S.B. NO. ³¹⁷¹ S.D. 2 HD 2

A BILL FOR AN ACT

RELATING TO CHARITABLE TRUSTS AND NONPROFIT ORGANIZATIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Hawaii has more than 5,000 charities and
 nonprofit organizations that employ 41,000 individuals who
 provide needed services to Hawaii residents. Hawaii charities
 have revenues over \$2,000,000,000 and pay over \$1,000,000,000 in
 wages. According to a study conducted in 2002, local residents
 made \$430,000,000 worth of cash and in-kind donations in one
 year to Hawaii and national charities.

8 However, Hawaii is one of only 11 states that do not 9 require charities to register with a state agency. Nonprofit experts have noted that Hawaii's oversight of charities is one 10 of the weakest in the nation. According to a 2004 survey, 11 12 Hawaii was ranked last in the number of state positions budgeted 13 for charity oversight and enforcement. New York had 55 budgeted positions, Pennsylvania had 30 positions, and Oregon had nearly 14 15 20 positions. Hawaii has a single deputy attorney general who 16 serves on a part-time basis to oversee charities in the state.

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

2

1 Due to the absence of a registration system, the department 2 of the attorney general may only pursue an investigation if an 3 individual complains or questionable conduct is revealed and 4 disclosed to the public. Recent news articles reported a preschool with an enrollment of three hundred students had 5 \$2,000,000 in annual revenues, paid a top executive \$250,000 6 7 annually, made an illegal \$100,000 loan to another officer whose 8 spouse is another executive, and paid \$1,200 per month for two 9 leased luxury cars for its husband and wife management team. 10 New reports have revealed other instances of improper and 11 illegal conduct by charities and leaders.

The legislature finds that a registration system is needed 12 13 for charities. A registration system will provide the State 14 with valuable information on which nonprofit groups are raising 15 funds, what programs these groups seek to fund, and how these 16 groups are spending collected funds. Registration can help enforcement officials spot red flags, such as questionable 17 18 transactions or compensation deals, and answer questions from 19 the public. The review of annual filings may also serve as a 20 deterrent to abuse. Before making a contribution, donors could 21 find out if an organization is a legitimate charity and

1 determine if the group has provided the State with information 2 on its finances. 3 The purpose of this Act is to: 4 Require charitable trusts and nonprofits to register (1)5 and file annual financial reports with the attorney 6 general; 7 (2)Provide standards for registration of professional 8 fund raising counsel and professional solicitors, and registration of charitable trusts and nonprofits; 9 Authorize the attorney general to conduct 10 (3)investigation on possible violations; 11 12 (4)Prohibit contracting with unregistered solicitors; 13 (5)Require submittal of a filing fee based on total 14 revenue of organization; and Appropriate funds to staff additional positions. 15 (6) 16 SECTION 2. Chapter 467B, Hawaii Revised Statutes, is 17 amended by adding four new sections to be appropriately 18 designated and to read as follows: 19 "§467B-A Registration of charitable organizations. (a) 20 Every public benefit corporation domiciled in Hawaii and every

S.B. NO. ³¹⁷¹ S.D. 2

21 charitable organization not exempted by section 467B-C shall

22 register with the department prior to conducting any

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

4

1	solicitation or prior to having any solicitation conducted on
2	its behalf by others. Two authorized officers of the charitable
3	organization shall sign the registration form and shall certify
4	that the statements therein are true and correct to the best of
5	their knowledge subject to penalties imposed by section
6	710-1063. A consolidated application for registration may, at
7	the option of the charitable organization, be submitted by a
8	parent organization for itself and any or all of its related
9	foundations, supporting organizations, chapters, branches, or
10	affiliates in this state.
11	(b) The attorney general may make available a registration
12	form to assist in the registration by charitable organizations
13	that must register in other states and shall designate the
14	uniform registration statement developed by the National
15	Association of State Charity Officials be used as the
16	registration form under this section.
17	(c) The attorney general may require that registration
18	forms be filed with the department electronically and may
19	require the use of electronic signatures.
20	<u>§467B-B</u> Annual financial reports; fiscal records and fees.
21	(a) Every charitable organization required to register pursuant
22	to section 467B-A shall annually file with the department a

