



Summer 2019

The AG's Charitable Law Section by the Numbers

One of the oldest responsibilities of the Attorney General dates back to the Middle Ages – providing oversight of the charitable sector. The Charitable Law Section of the Ohio Attorney General's Office fulfills this role in many different ways, including taking enforcement action against the handful of charities that fail to live up to their legal obligations in protecting charitable assets and using them for the intended purposes that donors expected.

The vast majority of charities in Ohio never encounter the Charitable Law Section's investigative staff, but instead interact annually with the office through the annual filing requirements. All Ohio charities, as well as any charitable organization that solicits Ohioans for support, must make annual filings with the Ohio Attorney General's online charitable registration system. (Churches are exempt from this obligation.) The information provided in these filings is available to the public and can be useful in making wise giving decisions. The information can be accessed [online](#). Additional information can also be found for charities interested in learning more about their filing obligations.

Donors can research information about charities using the Research Charities function on our web page and learn basic information about charitable organizations, including whether a particular organization is in compliance with the law and making required filings. Links are also included to various watchdog organizations that often provide evaluations on charities. Donors should never contribute to unfamiliar organizations without engaging in research to determine if it is a real organization and what it accomplishes with its funding.

Information provided during charitable filings in 2018 shows that:

- There is information from 58,747 charities in the database, plus 4,939 dissolved organizations. Of that total, 9,131 filings involved out of state organizations.
- During 2018, 5,553 groups made their first filing.
- Among Ohio organizations, 54 percent of the organizations reported having five or fewer board members.
- Most Ohio charities are small: 53 percent reported revenues under \$100,000; 27 percent reported revenues between \$100,000 - \$500,000; 7 percent reported revenues between \$500,000 - \$1 million; 6 percent have revenues from \$1 million - \$3 million; and 7 percent report revenues exceeding \$3 million.
- The same situation applies to assets: 49 percent of the organizations have assets under \$25,000; 25 percent have assets between \$25,000 and \$100,000; 15 percent hold assets between \$100,000 and \$500,000; 6 percent report assets between \$500,000 and \$1 million; 6 percent hold assets of \$1 million to \$3 million; and 8 percent hold assets of more than \$3 million.

- The average value of assets held by Ohio charities was \$4,730,479.50. The median was \$27,114.50.
- The average revenue reported by Ohio charities was \$4,493,030.12 while the median was \$87,751.50.
- More than 50 percent of the reporting organizations held five or more board meetings during the year and the average number of board members for those groups was 7.
- Only 52 percent of the organizations with assets over \$1 million reported having an independent audit.

The Charitable Law Section handles the registration and report for professional solicitors which are hired to conduct fundraising on behalf of a charitable organization. Often solicitors conduct mail and telephone campaigns for charities. During 2018, 113 professional solicitors registered with the Section and conducted 1,062 campaigns for 712 charities.

The number of bingo licenses granted to Ohio charitable organizations increased in 2018 to 1,711 organizations, compared to 1,678 in 2017. This was the first increase in the number of bingo licenses since 2008. These licenses covered authorized bingo activities, both traditional bingo games as well as the sale of instant tickets, at 3,489 locations, the highest number of locations ever approved. Gross receipts reported from the bingo license year that ended Oct. 31 were \$779,489,802.58 and the net profit for organizations, after prize payouts and expenses, was \$102,139,500.69. Annual bingo financial reports can be obtained [online](#).

Charitable Advisory Council Efforts Appreciated

The Attorney General's Charitable Advisory Council was created to provide feedback to the Charitable Law Section on proposed regulations, training needs and other trends within the sector. Each attorney general appoints the advisory council members whose terms expire with the term of the attorney general.

The council members receive no compensation or reimbursement of expenses. But their volunteer time and expertise has yielded valuable information that has helped guide the work of the Charitable Law Section. In addition to discussing new training strategies, the Council was also involved with the development of the online charitable registration system and explored the concept of mandatory audits for large charitable organizations. A final report from the Charitable Advisory Council that served under former Attorney General Mike DeWine can be found [online](#).

