

Ohio Attorney General's Nonprofit News

Protecting the Integrity of Nonprofits



Spring 2016

Two New Publications Developed

In order to respond to questions and challenges within the charitable sector, the Ohio Attorney General's Office has added two new publications to its library of resources.

["A Liquor Permit Guide for Charities"](#) addresses various considerations that boards of directors should discuss before applying for temporary liquor licenses. For example, the organization could be liable for civil and criminal violations associated with the event should something go wrong. Because of the implications, the board needs to be actively involved in discussions regarding the risks and benefits of liquor permit situations.

["A Charity Guide for Businesses"](#) was developed to answer many questions that businesses raise about their involvement with charities. This publication encourages businesses to check out organizations that ask to solicit on their premises to ensure that the organization truly provides valuable services. (Some sham charities solicit at retail locations but never use donors' contributions as intended.)

The guide also discusses laws surrounding raffles and charitable gaming and explains why quarter auction events are illegal. Additional issues about businesses and charities are also included in the publication.

Additional resources can be found on the Ohio Attorney General's website in the section named, ["Resources for Nonprofit Board Members."](#) Useful information is also included in the Frequently Asked Questions listed throughout the website.

Ohio Association of Nonprofit Organizations' Annual Conference Set for May 3

Charitable leaders throughout Ohio have started registering for the Ohio Association of Nonprofit Organization's annual conference May 3 in Columbus. The annual gathering, which will be held at the Columbus State Conference Center, is co-sponsored by the Ohio Attorney General's Office.

Allison Black Cornelius, founder and president of Blackfish Strategies, will be the keynote speaker. Cornelius is a consultant and has trained more than 700 nonprofit boards. She was sexually assaulted as a child at church. But it wasn't until she was an adult that she faced her attacker who ended up going to prison after more than 50 additional victims came forward. She spearheaded passage of Megan's Law, creating the country's first Sex Offender Registry. Those experiences compel her ongoing efforts to protect

children who have been sexually abused and to encourage and inspire those who make a difference in their communities through charitable endeavors.

Numerous breakout sessions will be held throughout the day. Some topics that will be discussed in those workshops include panel discussions on fundraising and grant writing, understanding implicit bias, adopting a culture of worthiness, marketing and communication, public policy issues, and board governance.

The conference luncheon will feature the presentation of Nonprofit Excellence Awards.

Additional information about conference registration can be found on [OANO's website](#).

Charities Can Be Targets for Fraudsters

Just as consumers can be targets for rip-off artists, so too can charities.

In one case, a nonprofit heard from a donor who said he wanted to make a \$40,000 contribution and asked where to send the check. When the donor's check arrived, it was written for \$80,000, twice as much as the promised donation. The donor then sent an email, instructing the nonprofit to wire the \$40,000 overpayment out of the county. Recognizing the scam, the nonprofit refused to wire the money. (Had the nonprofit deposited the "donor's" \$80,000 check, it eventually would have been returned as no good.)

Scammers use a variety of tactics to trick their targets into sending money. They may use threats or claim that action must be taken immediately to avoid some serious problem. Often, they ask their targets to provide payment using a wire transfer or prepaid card, both of which make it difficult to trace or recover payment after it's been sent.

If you work with a charity or other organization, beware of common scams, including:

- **Overpayment scams.** A "donor" offers to make a contribution but "accidentally" provides payment for more than the expected amount, and then asks you to deposit the check and immediately send back the difference via wire transfer or prepaid money card. While your payment is valid, the "donor's" check is not and will later be returned as counterfeit.
- **Utility shut-off calls.** Someone calls, claiming to represent your utility company, and says your power will be shut off within hours unless you pay a few hundred dollars immediately using a prepaid money card. In reality, the caller is a scammer, and any money you send will be lost. (This scam often affects organizations that have a physical location where patrons visit, such as a church or restaurant.)
- **Phony invoices.** You receive a fax, phone call, or letter demanding you pay a final invoice for advertising, office supplies, or other products you did not order. The con artist who sent the bogus bill hopes someone in your organization will pay the invoice before realizing it is phony.

To avoid scams, talk to your staff members about the signs of a scam, such as requests for payment sent via wire transfer or prepaid cards or unexpected phone calls demanding payment. Also encourage staff members to ask a supervisor about suspicious or questionable activity they encounter.

If you suspect a scam, report it to the Ohio Attorney General's Office at www.OhioAttorneyGeneral.gov or 800-282-0515.

