

Ohio Attorney General's
Nonprofit News
Protecting the Integrity of Nonprofits



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Electronic Bingo Kicks Off in Ohio



For the first time in Ohio history, members and guests of veteran and fraternal organizations throughout the state can use electronic instant bingo machines to generate funds to support community charities.

The Ohio General Assembly approved this modernization of instant bingo for these organizations in June 2021, with an official launch date of April 1, 2022. The addition of machine-based instant bingo games required the Charitable Law Section to develop administrative rules to guide the implementation of this new format for instant bingo. The Joint Committee of Agency Rule Review approved rules that addressed licensing and reporting issues for organizations seeking machines in their facilities, and for manufacturers and distributors seeking to provide the machines.

Ohio 501(c)(3) organizations – as well as qualifying veteran, fraternal and sporting organizations – must apply to the Charitable Law Section of the Ohio Attorney General's Office for a license that covers traditional live bingo games which has historically been restricted to paper tickets. The licenses must be renewed annually. Because there are numerous record-keeping requirements that apply to bingo activities, the office provides ongoing training and technical support to bingo licensees to ensure that adequate financial controls are in place to protect proceeds, which should be used to support charitable work in the community.

By the April 1 launch of e-bingo, the Charitable Law Section had granted e-bingo licenses to 629 organizations, five distributors and four manufacturers. Organizations continue to apply, but they must be licensed prior to use of the machines.

The General Assembly's provisions on electronic instant bingo apply only to veteran and fraternal organizations. The General Assembly also required that manufacturers and distributors provide machines that have been forensically tested and approved by certified testing labs to ensure the games are fair, safe and incapable of being tampered with. The new regulatory system also requires the machine operators to provide ongoing reporting to create a paper trail, ensuring appropriate accounting of the funds used in the machines.

For additional information about obtaining a bingo license, visit bingo sections on the Charitable Law Section's web page at Charitable.OhioAGO.gov, or email CharitableBingo@OhioAGO.gov.

Town Hall Meetings on e-Bingo Set for May 25

Veteran and fraternal organizations as well as manufacturers and distributors involved in e-bingo can register to participate in May 25 town hall meetings at the State Library of Ohio, located in Columbus.

Legal requirements, reporting responsibilities, board governance matters and other enforcement issues will be discussed. The two 90-minute sessions will begin at 10 a.m. and 1 p.m. and focus exclusively on electronic instant bingo. Attendance is limited, and advanced online [registration](#) is required.

New Law Addresses Charitable Raffles of Alcohol

The General Assembly recently enacted a new law addressing charitable raffles to ensure that any alcohol products awarded through these fundraisers have been purchased through an appropriate state-licensed agent.

When beer and wine are raffled off, the charitable organization needs to collect and retain sales receipts indicating that the products were purchased by the organization or by a donor from an Ohio agent with permits to do business in the state of Ohio. If high-proof liquor is involved, the charitable organization must complete a form in advance and upload receipts to the Ohio Division of Liquor Control. These provisions apply to raffles, silent auctions, door prizes and other similar charitable events.

Ohio liquor-permit holders and state liquor agencies are prohibited from making donations for these fundraising events.

The new law – which made no changes in the general provisions of [ORC 2915](#) about other requirements related to charitable raffles – can be found at [ORC 4301.58](#).

Learn more about the [Division of Liquor Control](#).

The Charitable Law Section by the Numbers

The filings made by Ohio's charities during 2021 have been counted and compiled. Here is a snapshot of the Buckeye State's charitable sector.

Despite the countless challenges that COVID created for charities throughout the country, the number of charities in Ohio has continued to grow – to 58,975 registered charitable organizations in 2021, up from 56,287 in 2020 and 53,765 in 2019. Counting the organizations that received filing exemptions, the Charitable Law Section's database lists 68,729 charitable organizations.

Although a COVID-induced increase in closures of charitable organizations might have been expected, the opposite has been true in Ohio. The Charitable Law Section recorded 747 dissolutions in 2021, less than the 798 in 2020 and 1,003 in 2019. Growth in the number of new organizations has been strong, with 3,296 new organization filings last year, compared with 3,093 in 2020 and 3,952 in 2019.