Special thanks to the following for their service on the Advisory Council:

- Chair - Mary Gallagher, executive vice president and chief of staff at the Ohio Hospital Association
- Suzanne Allen, president, Philanthropy Ohio
- Jim Ashenhurst, retired military
- David Ball, Rosenberg & Ball Co., LPA
- Janet Greenlee, associate professor, University of Dayton
- Monica Moloney, attorney
- Kip Morse, president, Better Business Bureau of Central Ohio
- Stephanie Moulton, associate professor, Ohio State University
- Thomas Poulson, chief financial officer, Willow Brook Christian Communities
- Howie Beigelman, executive director, Ohio Jewish Communities

Attorney General Dave Yost is working on the appointment of a new advisory council. For additional information about the Council, email CharitableLaw@OhioAttorneyGeneral.gov. Meeting schedules and minutes of the council meetings are routinely posted online.

Enforcement Actions Help Protect Charitable Sector

The Attorney General's Charitable Law Section investigates complaints about charities whose leaders fail to follow legal obligations that extend to all charitable organizations. If you are aware of fraudulent or inappropriate conduct taking place in a charity, [please file a complaint](#) with the attorney general's office.

Champion City Athletic, Inc. – Champion City Athletic, Inc. entered into an Assurance of Discontinuance in **August 2018**. Following an investigation, it was determined that the Champion City Athletic was in need of proper board governance and oversight of cash transactions. The organization agreed to hold at least one board meeting every six months, complete a board governance training program within 90 days of the executed Agreement, remove the word “bingo” from their “Baseball Bingo Fundraiser”, and implement a written policy on paying umpires and the handling of any other cash transactions.

Greater Cincinnati Police Athletic Association – Timothy Mercurio, former leader of the Greater Cincinnati Police Athletic Association, entered into an Assurance of Discontinuance in **September 2018**. An investigation determined that Mercurio used the organization's credit card to make over \$14,000 of personal purchases. Additionally, little to no programming consistent with the organization's purpose had occurred. Mercurio agreed to dissolve the Greater Cincinnati Police Athletic Association, repay the misappropriated funds, and disburse the remaining funds to the AGO. Additionally, a referral to the Hamilton County Prosecutor's Office was made. The prosecutor's office launched a criminal investigation which resulted in the filing of a felony theft charge against Mercurio; the case is pending in the Hamilton County Court of Common Pleas.

Amelia Youth Athletic Club – Andrew Lane is permanently prohibited from soliciting in the state of Ohio and incorporating or holding any position in a nonprofit per the terms of a **September** Assurance of Discontinuance. Lane served as the Treasurer of Amelia Youth Athletic Club and from 2009 until his resignation from the board in 2013. Between 2011 and 2013, Lane withdrew over \$68,000 in charitable funds from the organization's bank account and failed to provide receipts or an accounting of said withdrawn funds.

The Cat Crossing, Corp. – Mary Wawrytko, former President of The Cat Crossing, entered into an Assurance of Discontinuance in **October 2018** under which she was prohibited from holding any position on a nonprofit board for a period of three years and soliciting for charitable purposes. Former Secretary and Treasurer Sandra J. Thomas also entered into an Assurance of Discontinuance and was prohibited from holding any position on a nonprofit board and soliciting for charitable purposes. The Cat Crossing was required to schedule an election for new board members by October 16, 2018, and the new board agreed to implement internal controls and board governance practices.

Lowellville Rod & Gun Charitable Trust & Fictitious Acting Officers & Agents – The Office received a complaint from the Lowellville Rod and Gun Club, Inc. regarding a separate charitable trust that the Rod and Gun Club had previously formed to raise money for high school scholarships. The complaint alleged, among other things, that the individuals responsible for the trust had ceased awarding scholarships, but continued to solicit donations and refused to provide information or updates to the Rod and Gun Club. In **October 2018**, the Office entered into an Assurance of Discontinuance with John and

Clair Kopcsos and the Mill Creek 501(c)(3) Conservation Scholarships trust. Under the agreement, Mr. and Ms. Kopcsos were prohibited from holding any position in a charitable organization and participating in solicitations in the state of Ohio. Additionally, Mrs. and Mrs. Kopcsos agreed to dissolve the trust and pay a civil fine of \$600.

