

# Ohio Attorney General's Nonprofit News

Protecting the Integrity of Nonprofits



Spring 2018

## [Five Common Questions About Fundraising in Ohio](#)

Charitable organizations regularly contact the Ohio Attorney General's Office for information about fundraising activities allowed under state law, and we've outlined answers to some of the most common questions.

- 1. Can my charity hold a poker tournament or Monte Carlo night as a fundraiser?** Please consult Ohio Revised Code [Chapter 2915](#) and private legal counsel to determine if your proposed activity is allowed by law. Chapter 2915 also outlines specific limitations on locations and frequency for certain activities. You also can review the Ohio Attorney General's [Policy 201](#) for information on games of chance.
- 2. Can my organization conduct a raffle and keep the proceeds?** In Ohio, only certain kinds of organizations may conduct raffles: a charitable organization; a public school; a chartered nonpublic school; a community school; or a veteran's organization, fraternal organization, or sporting organization that is also a 501(c)(3), 501(c)(4), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) tax-exempt organization. If a 501(c)(3) organization conducts the raffle, 100 percent of the net profit from the raffle can go to the organization. If a 501(c)(4), (c)(7), (c)(8), (c)(10), or (c)(19) conducts the raffle, the organization must distribute at least 50 percent of the net profit to a charitable purpose described in Ohio Revised Code Section 2915.01(v) or to a department or agency of the federal government, the state, or any political subdivision.
- 3. Do I need a license to conduct a raffle?** Organizations that are eligible to conduct raffles do not need a license to conduct a raffle, but they must conduct raffles in compliance with Ohio Revised Code [Chapter 2915](#). Raffles are defined in ORC Section 2915.01(CC) and their conduct is described in ORC 2915.092. Under Ohio Revised Code Section 2915.10, all organizations conducting raffles have recordkeeping requirements related to expenses and prizes. These records must be kept at least three years.
- 4. Can a charity pay someone to conduct charitable gaming or bingo?** No. No one can be paid to conduct charitable gaming or bingo. Please consult Ohio Revised Code [Chapter 2915](#) and the Ohio Attorney General's [Policy 201](#) for more information.
- 5. Can I serve liquor at my fundraising event?** Check with the Ohio Department of Commerce, Division of Liquor Control, to determine whether you qualify for a temporary liquor permit and which type of permit you need. Also review the Ohio Attorney General's [Liquor Permit Guide for Charities](#) to understand the implications of signing a liquor permit application.

More [frequently asked questions](#) can be found on the Ohio Attorney General's website.

## [Ohio Charity Statistics](#)

By the end of 2017, tens of thousands of active charitable organizations had filed with the Ohio Attorney General's Charitable Law Section. The section also issued bingo licenses, handled professional solicitor registrations, and provided trainings.

One of the most visible activities of the Ohio Attorney General's Charitable Law Section centers on assisting charities with their duties to register and complete annual filings in the online charitable registration system. At the close of 2017, there were 47,076 active charitable organizations in the system, a record high number of organizations. Registration and filing information is available to the public at the "[Research Charities](#)" page of the Attorney General's website, which donors may use when deciding whether to contribute to a specific charity.

The Attorney General's Charitable Law Section also provides oversight of professional solicitors paid to raise funds for charitable organizations. Solicitors that operate in Ohio must be registered annually, and they must provide notice of every Ohio fundraising campaign and its results. In 2017, the section handled the registration of 114 professional solicitors who conducted 1,145 campaigns. Information on solicitor campaigns can be found on the Attorney General's website.

Last year, the Attorney General's Charitable Law Section issued 3,244 bingo licenses to 1,664 charitable organizations. Additionally, the section issued licenses to 17 bingo manufacturers and 36 bingo distributors. For more information on licensed organizations, visit the "[Bingo Licensing Information](#)" page of the Attorney General's website.

Providing resources to leaders of charitable organizations also continued to be a priority, and staff provided training to 5,347 people about board governance best practices, bingo recordkeeping, wise giving, and related topics. If you are interested in hosting a training and are willing to invite other local charitable leaders to attend, please call 614-466-3181 or send an email to [CharitableLaw@OhioAttorneyGeneral.gov](mailto:CharitableLaw@OhioAttorneyGeneral.gov). Additional resources and publications for nonprofits also can be found on the [Attorney General's website](#).

## [Cybersecurity 101](#)

Charities often hold information that would be valuable to cybercriminals, so we're providing resources organizations can use to protect themselves and their information from cyberattacks.

News reports of cybersecurity breaches often describe attacks on large corporations or governmental entities where confidential or personal information is compromised, putting consumers at risk of identity theft. Charities may not believe they face similar risks or they may fail to invest energy in protecting the data they have, but information about donors, details about clients, files about employees, records about business operations, and other information that charities possess can be valuable to cybercriminals. The public release of that information could create financial harm for your partners and damage the credibility of your organization.

Cyber crooks target not just large organizations but small ones, too. So whether your organization has an IT staff professional who takes care of security issues, or whether you take care of your systems yourself, make it a priority to use sound practices that will help protect your valuable information.