Professional solicitors are entities hired by charities to raise funds on their behalf. Ohio law requires annual filings by the solicitors, as well as reports on each campaign they handle for charities. There has been a steady number of solicitors filing in Ohio in recent years, with Ohio receiving filings from 108 professional solicitors in 2021, 100 solicitors in 2020 and 105 in 2019.

The number of campaigns conducted by solicitors in Ohio increased some last year but remained well below the 2019 total. The office received reports on 791 campaigns in 2021, compared with 729 in 2020 and 1,169 in 2019.

Charitable Enforcement Actions

The Charitable Law Section has been involved in a number of enforcement activities:

Newcomerstown Emergency Rescue Squad/Heather Stein Wells – Last year, the section sought injunctive relief, civil penalties, punitive damages and possible restitution/compensatory damages from Heather Stein Wells, the former president and sole operator of the Newcomerstown Emergency Rescue Squad Inc. (“NERS”), a fire and rescue nonprofit in Newcomerstown. Wells awarded herself a large salary, had sole control over the organization’s finances, and used her position to bestow positions and financial benefits on her fiancée and family members. As a result of the Charitable Law Section’s investigation, NERS entered into an Assurance of Discontinuance with the Attorney General, Wells was removed from her position as president, and a new board was installed to operate NERS. The court issued a default judgment against Wells that prohibits her involvement as a founder, a trustee or an agent of a charitable organization; prohibits her from soliciting for charitable organizations; and requires the payment of a \$15,000 penalty.

Rig Dogs Nation – The Attorney General filed suit last year against two Carroll County charities: Rig Dogs Nation Inc. and Fur-Ever Loved Animal Rescue Inc. Also named in the complaint were Jarrod and Lisa Miller, the charities’ founders. The complaint alleged that Mr. Miller created Fur-Ever to be run by Mrs. Miller and created Rig Dogs to raise funds for charitable purposes, but deliberately did not comply with charitable registration requirements and conducted illegal fundraising activities through Rig Dogs. The Millers and their charities also failed to cooperate with a Charitable Law Section investigation, to account for spending of charitable funds, and to cease and desist their illegal activities. The Attorney General ultimately obtained a default judgment entry ordering three of the defendants to pay \$97,870.60 in restitution and \$50,000 in civil penalties. Additionally, both charities were dissolved and the Millers were enjoined from incorporating a nonprofit and from soliciting for charitable purposes in Ohio.

Empowered for Excellence Behavioral Health Ohio – The charity was founded by Jonathan James, who served as its chief executive officer and one of its directors. After an investigation, the Charitable Law Section believed that some of the charity’s filings and records were misleading, that James breached his fiduciary duties, and that half or more of the charity’s board members were James’ relatives or improperly interested persons. The Attorney General’s Office, Empowered for Excellence and James entered into an Assurance of Discontinuance last year under the following terms: The board of Empowered for Excellence will turn over completely and will be made up of five new and independent members; new board members and James will complete training with the Attorney General’s Office; the board will independently review James’ employment and any contracts with his relatives or companies under their control; James will not form, direct or have financial responsibility for any Ohio charity; and James will pay \$25,000 in civil penalties and \$100,000 in restitution for redistribution for charitable purposes.

Ohio Veterans and Fraternal Charitable Coalition – This past year, the Charitable Law Section successfully concluded an almost decade-long litigation over the legality of so-called “electronic raffle machines.” In 2013,

the Ohio Veterans and Fraternal Charitable Coalition, a group of organizations wishing to use the machines, filed a declaratory judgment action against the Attorney General. At issue was the legality of electronic gaming machines put into play at numerous veteran and fraternal posts across the state. Plaintiffs claimed that the machines were electronic raffle machines and thus did not require a license, as charities in Ohio can legally conduct raffles without a license. After extensive briefing, both the trial court and court of appeals agreed with the Attorney General's Office, concluding that the machines did not conduct a raffle as defined in the Ohio Revised Code. Plaintiffs filed a discretionary appeal with the Ohio Supreme Court, which the Attorney General's Office opposed. The appeal was ultimately dismissed in December 2021.