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

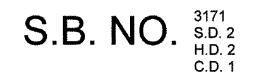
1	report for its most recently completed fiscal year. The report		
2	shall include a financial statement and other information as the		
3	department may require. The charitable organization shall file		
4	the report not more than eight months following the close of its		
5	fiscal year on or before the date the organization files a Form		
6	990 or 990EZ with the Internal Revenue Service. The report		
7	shall be accompanied by a filing fee as prescribed by subsection		
8	(d) and shall be signed by two authorized officers of the		
9	organization, one of whom shall be the chief fiscal officer of		
10	the organization. These officers shall certify that the report		
11	is true and correct to the best of their knowledge. The		
12	department shall prescribe the form of the report and shall		
13	prescribe standards for its completion. The department shall		
14	accept, under such conditions as the attorney general may		
15	prescribe, a copy or duplicate original of financial statements,		
16	reports, or returns filed by the charitable organization with		
17	the Internal Revenue Service or another state having		
18	requirements similar to the provisions of this section; provided		
19	that the attorney general may prescribe the form of the annual		
20	financial report for charitable organizations that file the Form		
21	990N with the Internal Revenue Service.		



S.B. NO. 3171 S.D. 2 H.D. 2 C.D. 1

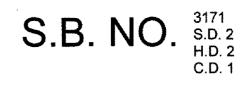
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1	(b) A charitable organization with gross revenue in excess
2	of \$500,000 in the year covered by the report shall include with
3	its annual financial report, an audit report prepared by a
4	certified public accountant; provided that any charitable
5	organization shall include with its annual financial report an
6	audit report prepared by a certified public accountant as a
7	result of a requirement imposed by a governmental authority or a
8	third party. For purpose of this subsection, "gross revenue"
9	does not include grants or fees from government agencies or
10	revenue derived from funds held in trust for the benefit of the
11	organization.
12	(c) The department, upon written request and for good
12 13	(c) The department, upon written request and for good cause shown, may grant an extension of time, not to exceed three
13	cause shown, may grant an extension of time, not to exceed three
13 14	cause shown, may grant an extension of time, not to exceed three months, for the filing of the report.
13 14 15	cause shown, may grant an extension of time, not to exceed three months, for the filing of the report. (d) Each charitable organization filing a report required
13 14 15 16	<pre>cause shown, may grant an extension of time, not to exceed three months, for the filing of the report. (d) Each charitable organization filing a report required by this section shall pay a filing fee to the department, based</pre>
13 14 15 16 17	<pre>cause shown, may grant an extension of time, not to exceed three months, for the filing of the report. (d) Each charitable organization filing a report required by this section shall pay a filing fee to the department, based on the total amount of its income and receipts during the time</pre>
13 14 15 16 17 18	<pre>cause shown, may grant an extension of time, not to exceed three months, for the filing of the report. (d) Each charitable organization filing a report required by this section shall pay a filing fee to the department, based on the total amount of its income and receipts during the time covered by the report at the close of the calendar or fiscal</pre>
13 14 15 16 17 18 19	<pre>cause shown, may grant an extension of time, not to exceed three months, for the filing of the report. (d) Each charitable organization filing a report required by this section shall pay a filing fee to the department, based on the total amount of its income and receipts during the time covered by the report at the close of the calendar or fiscal year adopted by the charitable organization as follows:</pre>