Cleveland Turners STV – Upon review of Cleveland Turners STV’s bank accounts, most of the transactions were found to be questionable in nature. Brian Weaver, the organization’s Treasurer, withdrew large sums of cash, paid credit card bills from the general account, and made purchases from video game companies. Additionally, the investigation found that he had opened a personal account with the specific purpose of depositing organizational funds into. Weaver was unable to provide sufficient records to these money transfers. As such, he entered into an Assurance of Discontinuance in **October** that required repayment of \$5,500. Weaver is also prohibited from being involved with any charity.

Cleveland Dog Rescue & Rehabilitation Center – Daniel Makara, former President of Cleveland Dog Rescue & Rehabilitation Center, entered into an Assurance of Discontinuance in **October 2018**. Although Makara claimed to operate a for-profit business, an investigation determined that he continuously misrepresented himself as a charitable entity by publishing fundraising campaigns through GoFundMe and Facebook. He also led potential donors to believe that their donations would be tax deductible, maintained incomplete records of charitable donations and expenses, and commingled charitable funds for Cleveland Dog Rescue & Rehabilitation Center with his for-profit animal rescue organization. Under the agreement, Makara is prohibited from incorporating or holding any position in a nonprofit and soliciting in the state of Ohio. Additionally, he was required to remove any remaining active rescue and donation websites.

Tri-Valley Youth League – Brian King entered into an assurance of discontinuance in **November 2018**, agreeing to maintain at least three board members at all times, complete a board governance training program and keep a written ledger detailing expenses and reimbursement payments. The agreement followed an investigation into an allegation that he was running Tri-Valley Youth League, a youth baseball team, unethically.

Columbus Restoration Church – Complaints were received against Columbus Restoration Church alleging that the organization was soliciting in front of Walmart stores without having 501(c)(3) status and misrepresenting the use of its funds. According to another complaint, Columbus Restoration Church used groups to solicit donations under false organization names, paying them with the funds collected. The Office entered into an Assurance of Discontinuance with Columbus Restoration Church and Henry and Esther Llausas in **December 2018**. The Assurance of Discontinuance requires Mr. and Ms. Llausas to pay restitution in the amount of \$70,000, with \$35,000 upfront, and the remainder over a four-year period. Mr. and Ms. Llausas also agreed to dissolve Columbus Restoration Church and are prohibited from incorporating or operating a nonprofit in the state of Ohio in the future.

Ethnic Voice of America – In **December 2018**, Irene Smirnov entered into an Assurance of Discontinuance prohibiting her from holding any position in a charitable organization in the state of Ohio and from the solicitation of charitable funds (with the exception of charitable activities of her church). Per a previous order in April 2010, Smirnov, the founder and President of Ethnic Voice, was barred from serving on a charitable board or having any involvement with bingo. Our investigation found that Smirnov had been using past bingo proceeds to pay herself and her late husband a monthly salary, yet no charitable programming was occurring. The organization also lacked a proper board structure. Smirnov agreed to immediately dissolve Ethnic Voice.

Wings of Love Crusades, Inc. – An investigation found that Wings of Love Crusaders, Inc. had

accumulated an extensive amount of questionable expenses that could not be properly accounted for and/or justified. Under a **February** 2019 Assurance of Discontinuance, Wings of Love Crusaders, Inc. agreed to maintain a board of five members, attend board governance training, pay a civil penalty of \$1,000 for its misuse of funds, and implement policies and procedures to prevent future misuse of funds.

