of the charitable gift over interests are also challenging the claim.

CT The AG became involved in determining who owns the Town Green in Lebanon, Connecticut, which, at one mile long and 500 feet wide, is the second-largest town green in New England. When the Town was required recently to produce clear title to its town library, located on the Green, the Town discovered that it does not hold title – in effect, no one does. A conveyance on Sept. 6, 1692, incorporating the Green, by Oweneco, Sachem of the Mohegan Indians and son of Uncas, to the four original proprietors of the Town of Lebanon is recorded on the land records. In 1705, a court decision recognized this conveyance to extend to fifty-one proprietors of the Town. Over time, the Proprietors apportioned various parts of this 1692 conveyance to individual owners, leaving the area now known as the Green under common ownership for public use (a parade ground during the Revolutionary War; General Washington stayed in Lebanon for a period of time). No other land records exist for the Green. It is unparalleled in the state and arguably in all of New England in having largely maintained its agrarian and public use character since its establishment in the seventeenth century. The Town announced its intent to file an adverse possession action to claim title to the portions of the Green on which its public buildings are located (Library, Town Hall, and Public Works). The Attorney General opposed the adverse

possession claim because, pursuant to established law, adverse possession does not run against public or charitable land, but made known that he would support a quiet title action seeking to vest title in the Town. The Attorney General sought to preclude a flood of adverse possession claims by individual adjacent property owners for other portions of the Green that have consistently remained dedicated to public use for three centuries. The Town conceded and the Quiet Title action is pending.

CT The AG appeared in an adverse possession case to protect charitable assets. The Marsilios own property in a desirable part of the state near a lake that abuts property owned by the late Violet Chase. Chase's Executrix is attempting to sell the property. Under the Will, there are 8 charitable remainder beneficiaries who have title interest in the property. Plaintiffs are claiming adverse possession and prescriptive easement, in the alternative, on the portion of property (about ¼ acre) they have been using for over 15 years. They seek a quieting and settling of title to the area and/or a declaration of a prescriptive easement. The AG has appeared and argued for an additional appraisal that would take into account the potential development of the property (ahead of possible settlement) to ensure that the sale of the property is not a bargain sale.

CT Special Standing exception: The Connecticut Appellate Court will be reviewing a lower court's ruling that plaintiff students and parents lacked standing to enforce the terms of a \$4 million testamentary gift to a Catholic school that the Church later closed. Plaintiffs sought standing under the "special interest" exception which confers standing on a person who is able to show that he is entitled to a benefit from the trust beyond the benefit to which members of the public in general are entitled. The court incorrectly held that the "special interest" standing exception that has been acknowledged by Connecticut courts is applicable only to charitable trusts, not completed gifts. That said, the court has discretion to grant standing and it declined to do so in this matter (Connecticut courts have granted special standing in only one case (appellate court case) involving adjacent property owners in the absence of the Attorney General). Our office will be watching to determine if an amicus brief might be appropriate to correct the gift v. trust analysis and correctly cite and analyze both in state and out of state special standing cases.

DC Enacted a private cause of action for False or Deceptive Solicitation in conjunction with the District of Columbia Charitable Solicitation statute.

DC New licenses and renewals will no longer be required for charitable solicitation businesses whose gross contributions equal less than \$25,000 in a calendar year.

DC Pursuant to the District of Columbia Nonprofit Corporation Act, the AG launched an investigation into the Archdiocese of Washington regarding clergy abuse. Here is a link for the online complaint form OAG launched for victims to report their abuse. <https://oag.dc.gov/blog/new-way-victims-report-sex-abuse-clergy>

FTC Whether the use of soundboard technology is subject to the FTC's Telemarketing Sales Rule remains the subject of ongoing litigation. Following its loss in the D.C. Circuit of Appeals, the Soundboard Association filed a petition for certiorari, continuing its challenge to a November 2016 FTC Staff Advisory Opinion alerting the industry that it planned to consider telemarketing calls using Soundboard technology to be pre-recorded messages subject to the Telemarketing Sales Rule. Here are links to some of the FTC's filings: FTC opposition to petition for cert: <https://www.ftc.gov/case->

[timeline-item/soundboard-association-timeline-item-2019-02-06-000000](#) FTC opposition to petition for rehearing en banc: <https://www.ftc.gov/case-timeline-item/soundboard-association-timeline-item-2018-07-16-000000> Blog re April 2018 D.C. Cir. Opinion: <https://www.ftc.gov/news-events/blogs/business-blog/2018/05/decision-bolsters-ftc-position-soundboard-tech>

FL Department of Agriculture and Consumer Services added a provision to make it violation to commingle charitable and noncharitable assets in the same account. It is now a rebuttable presumption that commingled funds were not expended properly.