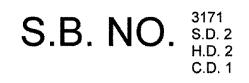
1	(4)	\$100, if \$100,000 but less than \$250,000;
2	(5)	\$150, if \$250,000 but less than \$500,000;
3	(6)	\$200, if \$500,000 but less than \$1,000,000;
4	(7) 5	\$300, if \$1,000,000 but less than \$2,000,000;
5	(8)	\$500, if \$2,000,000 but less than \$5,000,000; or
6	(9)	\$750, if \$5,000,000 or more.
7	<u>(e)</u>	If a return or report required under this section is
8	not filed,	taking into account any extension of time for filing,
9	unless it i	is shown that the failure is due to reasonable cause,
10	a fine of s	\$20 shall be imposed for each day during which the
11	violation o	continues; provided that the total amount imposed
12	under this	subsection shall not exceed \$1,000. Returns and
13	reports sub	omitted without the proper filing fee shall not be
14	accepted fo	or filing.
15	<u>(f)</u> E	Every charitable organization subject to sections
16	467B-A and	467B-B shall keep true fiscal records that shall be
17	available t	to the department for inspection upon request. The
18	organizatio	on shall retain the records for no less than three
19	years after	r the end of the fiscal year to which they relate.
20	<u>\$467B-</u>	-C Charitable organizations exempted from
21	registratio	on and financial disclosure requirements. The
22	following c	charitable organizations shall not be subject to
	2008-2599 8	SB3171 CD1 SMA.doc





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1	sections ·	467B-A and 467B-B, if each organization submits
2	informatio	on as the department may require to substantiate an
3	exemption	under this section:
4	(1)	Any duly organized religious corporation, institution,
5		or society;
6	(2)	Any parent-teacher association or educational
7		institution, the curricula of which in whole or in
8		part are registered or approved by any state or the
9		United States either directly or by acceptance of
10		accreditation by an accrediting body;
11	(3)	Any nonprofit hospital licensed by the State or any
12		similar provision of the laws of any other state;
13	(4)	Any governmental unit or instrumentality of any state
14		or the United States;
15	(5)	Any person who solicits solely for the benefit of
16		organizations described in paragraphs (1) to (4); and
17	(6)	Any charitable organization that normally receives
18		less than \$25,000 in contributions annually, if the
19		organization does not compensate any person primarily
20		to conduct solicitations.
21	<u>§467</u>	B-D Investigations; subpoenas; court orders. (a) The
22	departmen	t, on its own motion or on complaint of any person, may



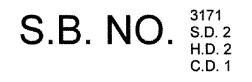
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1	conduct an investigation to determine whether any person has
2	violated or is about to violate any provision of sections
3	467B-A, 467B-B, and 467B-9.
4	(b) The attorney general or the attorney general's
5	authorized representative may subpoena documentary material
6	relating to any matter under investigation, issue subpoenas to
7	any person involved in or who may have knowledge of any matter
8	under investigation, administer an oath or affirmation to any
9	person, and conduct hearings on any matter under investigation.
10	(c) If any person fails to obey any subpoena issued by the
11	department pursuant to this section, the department, after
12	notice, may apply to the circuit court for the first circuit,
13	State of Hawaii, for a hearing on the application, and after the
14	hearing, the court may issue an order requiring the person to
15	obey the subpoena or any part thereof, together with any other
16	relief as may be appropriate. Any disobedience of any order
17	entered under this section by any court shall be punished as a
18	contempt thereof."
19	SECTION 3. Section 467B-1, Hawaii Revised Statutes, is
20	amended as follows:
21	1. By adding two new definitions to be appropriately
22	inserted and to read:

