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# A BILL FOR AN ACT

RELATING TO CHARITABLE TRUSTS AND NONPROFIT ORGANIZATIONS.

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

1           SECTION 1. Hawaii has more than 5,000 charities and  
2 nonprofit organizations that employ 41,000 individuals who  
3 provide needed services to Hawaii residents. Hawaii charities  
4 have revenues over \$2,000,000,000 and pay over \$1,000,000,000 in  
5 wages. According to a study conducted in 2002, local residents  
6 made \$430,000,000 worth of cash and in-kind donations in one  
7 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  
10 experts have noted that Hawaii's oversight of charities is one  
11 of the weakest in the nation. According to a 2004 survey,  
12 Hawaii was ranked last in the number of state positions budgeted  
13 for charity oversight and enforcement. New York had 55 budgeted  
14 positions, Pennsylvania had 30 positions, and Oregon had nearly  
15 20 positions. Hawaii has a single deputy attorney general who  
16 serves on a part-time basis to oversee charities in the state.



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 pre-  
5 school with an enrollment of three hundred students had  
6 \$2,000,000 in annual revenues, paid a top executive \$250,000  
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.

12 The legislature finds that a registration system is needed  
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  
17 enforcement officials spot red flags, such as questionable  
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 (1) Require charitable trusts and nonprofits to register  
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  
9 registration of charitable trusts and nonprofits;

10 (3) Authorize the attorney general to conduct  
11 investigation on possible violations;

12 (4) Prohibit contracting with unregistered solicitors;

13 (5) Require submittal of a filing fee based on total  
14 revenue of organization; and

15 (6) Appropriate funds to staff additional positions.

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  
21 charitable organization not exempted by section 467B-C shall  
22 register with the department prior to conducting any

1 solicitation or prior to having any solicitation conducted on  
2 its behalf by others; provided that each charitable organization  
3 soliciting funds within the state prior to the effective date of  
4 this Act shall register with the attorney general no later than  
5 December 31, 2008. Two authorized officers of the charitable  
6 organization shall sign the registration form and shall certify  
7 that the statements therein are true and correct to the best of  
8 their knowledge subject to penalties imposed by section 710-  
9 1063. A consolidated application for registration may, at the  
10 option of the charitable organization, be submitted by a parent  
11 organization for itself and any or all of its related  
12 foundations, supporting organizations, chapters, branches, or  
13 affiliates in this state.

14 (b) The attorney general may make available a registration  
15 form to assist in the registration by charitable organizations  
16 that must register in other states and may designate the uniform  
17 registration statement developed by the National Association of  
18 State Charity Officials be used as the registration form under  
19 this section.

20 (c) The attorney general may require that registration  
21 forms be filed with the department electronically and may  
22 require the use of electronic signatures.



1        **§467B-B Annual financial reports; fiscal records and fees.**

2        (a) Every charitable organization required to register pursuant

3        to section 467B-A shall annually file with the department a

4        report for its most recently completed fiscal year. The report

5        shall include a financial statement and other information as the

6        department may require. The charitable organization shall file

7        the report not more than eight months following the close of its

8        fiscal year on or before the date the organization files a Form

9        990 or 990EZ with the Internal Revenue Service. The report

10       shall be accompanied by a filing fee as prescribed by subsection

11       (d) and shall be signed by two authorized officers of the

12       organization, one of whom shall be the chief fiscal officer of

13       the organization. These officers shall certify that the report

14       is true and correct to the best of their knowledge. The

15       department shall prescribe the form of the report and may

16       prescribe standards for its completion. The department may

17       accept, under such conditions as the attorney general may

18       prescribe, a copy or duplicate original of financial statements,

19       reports, or returns filed by the charitable organization with

20       the Internal Revenue Service or another state having

21       requirements similar to the provisions of this section.



1       (b) A charitable organization with gross revenue in excess  
2 of \$500,000 in the year covered by the report shall include,  
3 with its financial statement, an audit report prepared by a  
4 certified public accountant. For purposes of this section,  
5 gross revenue shall not include grants or fees from government  
6 agencies or the revenue derived from funds held in trust for the  
7 benefit of the organization.

8       (c) The department, upon written request and for good  
9 cause shown, may grant an extension of time, not to exceed three  
10 months, for the filing of the report.

11       (d) Each charitable organization filing a report required  
12 by this section shall pay a filing fee to the department, based  
13 on the total amount of its income and receipts during the time  
14 covered by the report at the close of the calendar or fiscal  
15 year adopted by the charitable organization as follows:

- 16       (1) \$10, if less than \$25,000;
- 17       (2) \$25, if \$25,000 but less than \$50,000;
- 18       (3) \$50, if \$50,000 but less than \$100,000;
- 19       (4) \$100, if \$100,000 but less than \$250,000;
- 20       (5) \$150, if \$250,000 but less than \$500,000;
- 21       (6) \$200, if \$500,000 but less than \$1,000,000;
- 22       (7) \$300, if \$1,000,000 but less than \$2,000,000;

1       (8) \$500, if \$2,000,000 but less than \$5,000,000; or

2       (9) \$750, if \$5,000,000 or more.

3       (e) If a return or report required under this section is  
4 not filed, taking into account any extension of time for filing,  
5 unless it is shown that the failure is due to reasonable cause,  
6 a fine of \$20 shall be imposed for each day during which the  
7 violation continues; provided that the total amount imposed  
8 under this subsection shall not exceed \$1,000. Returns and  
9 reports submitted without the proper filing fee shall not be  
10 accepted for filing.

11       (f) Every charitable organization subject to sections  
12 467B-A and 467B-B shall keep true fiscal records that shall be  
13 available to the department for inspection upon request. The  
14 organization shall retain the records for no less than three  
15 years after the end of the fiscal year to which they relate.