MD Maryland participated in International Charity Fraud Awareness Week, October 22-26, 2018. <https://sos.maryland.gov/Charity/Pages/Giving-Wisely.aspx> Both the Secretary of State and the Attorney General warned the public following a historic flood that hit Ellicott City, Maryland about charity scams that may follow a natural disaster. <http://www.marylandattorneygeneral.gov/Press/2018/060618a.pdf> An investigator from the Secretary of State's Office went to the damaged area, talked to locals about looking out for fundraising efforts supposedly helping Ellicott City, and provided contact information on how to report suspicious fundraising.

MD Annually, the Attorney General and Secretary of State issue press releases around the holidays (November-December) with wise giving tips and tips on how to avoid charity scams. Here are links to these recent education efforts: <http://www.marylandattorneygeneral.gov/Press/2018/112018.pdf> <http://www.marylandattorneygeneral.gov/CPD%20Documents/Tips-Publications/147.pdf> <https://sos.maryland.gov/Documents/MarylandSecofStateWarnsDonorsDec%202017.pdf>

MA In November 2018, Massachusetts issued a Professional Fundraiser Bulletin reporting on funds professional solicitors raised in 2017 and offering guidance to donors, <https://www.mass.gov/news/ag-healey-offers-guidance-on-donating-to-charities-ahead-of-giving-tuesday>. As reported, only 41 percent of the funds that professional solicitors raised on behalf of charities were transferred to charitable organizations in 2017.

NY In November 2018, the NY Attorney General's Charities Bureau hosted an International Conference of Charity Regulators, attended by regulators from Australia, Canada, England & Wales, Ireland, Jamaica, New Zealand, Northern Ireland, Scotland, Singapore, US Internal Revenue Service, Connecticut, Massachusetts, New York and Tennessee. The conference was held at Columbia University with the support of the Nonprofit Management Programs at the School of Professional Studies.

NY Electronic Registration. The AG's Charities Bureau launched a portal - <https://www.charitiesnys.com/checklist.html> - for electronic registration of charities in November 2018, and electronic registration became mandatory in January 2019.

NY Recent Guidance from the Guidance New York Attorney General's Charities Bureau

AUDIT COMMITTEE REQUIREMENTS AND RESPONSIBILITIES UNDER NEW YORK'S NOT-FOR-PROFIT CORPORATION LAW, AS AMENDED THROUGH 2017

<https://www.charitiesnys.com/pdfs/AuditCommittees.pdf>

A GUIDE TO SALES AND OTHER DISPOSITION OF ASSETS BY RELIGIOUS CORPORATIONS PURSUANT TO RELIGIOUS CORPORATIONS LAW § 12 and NOT-FOR-PROFIT CORPORATION LAW §§ 510, 511 and 511-a
https://www.charitiesnys.com/pdfs/religious_corporations_disposition_assets.pdf

The Sale of Nonprofit Nursing Homes Pursuant to the Not-for-Profit Corporation Law
<https://www.charitiesnys.com/pdfs/NursingHomeSales.pdf>

WA The AG appeared in the bankruptcy of Mentor House, a nonprofit formed in 1891 as the Womans Lend a Hand League. The nonprofit held a large parcel of land bound by a restrictive covenant that allowed the property to be used only to house orphans or other youth in need. The AG helped ensure that the property was transferred to a highly regarded nonprofit that housed homeless youth.

WA Working with the latest in a series of frustrated trustees, the AG won a declaratory judgment interpreting several hotly disputed provisions in Sara Little Turnbull's trust instrument, then settled remaining disputes with people who wanted to divert the assets from the famed industrial designer's two stated purposes, namely, scholarships for underprivileged women and public education regarding design. The settlement created a charitable foundation that has already distributed \$400,000 to scholarship funds at the University of Washington and the Parsons School of Design.

OTHER STATES Numerous state legislatures amended their statutes or rules governing charitable solicitation and registration.