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

1	" "Gross revenue" means income of any kind from all sources,		
2	including all amounts received as the result of any solicitation		
3	by a professional solicitor.		
4	"Person" means an individual, corporation, limited		
5	liability company, association, partnership, trust, foundation,		
6	and any other entity, however styled."		
7	2. By amending the definition of "parent organization" to		
8	read: .		
9	""Parent organization" means that part of a charitable		
10	organization that coordinates, supervises, or exercises control		
11	over policy, fund raising, and expenditures, or assists or		
12	advises one or more related foundations, supporting		
13	organizations, chapters, branches, or affiliates of such		
14	organization in [the State.] this state."		
15	3. By repealing the definition of "person".		
16	[" "Person" means any individual, organization, trust,		
17	foundation, group, association, partnership, corporation,		
18	society, or any combination thereof."]		
19	SECTION 4. Section 467B-2.5, Hawaii Revised Statutes, is		
20	amended by amending subsection (a) to read as follows:		
21	"(a) Within ninety days after a solicitation campaign or		
22	event has been completed and on the anniversary of the		
	2008-2599 SB3171 CD1 SMA.doc		

Page 11



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1	commencem	ent of a solicitation campaign lasting more than one	
2	year, a p	rofessional solicitor shall file with the attorney	
3	general a	financial report for the campaign, including gross	
4	revenue and an itemization of all expenses incurred [$+$] on a form		
5	prescribed by the attorney general. This report shall be signed		
6	under pen	alty provided by section 710-1063 by the authorized	
7	contracting agent for the professional solicitor and two		
8	authorized officials of the charitable organization[$-$] and shall		
9	report gross revenue from Hawaii donors and national gross		
10	<u>revenue f</u>	rom a solicitation activity or campaign. A	
11	professional solicitor shall maintain during each solicitation		
12	campaign and for not less than three years after the completion		
13	of that campaign the following records, which shall be available		
14	for inspe	ction upon demand by the attorney general:	
15	(1)	The date and amount of each contribution received and	
16		the name and address of each contributor;	
17	(2)	The name and residence of each employee, agent, or	
18		other person involved in the solicitation;	
19	(3)	Records of all revenue received and expenses incurred	
20		in the course of the solicitation campaign; and	
21	(4)	The location and account number of each bank or other	
22		financial institution account in which the	
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S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

1	professional solicitor has deposited revenue from the
2	solicitation campaign."
3	SECTION 5. Section 467B-5.5, Hawaii Revised Statutes, is
4	amended by amending subsection (b) to read as follows:
5	"(b) Prior to the commencement of any charitable sales
6	promotion in this [State] state conducted by a commercial co-
7	venturer using the name of a charitable organization, the
8	commercial co- venturer shall obtain the written consent of the
9	charitable organization whose name will be used during the
10	charitable sales promotion. The commercial co-venturer shall
11	file a copy of the written consent with the department not less
12	than ten days prior to the commencement of the charitable sales
13	promotion within this state. An authorized representative of
14	the charitable organization and the commercial co-venturer shall
15	sign the written consent, and the terms of the written consent
16	shall include the following:
17	(1) The goods or services to be offered to the public;
18	(2) The geographic area where, and the starting and final
19	date when, the offering is to be made;
20	(3) The manner in which the name of the charitable
21	organization is to be used, including any
22	representation to be made to the public as to the



S.B. NO. 3171 S.D. 2 H.D. 2 C.D. 1

1		amount or per cent per unit of goods or services
2		purchased or used that is to benefit the charitable
3		organization;
4	(4)	A provision for a final accounting on a per unit basis
5		to be given by the commercial co-venturer to the
6		charitable organization and the date when it is to be
7		made; and
8	(5)	The date when and the manner in which the benefit is
9		to be conferred on the charitable organization."
10	SECT	ION 6. Section 467B-8, Hawaii Revised Statutes, is
11	amended t	o read as follows:
12	"§46	7B-8 Information filed to become public records.
13	Statement	s, reports, professional fundraising counsel contracts
14	or profes	sional solicitor contracts, and all other documents and
15	informati	on required to be filed under this chapter or by the
16	attorney general shall become government records in the	
17	department and be open to the general public for inspection [at	
18	such times and under such conditions as the attorney general may	
19	preseribe	\pm] pursuant to chapter 92F; provided that information
20	in any re	gistration statement concerning the residential
21	addresses	of any officer or director or that identifies a





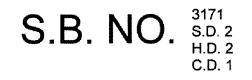
1 charitable organization's financial or banking accounts shall be 2 confidential under chapter 92F."