The New Hope Foundation Inc. – A tip from an employee of Hospice of Hope in Maysville, Kentucky, 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" that appeared to prospective donors to be a solicitation from their local hospice but was not. In 2016, the organization had gross receipts of \$4,243,069, but performed few, if any, program services. Their "charitable programming" primarily consisted of sending out, upon request, information regarding the benefits of hospice care; providing information on their website; and making public-service announcements. In addition to paying executive compensation of almost \$100,000 and minimal other administrative expenses, New Hope used the remainder of the money to pay fundraisers to solicit donations on behalf of the organization. New Hope was indebted to the fundraisers for more than \$500,000. In June 2021, 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 – which encompasses 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.

Youth Over Us Inc. – The Attorney General received a complaint regarding Camp Pisgah, a fake summer camp for kids being run by Anthony English in Guernsey County, Ohio. Camp Pisgah was supposedly a camp operated by Youth Over Us, a nonprofit run by English; in reality, the only thing apparently on the camp property was English's home. While president of Youth Over Us, English arranged for his personal company, New Century Management, to be paid monthly to manage the nonexistent camp. The Camp Pisgah property and English's personal property, adjacent to the camp, were the subject of oil-and-gas leases entered into by English, from which English benefited personally. The Attorney General entered into an agreement with Youth Over Us, New Century Management and English to ensure that future benefits would flow to Youth Over Us. English is no longer involved with Youth Over Us.

Bowsher Boosters – Last year, the Attorney General entered into an Assurance of Discontinuance with Heather Allen, who previously served as president of Bowsher High School Boosters Club in Toledo. The Attorney General's Office received a complaint alleging that during Allen's time as president, cash proceeds from the club's concession sales were not deposited into the organization's account. Allen has agreed to pay a civil fine and is permanently prohibited from participating in charitable solicitation, and forming or having any role in a charitable organization in Ohio.

Marion Midget Football, The Marion Education Exchange – The Charitable Law Section entered into an Assurance of Discontinuance (AOD) with The Marion Education Exchange, a Marion-based radio station. The organization acquired its FCC license from Marion Midget Football in 2019, after Marion Midget Football agreed to relinquish the license under the terms of a separate AOD. Marion Education Exchange's AOD requires certain changes to its board governance practices and also requires the organization to produce certain records to the Attorney General's Office in one year.

Dunham Tavern Museum – The Ohio Attorney General's Office entered into a settlement agreement with the Dunham Tavern Museum in Cleveland, a historic Euclid Avenue location that has served as a farm, stagecoach stop, tavern, home, studio and, most recently, a museum and open public grounds. To further its vision, the charity acquired 2.28 acres of green space adjacent to its historic location around 2012. Between

2012 and 2017, Dunham ran a charitable fundraising campaign and raised more than \$700,000 to help defray the cost of acquisition and to improve the green space. In 2019, the board of Dunham voted to sell 1.26 acres of its property to a designee of the Cleveland Foundation to build its new headquarters. Three Dunham board members filed a civil lawsuit in Cuyahoga County Common Pleas Court seeking to block the sale. That lawsuit was dismissed, and the dismissal was upheld by the 8th District Court of Appeals. The sale was completed in November 2019. The settlement agreement with the Attorney General's Office requires Dunham to file an application with an environmental or historical preservation organization by July 1, 2022, to designate 1.26 acres of its current property as permanent green space. If the application is not approved, the museum will file its own restriction on the property, dedicating it in perpetuity to green space and prohibiting the construction of any permanent building on the property.

Central Ohio Stand Down, Fallen Fifteen – A former director and volunteer to two central Ohio charities has agreed to injunctive relief as a result of an investigation into his handling of charitable funds. Richard Isbell was affiliated with two Ohio charities that provide services to military veterans. After an investigation, the Attorney General's Office believed that Isbell had failed to live up to his fiduciary duties in paying a charitable organization from the proceeds of a solicitation campaign. Isbell entered into an Assurance of Discontinuance under which he will not hold any position as an officer or trustee of any Ohio charity, and will not participate in charitable solicitations in the state of Ohio.