The Federal Communications Commission also has issued a warning about illegal “pirate radio” stations that sell advertising time to charities and businesses. Pirate stations are those that operate without an FCC license. Sometimes the broadcasters may be rebellious high school students operating a radio station from their bedrooms. Others are slick, sophisticated, high-powered but illegal broadcast operations, the FCC reports.

Radio stations are required to be licensed, yet some broadcast without FCC authorization. These illegal broadcasts can be subject to a variety of enforcement actions that include civil and criminal penalties. These pirate stations can interfere with the broadcasts from licensed stations, preventing listeners from hearing legitimate programming as well as Emergency Alert System warnings aired by those broadcasters.

FCC rules require licensed broadcast stations to identify themselves each hour using their FCC-assigned call signs as close to the hour as possible. Some pirate stations may carry those types of announcements in order to mimic legitimate stations.

The FCC encourages consumers to contact the FCC with complaints about pirate radio operations. Additional information can be obtained at www.fcc.gov.

Enforcement Actions Help Protect Charitable Sector

To help protect the charitable sector, the Ohio Attorney General’s Charitable Law Section takes enforcement actions to ensure that charitable funds are used as intended and that Ohio’s charitable laws are followed.

Recent enforcement actions include:

- **Craft show operators agree to stop using charitable appeal for business:** A northwest Ohio couple agreed not to solicit for charities in Ohio after an investigation by the Charitable Law Section found that they were unable to document charitable contributions. Tania O’Brien (also known as Tania Sieler) and Gary O’Brien had organized craft shows under the name “People Who Care,” claiming that the shows would benefit charities. However, the investigation determined that the O’Briens had failed to maintain true records of their solicitation activities and failed to provide complete and timely payment to charities. Under an Assurance of Discontinuance filed in February 2016, they agreed not to use charitable appeal for future business ventures.
- **Former humane society president agrees not to handle charitable funds:** Donna M. Norfolk, a former president of the Holmes County Humane Society, agreed not to hold any position as an officer, trustee, or employee of any charitable organization in Ohio and not to solicit for charitable purposes in Ohio under a January 2016 Assurance of Discontinuance. Norfolk had served as the organization’s president between July 2009 and July 2011. For a period of time, she also assumed the responsibilities of treasurer. An investigation by the Attorney General’s Charitable Law Section determined that she had used charitable funds for personal expenses.
- **Indiana operation agrees to stop soliciting in Ohio:** America Funding Communities Inc. and its operator, Kristie Jackson, both of Indianapolis, agreed to stop operating in Ohio after an investigation by the Charitable Law Section determined that the group used charitable donations for personal use. The organization had raised money by soliciting outside grocery and discount stores, claiming donations would provide care packages and support to enlisted men and women. Under a February 2016 Assurance of Discontinuance, if AFC or Jackson violate the agreement they will be required to pay \$10,000 to the Ohio Attorney General’s Office.

- **Local diabetes organization agrees to provide disclosures:** Lake County Juvenile Diabetes Walk Family (LCJDWF) agreed to add a disclosure to its marketing materials stating “LCJDWF is an independent non-profit that has no affiliation with Juvenile Diabetes Research Foundation or any of its chapters.” An investigation determined that LCJDWF had given donors the false impression that it was associated with the national organization Juvenile Diabetes Research Foundation. Under an Assurance of Discontinuance signed in February 2016, LCJDWF also agreed to have board members participate in board governance training and to be truthful when soliciting for donations.
- **Children’s charity operator agrees not to solicit for charity in Ohio.** Emmanuel T. Mohammed agreed not to hold a position as an officer, trustee, or employee of a charity in Ohio and not to solicit for charitable purposes in Ohio under a January 2016 Assurance of Discontinuance. Mohammed had operated an organization called the Mission for Children’s Health Africa. An investigation by the Charitable Law Section determined that the organization did not properly register with the Ohio Attorney General’s Office and did not keep adequate records of charitable contributions.
- **Michigan professional solicitor agrees to \$60,000 settlement.** Under an Assurance of Discontinuance filed in March, Associated Community Services Inc., a professional solicitor based in Southfield, Michigan, agreed to pay \$60,000 to the Ohio Attorney General’s Office, to hire a new director of compliance, and to stop soliciting in Ohio for one year if it’s more than 45 days late in making payments required under the assurance. An investigation by the Attorney General’s Charitable Law Section determined that Associated Community Services failed to timely register with the Attorney General, failed to provide timely notices of campaign changes, and failed to file timely financial reports in connection with multiple campaigns conducted in Ohio.

Anyone who suspects misuse of charitable funds should contact the Ohio Attorney General’s Charitable Law Section. Complaints can be filed online at www.OhioAttorneyGeneral.gov or by calling 800-282-0515.