3 SECTION 7. Section 467B-9, Hawaii Revised Statutes, is
4 amended to read as follows:

s467B-9 Prohibited acts. (a) No person, for the purpose
of soliciting contributions from persons in the [State,] state,
shall use the name of any other person except that of an
officer, director, or trustee of the charitable organization by
or for which contributions are solicited, without the written
consent of the other persons.

11 A person shall be deemed to have used the name of another person for the purpose of soliciting contributions if the latter 12 person's name is listed on any stationery, advertisement, 13 brochure, or correspondence in or by which a contribution is 14 15 solicited by or on behalf of a charitable organization or the 16 latter person's name is listed or referred to in connection with 17 a request for a contribution as one who has contributed to, 18 sponsored, or endorsed the charitable organization or its activities. 19

20 (b) No charitable organization, professional solicitor, or
21 professional fundraising counsel soliciting contributions shall
22 use a name, symbol, or statement so closely related or similar
2008-2599 SB3171 CD1 SMA.doc



15

to that used by another charitable organization or governmental
 agency that the use thereof would tend to confuse or mislead the
 public.

4 (c) No person, in connection with any solicitation or
5 sale, shall misrepresent or mislead anyone by any manner, means,
6 practice, or device whatsoever, to believe that the solicitation
7 or sale is being conducted on behalf of a charitable
8 organization or that the proceeds of the solicitation or sale
9 will be used for charitable purposes, if that is not the fact.

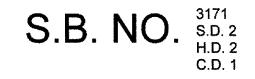
10 (d) No professional solicitor, and no agent, employee,
11 independent contractor, or other person acting on behalf of the
12 professional solicitor, shall solicit in the name of or on
13 behalf of any charitable organization unless:

14 The professional solicitor has obtained the written (1)authorization of two officers of the organization, 15 which authorization shall bear the signature of the 16 professional solicitor and the officers of the 17 charitable organization and shall expressly state on 18 its face the period for which it is valid, which shall 19 not exceed one year from the date of issuance, and has 20 filed a copy of the written authorization with the 21 22 attorney general prior to the solicitation; and

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

1 (2) The professional solicitor and any person who, for
2 compensation, acts as an agent, employee, independent
3 contractor, or otherwise on behalf of the professional
4 solicitor carries a copy of the authorization while
5 conducting solicitations, and exhibits it on request
6 to persons solicited or police officers or agents of
7 the department.

8 (e) No charitable organization, professional fundraising 9 counsel, or professional solicitor subject to this chapter shall 10 use or exploit the fact of filing any statement, report, professional fundraising counsel contracts, or professional 11 12 solicitor contracts or other documents or information required 13 to be filed under this chapter or with the department so as to 14 lead the public to believe that the filing in any manner 15 constitutes an endorsement or approval by the State of the 16 purposes or goals for the solicitation by the charitable 17 organization, professional fundraising counsel, or professional 18 solicitor; provided that the use of the following statement 19 shall not be deemed a prohibited exploitation: "Information 20 regarding this organization has been filed with the State of 21 Hawaii department of the attorney general. Filing does not



imply endorsement or approval of the organization or the public
 solicitation for contributions."

3 (f) No person, while soliciting, shall impede or obstruct,
4 with the intent to physically inconvenience the general public
5 or any member thereof in any public place or in any place open
6 to the public.

7 (g) No person shall submit for filing on behalf of any 8 charitable organization, professional fundraising counsel, or 9 professional solicitor, any statement, financial statement, 10 report, attachment, or other information to be filed with the 11 department that contains information, statements, or omissions 12 that are false or misleading.

