



**Fall 2019**

## [Improvements to Bingo Licensing Coming with Online System](#)

Bingo is an important fundraising tool for about 1,800 charities throughout the state. The Attorney General's Charitable Law Section is about to launch a new online licensing tool that will speed up the administrative processes, allowing charitable organizations more time to raise funds through bingo, generating millions state-wide for worthy charitable programs.

"We spent a lot of time getting feedback from bingo licensees in order to develop a new system that will allow our office to fulfill our licensing and regulatory duties and yet save time and effort for our licensees. The new Charitable Bingo Licensing Portal automates a lot of interactions between our office and the bingo world which should significantly speed up processes for everyone. It is an intuitive system with customer-centric features that we hope will be warmly received by the charitable community," said Dan Fausey, Section Chief of the Charitable Law Section.

Some of the attributes of the new system include online access to prior year applications, which can help organizations monitor trends in their bingo operations. Licensees will also be able to make changes and alterations online which will greatly speed up the licensing approval process. Other time and location details can be easily amended online which will cut processing time. Additionally, the new system is designed to allow the user to easily track open action items, upload documents electronically, and send electronic messages between the user and the Charitable Law Section.

"We know there can be a learning curve with any new system, so this system is loaded with tool tips to assist licensees, which will help ease this transition. Additionally, our bingo staff throughout the state are available to respond to licensees with any challenges or questions that come up," Fausey said. The situations that most commonly result in delayed licenses include filing after the December 31 deadline and inaccurate or incomplete information. Some of the features of the system are intended to reduce those situations and address them as quickly as possible, he said.

The new system will eventually be expanded to Ohio's 30 licensed bingo distributors and 18 licensed bingo manufacturers, who are required to seek a license annually.

## **Has Your Charitable Organization Considered Bingo as a Fundraiser?**

Ohioans tend to enjoy bingo, based on the \$779 million that was spent on bingo last year. Those activities generated \$102 million after expenses for almost 1,800 charitable organizations that hold licenses in our state at more than 3,500 locations. These locations include churches, veteran posts, and retail establishments selling instant tickets on behalf of a licensed charitable organization.

Licenses are required for most bingo fundraising activities, including purse bingo and similar activities that are outlined in Ohio Revised Code Section 2915. There are different bingo licenses granted based on the type of bingo activities played. A Type I bingo license is used when only a traditional bingo game that involves the use of a hopper, paper, and daubers; a Type II license is required when instant ticket sales are combined with a traditional game; and a Type III license is required when selling instant tickets is not connected to a traditional bingo game. Instant tickets typically include windows that are popped open to reveal whether the ticket is a winner.

As 501 (c)(3) charitable organizations seek new fundraising ideas, many are considering a bingo license. The number of 501 (c)(3) charitable organizations holding a Type III instant bingo license has increased in recent years. In these arrangements, a charitable organization develops a contractual arrangement with a restaurant, gas station, hotel or other commercial entity to sell instant bingo tickets on their behalf. Businesses that enter into these contracts often find the sale of the tickets to be a favorable way to support worthy community organizations, and even a way to attract business. In this specific fundraising activity, the business pays the charity the guaranteed profit in advance for each deal, or box, of instant tickets it agrees to sell. This ensures that the charity receives the guaranteed profit on each deal and reduces the time and effort charities spend coordinating cash handling details connected with each ticket sold.

It's important to think about and remember the responsibilities that coincide with fundraising activities. Proper recordkeeping is essential for all organizations holding bingo licenses. The Charitable Law Section provides Bingo School training throughout the state for bingo licensees and those considering to apply for bingo licenses. This training covers details on the recordkeeping requirements and other issues related to bingo. To register for a specific training date, go to <https://www.ohioattorneygeneral.gov/Business/Bingo-Operator/Bingo-School>.

## **Charitable Advisory Council Convenes**

Members of Ohio Attorney General Dave Yost's Charitable Advisory Council met this summer for the first time and elected leaders.

Granville attorney David Ball will serve as chair of the Council and Erik Farley, Denison University Dean of Student Leadership and Community Engagement, will serve as vice chair.

Members of the Charitable Advisory Council are appointed by the Attorney General to provide feedback on trends, training needs and potential rule changes to the Charitable Law Section. Their terms expire with the term of the appointing Attorney General. Notice of their meetings is posted at <https://www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Advisory-Council>.

In addition to Ball and Farley, other volunteer members of the Council include:

- Jim Ashenurst, retired military
- Erynn Beaton, assistant professor, Ohio State University
- Howie Beigelman, executive director, Ohio Jewish Communities
- Mary Gallagher, executive vice president & chief of staff, Ohio Hospital Association
- Claudia Y. W. Herrold, interim president & CEO, senior vice president, Philanthropy Ohio
- Monica Moloney, attorney
- Kip Morse, president, Better Business Bureau of Central Ohio
- Elaine Pierce, philanthropy consultant
- Jane Pfeifer, CPA, Clark Schaefer Hackett
- Thomas Poulson, chief financial officer, Willow Brook Christian Communities
- Marcy Williams, executive director, Ohio Association of Nonprofit Organizations

## **Americans Gave Nearly \$428 billion to Charity Last Year**

American giving to charity stayed relatively flat last year following a record-breaking year in 2017 of nearly \$425 billion in contributions, according to the Giving USA 2019 report. Total contributions grew .7%, but when adjusted for inflation, resulted in a decline of 1.7% for a year that included significant changes in tax policy as well as a stock market decline in the late part of the year.