Carleton F & Ruth D Davidson Trust – This investigation was opened based on an anonymous complaint alleging theft on the part of the trustees. The trust, located in Springfield, was created by the Sept. 4, 1987, Carleton F & Ruth T Davidson Trust Agreement and required the trustees to “hold and administer in Trust for religious, charitable, scientific and educational purposes all of the assets which may come into the Trust...” The investigation by the Ohio Attorney General's Office alleges that funds and property were misused for personal purposes. The Trust agreed to reform the board and to sell the property. The office also pursued settlement with an individual board member who served as signatory on accounts and agreements that appeared to personally benefit the board member's late father. This settlement required the board member to pay restitution of \$30,000 to be distributed at the Attorney General's discretion to support charitable programming in and around Clark County as well as investigative costs and injunctive relief.

Associated Community Services – The Attorney General's Office, along with the Federal Trade Commission and 46 agencies from 37 states and the District of Columbia, [shuttered a massive telefunding operation](#) last year. Associated Community Services and a number of related defendants who made deceptive fundraising calls agreed to settle allegations that they duped generous Americans into donating to charities that failed to provide the services promised. Through the court action, the defendants paid almost \$500,000 to the states to be distributed to court-approved nonprofits for the charitable purposes that donors originally intended to support. The funds surrendered by the defendants were paid to an escrow fund administered by the Florida Attorney General. The court approved that the funds be directed to the American Cancer Society, Semper Fi & America's Fund, and the Tunnel to Towers Foundation. Each organization will use the funds to support the causes defendants purported to support when soliciting donations from consumers. The funds recovered will now be used to assist Americans with cancer screenings and treatment, military service members and their families, and first responders and their families.

Taylor Kidwell – Taylor Kidwell, a former administrative assistant at Clermont Adult Residential Homes, was criminally prosecuted in Clermont County in connection with theft from the charitable organization and the clients it served. The Charitable Law Section filed a civil Assurance of Discontinuance in connection with the case that prohibits Kidwell from being an employee or volunteer with any charity when she would be involved with charity funds or in charitable solicitations, and requires the payment of restitution as ordered by the Clermont County Court of Common Pleas in the criminal case.

Now-Faith in Action Ministries – Now Faith is an Ohio nonprofit with a mission to provide a “church and evangelistic services” in Columbus. Robert Frary served as pastor since at least September 2008. The Attorney General's Office filed a lawsuit last year alleging that in 2020, Frary instigated the transfer of \$74,500 from Now Faith's bank accounts to his personal bank account. Frary then transferred \$74,000 from his

personal account to a Gemini Trust account, using the entire amount to buy Bitcoin, a cryptocurrency. The Attorney General's Office and Frary agreed to a consent judgment that includes \$74,500 in civil damages (for conversion, breach of fiduciary duties and abuse of trust claims); \$10,000 in civil penalties; and injunctive relief enjoining Frary from having access to charitable funds.

Galloway Baseball Club – The Attorney General's Office filed an Assurance of Discontinuance Agreement involving Galloway Baseball Club and its leaders in connection with its bingo operations. The organization has to make a number of changes to its organizational structure and activities, participate in board governance training and pay \$15,000.

Dennis Miller – A former bingo volunteer at North High School Boosters Club of Eastlake, Ohio, Dennis Miller was sentenced to 90 days in jail after a joint investigation by the Charitable Law Section and the Eastlake Police Department found that he stole more than \$14,000 from bingo sessions held at the school. Miller, 48, was sentenced in March in Lake County Common Pleas Court on one count of theft, a fifth-degree felony. In addition to the jail time, he was sentenced to two years of community control, fined \$1,500 and ordered to pay \$14,859.36 in restitution. Miller was also given a 12-month prison term if he fails to meet the terms of his sentence.