(h) No person shall solicit contributions from persons in
the [State] state or otherwise operate in the [State] state as a
charitable organization, an exempt charitable organization,
professional fundraising counsel, professional solicitor, or
commercial co-venturer unless the person has filed the
information required by this chapter with the department in a
timely manner.

20 (i) No person shall aid, abet, or otherwise permit any
21 persons to solicit contributions from persons in the [State]

2008-2599 SB3171 CD1 SMA.doc

Page 18

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

1	state unless the person soliciting contributions has complied
2	with the requirements of this chapter.
3	(j) No person shall fail to file the information and
4	registration statement, annual or financial reports, and other
5	statements required by this chapter or fail to provide any
6	information demanded by the attorney general pursuant to this
7	chapter in a timely manner.
8	(k) No person shall employ in any solicitation or
9	collection of contributions for a charitable organization, any
10	device, scheme, or artifice to defraud or obtain money or
11	property by means of any false, deceptive, or misleading
12	pretense, representation, or promise.
13	(1) No person, in the course of any solicitation, shall
14	represent that funds collected will be used for a particular
15	charitable purpose, or particular charitable purposes, if the
16	funds solicited are not used for the represented purposes.
17	(m) No person shall receive compensation from a charitable
18	organization for obtaining moneys or bequests for that
19	charitable organization if that person has also received
20	compensation for advising the donor to make the donation;
21	provided that compensation may be received if the person obtains

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

19

the written consent of the donor to receive compensation from
 the charitable organization.

(n) No person shall act as a professional solicitor if the
person, any officer, any person with a controlling interest
therein, or any person the professional solicitor employs,
engages, or procures to solicit for compensation, has been
convicted by any federal or state court of any felony, or of any
misdemeanor involving dishonesty or arising from the conduct of
a solicitation for a charitable organization or purpose.

10 (o) No charitable organization shall use the services of

11 an unregistered professional solicitor or professional

12 fundraising counsel."

13 SECTION 8. Section 467B-9.7, Hawaii Revised Statutes, is 14 amended to read as follows:

15 "§467B-9.7 Administrative enforcement and penalties. (a)
16 The attorney general may refuse to register[, may revoke, or may
17 suspend] or may revoke or suspend the registration of any
18 charitable organization, professional fundraising counsel, or
19 professional solicitor whenever the attorney general finds that
20 a charitable organization, professional fundraising counsel, or
21 professional solicitor, or an agent, servant, or employee

22 thereof:

2008-2599 SB3171 CD1 SMA.doc

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

1	(1)	Has violated or is operating in violation of this
2		chapter, the rules of the attorney general, or an
3		order issued by the attorney general;
4	(2)	Has refused or failed, after notice, to produce any
5		records of the organization or to disclose any
6		information required to be disclosed under this
7		chapter or the rules of the attorney general;
8	(3)	Has made a material false statement in an application,
9		statement, or report required to be filed under this
10		chapter; or
11	(4)	Has failed to file the financial report required by
12		section 467B-2.5, or filed an incomplete financial
13		report.
14	(b)	When the attorney general finds that the registration
15	of any pe	rson may be refused, suspended, or revoked under the
16	terms of	subsection (a), the attorney general may:
17	(1)	Revoke a grant of exemption from any provisions of
18		this chapter;
19	(2)	Issue an order directing that the person cease [and
20		desist] specified fundraising activities;
21	(3)	Impose an administrative fine not to exceed \$1,000 for
22		each act or omission that constitutes a violation of
		SB3171 CD1 SMA.doc