Kelly Youth Services, Inc. – Kelly Youth Services, Joe Kelly, and Tiffany Kelly entered into Assurances of Discontinuance with this Office in **February 2019**. An investigation found that Mr. and Mrs. Kelly failed to comply with the requirements of ORC 1716. Further findings indicated that Mr. and Mrs. Kelly breached their fiduciary duties of care to properly manage accounts, to comply with the law, and to act in the best interest of the charity. Kelly Youth Services failed to act to safeguard its charitable assets. The Assurances of Discontinuance agreed upon by Kelly Youth Services, Joe Kelly, and Tiffany Kelly require the organization to adopt proper internal controls to better safeguard its charitable assets.

Highland County Dog Pound Volunteer Program – Cathy Seifer entered into an Assurance of Discontinuance in February 2019. The Office’s investigation uncovered discovered the organization’s lack of board governance, theft of donated items, and over \$8,200 in possible misappropriated funds. Ms. Seifer agreed to pay a civil fine of \$4,000 and dissolve Highland County Dog Pound Volunteer Program. She is also prohibited from solicitation in Ohio for charitable purposes, incorporating a non-profit organization, and serving on a non-profit organization’s board.

Liberty Township Baseball Association, Inc. – Anthony Patrone entered into an Assurance of Discontinuance in March, agreeing not to hold any position as an officer or trustee of any charity in Ohio and not to solicit for any charitable purposes in Ohio. Patrone also agreed to pay a \$2,000 civil fine. The settlement followed an investigation into allegations that he had mishandled funds of Liberty Township Baseball Association, Inc. and Liberty Little Leopards Association, Inc., two youth sports organizations.

Cops for Kids/Telcom Enterprises Ohio, Inc. – The Office filed a lawsuit against the children’s charity, Cops for Kids, Inc., its two operators, Charles Hitzel and Thomas Duffy, and its professional fundraiser, Telcom Enterprises Ohio, Inc., in November 2017. It was alleged that Cops for Kids and Telcom defrauded Ohio donors and misled them about how their money would be spent. In January of this year, Telcom entered into an Agreed Entry and Order with the Office. Telcom agreed to permanently cease all charitable solicitations on behalf of any charity in the State of Ohio and dissolve by the dates specified in the Agreed Entry. Telcom also agreed to a civil penalty in the amount of \$125,000. Of that amount, \$85,000 is suspended on the condition of no further violations of either Ohio law or the Agreed Entry. In March, the Office entered into an Agreed Entry and Order to settle claims against Cops for Kids, Inc., Charles Hitzel, and Thomas Duffy. Cops for Kids and Charles Hitzel agreed to permanently cease all charitable solicitations in Ohio. Cops for Kids will be dissolved within sixty days and will not incorporate any charitable organization or hold any position as an officer, trustee, employee, agent, or volunteer of any charity in Ohio. Cops for Kids and Charles Hitzel also agreed to pay civil penalties in the amount of \$2,500 each.

[Training Opportunities for Summer 2019](#)

The Charitable Law Section provides multiple resources and training opportunities aimed at helping charitable leaders understand their legal obligations. Multiple publications on various issues affecting charitable organizations can be found on the Attorney General’s [website](#). [Frequently Asked Questions](#) also provide valuable information for charitable organizations.

There are two regular webinars that are held each month. Charitable board governance requirements are covered in the webinar held at noon on the first Wednesday of each month. Charitable registration details

are outlined in the webinar that is held at noon on the third Wednesday of each month. Advanced registration is required to participate in the webinars and can be found [online](#).

Bingo School is offered throughout the state in various locations and covers the legal and recordkeeping requirements of charitable organizations holding bingo licenses or considering filing an application. The dates and locations and the registration process can be found [online](#). Please note that separate sessions are held based on whether the bingo license is held by a 501(c)(3) organization or another type of charitable organization because the recordkeeping requirements differ.

The Charitable Law Section is also available to provide live trainings on board governance and legal requirements for charitable board members and leaders. While the live training can't be provided to the board members of just one charitable organization, if a charity is willing to host a training and invite representatives from multiple organizations to participate so there will be a sufficient number of participants, they should contact the section at CharitableLaw@OhioAttorneyGeneral.gov for details. Information about all of the training offerings provided by the Ohio Attorney General's Office can be found [online](#).