The annual report evaluates trends in individual giving, bequests, foundations and corporations that make charitable gifts. The report is published by Giving USA Foundation and researched by the Indiana University Lilly Family School of Philanthropy. Details of the report, which are often used by charitable fundraisers throughout the nation, can be obtained at [www.GivingUSA.org](http://www.GivingUSA.org).

Many researchers were concerned over how the federal tax changes that doubled deductions available for taxpayers would affect charitable givers. More than 45 million households itemized deductions in 2016 and some studies suggested that figure could drop to 20 million households or less. One of the aims of the tax policy change was to reduce the number of taxpayers who itemize and instead allow them increased deductions. Some stakeholders worry that the decline in households itemizing expenses could result in a reduced incentive for charitable giving and the resulting deductions that were previously available. The full impact of the tax law changes are not expected to be understood for several years, according to the report's authors.

There was strong growth in giving from foundations which accounted for 18% of total giving last year. Foundations gave nearly \$76 billion, a 7.3% increase from the prior year. Giving by individuals, \$292 billion, accounted for 68% of the total amount contributed last year, down from

70% in 2017. Corporate giving increased by 5.4% to just over \$20 billion. Giving by bequests stayed relatively flat with nearly \$40 billion for charitable organizations. The growth in the foundation and corporate giving categories helped to soften some of the declines in other categories.

International affairs, environment and animal organizations experienced substantial growth in giving last year. Giving to religion declined last year following several years of modest growth.

## **Enforcement Actions Help Protect Charitable Sector**

The Ohio 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.

**Marion Midget Football** – The Office received complaints regarding Marion Midget Football's operation of a youth football league and the organization's radio station, WWGH Radio 107.1. Following an investigation, Marion Midget Football, Patsy A. Worcester, and Scott Spears entered into an Assurance of Discontinuance (AOD) in May. Worcester resigned as the organization's Treasurer in April 2019 and is prohibited from serving as a nonprofit officer or board member, soliciting for charitable purposes, or incorporating a non-profit organization for a period of five years following her resignation. Spears agreed to pay a total of \$12,500 in restitution and civil penalties. He also resigned as the organization's President in May 2019 and is prohibited from serving as a nonprofit officer or board member, soliciting for charitable purposes, or incorporating a non-profit organization following the date of his resignation. In addition to implementing internal controls and board governance practices, the organization agreed to relinquish the WWGH Radio 107.1 license to the FCC and must cease any involvement with the radio station.

**Restoration Automotive** – Restoration Automotive is an Ohio charitable organization that was organized to "operate a nonprofit automotive repair service" for those "who cannot afford to have their car fixed." The Attorney General's Office received a complaint alleging that the funds of the organization were being inappropriately used to pay for personal expenses of members. As a result of the complaint, the Office opened an investigation into Restoration Automotive. In June, the Office finalized an AOD with Eugene Skibinski. Mr. Skibinski was an incorporator of Restoration Automotive and had access to Restoration Automotive's financial assets, including the organization's bank account. As part of the AOD, Mr. Skibinski agreed to be enjoined for two years from soliciting in Ohio for charitable purposes, agreed to be enjoined for two years from serving on the board of directors of any non-profit organization in Ohio, agreed to be permanently enjoined from incorporating an Ohio nonprofit organization, and agreed to be permanently enjoined from directly overseeing or managing charitable assets. The AOD does not require Mr. Skibinski to pay any restitution or civil fine.

**New Hope** – A tip from an employee of Hospice of Hope in Maysville, Ky. led the Ohio Attorney

General's Office and seven state attorneys general to investigate and ultimately shut down New Hope Foundation, Inc. of Nashville as a sham hospice charity. New Hope raised funds through telemarketing and direct mail and allegedly provided education regarding hospice services. It sent "local area appeals" which appeared to the donor to be a solicitation from their local hospice but was not. In 2016, the organization had gross receipts of \$4,243,069, but performed little, if any, program services. Their "charitable programming" primarily consisted of the fundraiser sending out information regarding the benefits of hospice care when requested, some information on their website, and some public service announcements. In addition to paying executive compensation of almost \$100,000 and minimal other administrative expenses, the remainder of the money went to pay fundraisers to solicit donations on behalf of New Hope. The organization was indebted to the fundraisers more than half a million dollars. In June, the organization and its officers and directors entered into a Settlement Agreement calling for the organization to dissolve. Farrah Young, Austin Cartwright, and Dr. Andre Lee are banned from any charity or fundraising activities in perpetuity. The multistate enforcement that includes Ohio, Kentucky, Tennessee, Arkansas, California, Minnesota, Kansas, and New York requires New Hope to pay \$85,967.83 in investigative costs and requires Young to pay \$75,032.17 in civil penalties to the states.

**I Have A Dream Rescue Organization** – The Office received a complaint from a former volunteer alleging that Misti Martin-Fuller, Director of I Have A Dream Rescue Organization, was misusing charitable funds. In August, Martin-Fuller and I Have A Dream Rescue Organization entered into an AOD. Martin-Fuller was required to be removed from all of the organization's accounts and is prohibited from having any involvement or responsibility concerning charitable trust money. I Have A Dream Rescue Organization must require its board members to attend board governance training and maintain a three-person membership.