S.B. NO. 3171 S.D. 2 H.D. 2 C.D. 1

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1 this chapter and an additional penalty, not to exceed \$100, for each day during which the violation 2 3 continues. Registration shall be automatically suspended upon final affirmation of an administrative 4 fine until the fine is paid or until the normal 5 expiration date of the registration. No registration 6 shall be renewed until the fine is paid; or 7 (4) Place the registrant on probation for [such] any 8 9 period of time and subject to [such] any conditions as 10 the attorney general may determine. 11 (c)Any person aggrieved by an action of the attorney general under this section may request a hearing to review that 12 action in accordance with chapter 91 and rules adopted by the 13 attorney general. Any request for hearing shall be made within 14 ten days after the attorney general has served the person with 15 notice of the action, which notice shall be deemed effective 16 17 upon mailing. 18 (d) The attorney general may apply to the circuit court for the first circuit, State of Hawaii, for relief, and the 19 court may issue a temporary injunction or a permanent injunction 20

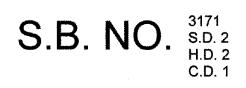
21 to restrain violations of this chapter, appoint a receiver,

2008-2599 SB3171 CD1 SMA.doc

22 order restitution or an accounting, or grant other relief as may

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

1	be appropriate to ensure the due application of charitable					
2	funds. Proceedings thereon shall be brought in the name of the					
3	State."					
4	SECTION 9. Section 467B-12, Hawaii Revised Statutes, is					
5	amended to read as follows:					
6	"§467B-12 Filing requirements for professional fundraising					
7	counsel and professional solicitors. (a) Every professional					
8	fundraising counsel or professional solicitor, prior to any					
9	solicitation, shall register with the department. The					
10	registration statement [shall be in the form prescribed by the					
11	attorney general and] shall contain the information [as the					
12	attorney general may require.] set forth in subsection (e). The					
13	registration statement shall be accompanied by a fee in the					
14	amount of \$250, or in the amount and with any additional sums as					
15	may be prescribed by the attorney general. [The statement shall					
16	list the names and addresses of all owners, officers, and					
17	directors of a professional fundraising counsel, and the names					
18	and addresses of all owners, officers, and directors of a					
19	professional solicitor.] Renewal registration statements shall					
20	be filed with the department on or before July 1 of each					
21	calendar year by each professional fundraising counsel or					
22	professional solicitor [and shall be effective until June 30 of					
	2008-2599 SB3171 CD1 SMA.doc 22					



23

1 the next calendar year]. The renewal statement shall [be in a
2 form prescribed by the attorney general.] contain the
3 information set forth in subsection (e). A renewal fee of \$250,
4 or in any amount and with any additional sums as may be
5 prescribed by the attorney general, shall accompany the renewal
6 statement.

7 [The professional fundraising counsel or] Each (b) 8 professional solicitor, at the time of each filing, shall file 9 with and have approved by the attorney general a bond in which 10 the applicant is the principal obligor in the penal sum of \$25,000 issued with good and sufficient surety or sureties 11 approved by the attorney general and which shall remain in 12 13 effect for one year. The bond shall inure to the benefit of the 14 State, conditioned that the applicant, its officers, directors, employees, agents, servants, and independent contractors shall 15 16 not violate this chapter. A partnership or corporation that is 17 a [professional fundraising counsel or] professional solicitor 18 may file a consolidated bond on behalf of all its members, 19 officers, and employees.

(c) The attorney general shall examine each registration
 statement and supporting document filed by a professional
 fundraising counsel or professional solicitor and shall



S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

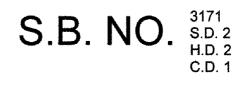
1	determine whether the registration requirements are satisfied.				
2	If the attorney general determines that the registration				
3	requirements are not satisfied, the attorney general shall				
4	notify the professional fundraising counsel or professional				
5	solicitor in writing within fifteen business days of its receipt				
6	of the registration statement; otherwise the registration				
7	statement is deemed to be approved. Within seven business days				
8	after receipt of a notification that the registration				
9	requirements are not satisfied, the professional fundraising				
10	counsel or professional solicitor may request a hearing.				
11	(d) The attorney general may [adopt rules to provide for:				
12	(1) The extension of filing deadlines;				
13	(2) The online availability of forms required to be filed;				
14	(3) The electronic filing of required registration				
15	statements, contracts, forms, and reports; and				
16	(4) The acceptance of electronic signatures.]				
17	require that registration and renewal registration, surety				
18	bonds, and contracts be filed with the department electronically				
19	and may require the use of electronic signatures.				
20	(e) Each registration and renewal registration shall				