To assist nonprofits, staff from the Ohio Attorney General's CyberOhio Initiative created a webinar on cybersecurity issues for charities. The [webinar is available online](#) and can be watched at your convenience.

It provides multiple steps that leaders of small or large organizations can take to reduce their risks of a breach and protect the valuable information they have.

Among the topics discussed in the webinar are:

- Cyber threats, including social engineering and human error.
- Viewing cybersecurity as a journey, not a destination.
- Giving employees access only to the information they need to do their jobs.
- Instructing employees to lock their computers when they step away from their desks.
- Steps to take in a day, a month, and a year to improve cybersecurity.

Ohio Attorney General Mike DeWine created CyberOhio to strengthen the cybersecurity landscape in Ohio. CyberOhio, which is guided by an advisory board of experts, is a collection of cybersecurity initiatives aimed at providing the best possible legal, technical, and collaborative cybersecurity environment.

Additional information is available [online](#) and through the Attorney General's "[Data Breach Prevention and Response Guide for Small Business and Charities](#)," which outlines a number of approaches to help enhance the security of your valuable information and develop a strategy to respond to a breach.

### [Enforcement Actions Help Protect Charitable Sector](#)

Recent enforcement actions by the Ohio Attorney General's Charitable Law Section have helped to stop fraudulent activity, recover misused charitable funds, and protect donors and charities.

In November, Ohio Attorney General Mike DeWine and 23 other state attorneys general announced a settlement to dissolve VietNow National Headquarters Inc., an Illinois-based nonprofit accused of misleading donors across the country. Investigators found that the organization, which also used the name VeteransNow, had been raising money using deceptive telemarketing scripts, claiming donations would help local veterans when it had no local programs in most states. The states announced that remaining VietNow funds would go to two national veterans' charities, Fisher House Foundation and Operation Homefront.

Other enforcement actions taken by the Ohio Attorney General's Charitable Law Section include the following:

- A judgment was entered against Band of Brothers Homes for Heroes and its chief operating officer, Geno Conley, after they failed to respond to a lawsuit the office filed in September. The lawsuit accused the nonprofit and Conley of failing to register with the Attorney General's Office before soliciting for charitable contributions and failing to cooperate with an investigation into whether funds raised by the organization were used for charitable purposes.
- Several individuals formerly affiliated with a charity called the OSUI Foundation entered into assurances of discontinuance following claims that two former OSUI employees (Brandon Anderson and Alisha Ponder) misappropriated charitable funds and assets belonging to the organization. Under the assurances, Ponder and Anderson agreed to abide by a previously reached settlement with the OSUI board, and other individuals agreed not to participate in a nonprofit unless they take board governance training, among other terms.
- Steel Valley United and Nicholas A. Gutierrez entered into an assurance of discontinuance in January that called for the organization to dissolve and Gutierrez to not form a nonprofit or serve in a leadership capacity for a nonprofit for five years. An investigation found that the organization had not made required registration or filings to the Ohio Attorney General's Office.

- Marion Baseball for Youth Inc. and three of its officers entered into an assurance of discontinuance, in which the organization agreed to stop conducting charitable bingo, effective June 1, 2017, and not to reapply for a bingo license before Nov. 1, 2020. The organization has also sold the Steve Hogg Recreation Center; proceeds from the sale will be donated to charity.
- Nardos Yirga agreed not to hold a position as an officer, trustee, or employee of a charity in Ohio for five years following an assurance of discontinuance entered in November. Investigators found that Yirga had failed to properly manage accounts for two charities she created, The Empire Livin' Organization and Art Over Ignorance.
- William Keely entered into an assurance of discontinuance agreeing to dissolve his charity, All Ohio Youth and Scholastic Foundation, to no longer handle charitable funds, and to pay \$15,000 to be redistributed by the Attorney General. Additionally, Keely agreed to dissolve Charitable Gaming Supplies, which he operated, and not to apply for a bingo distributor license for five years. An investigation found that Keely sold bingo supplies to an unlicensed organization, failed to file annual reports for his charity, and failed to properly manage accounts.
- Higher Ground Global Ministries and the husband and wife who run it, Steven R. White and Adrienne D. White, agreed to make several changes under a June assurance of discontinuance. Steven White also agreed to pay a \$10,000 fine. The Attorney General's Office had received complaints about the organization, including that it had no functional board of trustees, and an investigation found that the organization's accounts were not properly managed and that true records of solicitation activities were not kept.
- Kirk Fiorentino, Melissa Fiorentino, and the Tuslaw Soccer Club entered into an assurance of discontinuance in October. The Fiorentinos agreed not to handle charitable trust money, not to solicit for charitable organizations, and not to create another nonprofit in Ohio. They also agreed to pay \$1,713 and to file a charity dissolution form with the Ohio Attorney General's Office after an investigation found that the charity did not operate under the requirements of the law.

In many cases, enforcement actions result from tips provided in charitable complaints. Complaints can be filed with the Ohio Attorney General's Office [online](#) or by calling 800-282-0515.