21 contain:

S.B. NO. ³¹⁷¹ S.D. 2 H.D. 2 C.D. 1

25

1 (1) The names and addresses of all owners, officers, and 2 directors of a professional fundraising counsel, and 3 the names and addresses of all owners, officers, and 4 directors of a professional solicitor; 5 (2) A statement concerning the corporate form of the 6 registrant, whether corporation, limited liability 7 corporation, partnership, or individual; 8 A statement whether the registrant has an office in (3) 9 Hawaii and the name and phone number of the person in 10 charge of the office; 11 (4) The names and addresses of any individuals supervising 12 any solicitation activity; (5) 13 A statement whether the registration has entered into 14 a consent agreement with, or been disciplined by or 15 subject to administrative action by, another 16 governmental agency; 17 A statement whether any officer, director, or any (6) 18 person with a controlling interest in the registrant 19 has ever been convicted of a felony or a misdemeanor 20 involving dishonesty in the solicitation for a 21 charitable purpose;



24

1	(7)	The	date that the registrant began soliciting Hawaii
2		resi	dents on behalf of a charitable organization or
3		prov	iding professional fundraising counsel services;
4		and	
5	(8)	Whet	her any owners, directors, or officers are related
6		to:	
7		<u>(A)</u>	Any other officers, directors, owners, or
8			employees of the registrant;
9		<u>(B)</u>	Any officer, director, trustee, or employee of a
10			charitable organization under contract with the
11			registrant; and
12		(C)	Any vendor or supplier providing goods or
13			services to a charitable organization under
14			contract with the registrant."
15	SECT	ION 1	0. There is appropriated out of the solicitation
16	of funds :	for cl	haritable purposes special fund the sum of
17	\$238,725 (or so	much thereof as may be necessary for fiscal year
18	2008-2009	for	two permanent full-time equivalent (2.00 FTE)
19	deputy at	torne	y general positions, one permanent full-time
20	equivalent	t (1.)	00 FTE) auditor position, and one permanent
21	full-time	equir	valent (1.00 FTE) legal assistant position.

1	The sum appropriated shall be expended by the department of					
2	the attorney general for the purposes of this Act.					
3	SECTION 11. In codifying the new sections added by section					
4	2 of this Act, the revisor of statutes shall substitute					
5	appropriate section numbers for the letters used in designating					
6	the new sections in this Act.					
7	SECTION 12. Statutory material to be repealed is bracketed					
8	and stricken. New statutory material is underscored.					
9	SECTION 13. This Act shall take effect on January 1, 2009;					
10	provided	that:				
11	(1)	Sections 5 through 9 of this Act shall take effect on				
12		July 1, 2008; and				
13	(2)	Any charitable organization required to register under				
14		this Act shall file the annual financial report with				
15		the attorney general as provided in section 467B-B(a),				
16		Hawaii Revised Statutes, no later than eight months				
17		following the close of its 2008 taxable year, together				
18		with the fees prescribed by section 467B-B(d), Hawaii				
19		Revised Statutes.				

3171 S.D. 2 H.D. 2 C.D. 1

27

S.B. NO.

S.B. NO. 3171 S.D. 2 H.D. 2 C.D. 1

Report Title:

Charitable Trusts and Nonprofit Organizations; Accountability; Appropriation

Description:

Requires charitable trusts and nonprofits to register and file annual financial reports with the attorney general. Authorizes the attorney general to conduct investigations on possible violations. Prohibits contracting with unregistered solicitors. Requires a report submittal fee based on total revenue of organization. Appropriates funds to staff additional positions. (CD1)

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