16       **§467B-C Charitable organizations exempted from**  
17 **registration and financial disclosure requirements.** The  
18 following charitable organizations shall not be subject to  
19 sections 467B-A and 467B-B, if each organization submits  
20 information as the department may require to substantiate an  
21 exemption under this section:



- 1        (1) Any duly organized religious corporation, institution,  
2        or society;
- 3        (2) Any parent-teacher association or educational  
4        institution, the curricula of which in whole or in  
5        part are registered or approved by any state or the  
6        United States either directly or by acceptance of  
7        accreditation by an accrediting body;
- 8        (3) Any nonprofit hospital licensed by the State or any  
9        similar provision of the laws of any other state;
- 10       (4) Any governmental unit or instrumentality of any state  
11       or the United States;
- 12       (5) Any person who solicits solely for the benefit of  
13       organizations described in paragraphs (1) to (4); and
- 14       (6) Any charitable organization that normally receives  
15       less than \$25,000 in contributions annually, if the  
16       organization does not compensate any person primarily  
17       to conduct solicitations.

18        **§467B-D Investigations; subpoenas; court orders.** (a) The  
19        department, on its own motion or on complaint of any person, may  
20        conduct an investigation to determine whether any person has  
21        violated or is about to violate any provision of sections 467B-  
22        A, 467B-B, and 467B-9.





1       (b) The attorney general or the attorney general's  
2 authorized representative may subpoena documentary material  
3 relating to any matter under investigation, issue subpoenas to  
4 any person involved in or who may have knowledge of any matter  
5 under investigation, administer an oath or affirmation to any  
6 person, and conduct hearings on any matter under investigation.

7       (c) If any person fails to obey any subpoena issued by the  
8 department pursuant to this section, the department, after  
9 notice, may apply to the circuit court for the first circuit,  
10 State of Hawaii, for a hearing on the application, and after the  
11 hearing, the court may issue an order requiring the person to  
12 obey the subpoena or any part thereof, together with any other  
13 relief as may be appropriate. Any disobedience of any order  
14 entered under this section by any court shall be punished as a  
15 contempt thereof."

16       SECTION 3. Section 467B-1, Hawaii Revised Statutes, is  
17 amended as follows:

18       1. By adding two new definitions to be appropriately  
19 inserted and to read:

20       "Gross revenue" means income of any kind from all sources,  
21 including all amounts received as the result of any solicitation  
22 by a professional solicitor.

1        "Person" means an individual, corporation, limited  
2 liability company, association, partnership, trust, foundation,  
3 and any other entity, however styled."

4        2. By amending the definition of "parent organization" to  
5 read:

6        "'Parent organization" means that part of a charitable  
7 organization that coordinates, supervises, or exercises control  
8 over policy, fund raising, and expenditures, or assists or  
9 advises one or more related foundations, supporting  
10 organizations, chapters, branches, or affiliates of such  
11 organization in [the State.] this state."

12        3. By repealing the definition of "person".

13        [~~"Person" means any individual, organization, trust,~~  
14 ~~foundation, group, association, partnership, corporation,~~  
15 ~~society, or any combination thereof.]~~

16        SECTION 4. Section 467B-2.5, Hawaii Revised Statutes, is  
17 amended by amending subsection (a) to read as follows:

18        "(a) Within ninety days after a solicitation campaign or  
19 event has been completed and on the anniversary of the  
20 commencement of a solicitation campaign lasting more than one  
21 year, a professional solicitor shall file with the attorney  
22 general a financial report for the campaign, including gross



1 revenue and an itemization of all expenses incurred[-] on a form  
2 prescribed by the attorney general. This report shall be signed  
3 under penalty provided by section 710-1063 by the authorized  
4 contracting agent for the professional solicitor and two  
5 authorized officials of the charitable organization[-] and shall  
6 report gross revenue from Hawaii donors and national gross  
7 revenue from a solicitation activity or campaign. A  
8 professional solicitor shall maintain during each solicitation  
9 campaign and for not less than three years after the completion  
10 of that campaign the following records, which shall be available  
11 for inspection upon demand by the attorney general:

- 12 (1) The date and amount of each contribution received and  
13 the name and address of each contributor;
- 14 (2) The name and residence of each employee, agent, or  
15 other person involved in the solicitation;
- 16 (3) Records of all revenue received and expenses incurred  
17 in the course of the solicitation campaign; and
- 18 (4) The location and account number of each bank or other  
19 financial institution account in which the  
20 professional solicitor has deposited revenue from the  
21 solicitation campaign."



1 SECTION 5. Section 467B-5.5, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3 "(b) Prior to the commencement of any charitable sales  
4 promotion in this [~~State~~] state conducted by a commercial co-  
5 venturer using the name of a charitable organization, the  
6 commercial co- venturer shall obtain the written consent of the  
7 charitable organization whose name will be used during the  
8 charitable sales promotion. The commercial co-venturer shall  
9 file a copy of the written consent with the department not less  
10 than ten days prior to the commencement of the charitable sales  
11 promotion within this state. An authorized representative of  
12 the charitable organization and the commercial co-venturer shall  
13 sign the written consent, and the terms of the written consent  
14 shall include the following:

- 15 (1) The goods or services to be offered to the public;
- 16 (2) The geographic area where, and the starting and final  
17 date when, the offering is to be made;
- 18 (3) The manner in which the name of the charitable  
19 organization is to be used, including any  
20 representation to be made to the public as to the  
21 amount or per cent per unit of goods or services



1 purchased or used that is to benefit the charitable  
2 organization;

3 (4) A provision for a final accounting on a per unit basis  
4 to be given by the commercial co-venturer to the  
5 charitable organization and the date when it is to be  
6 made; and

7 (5) The date when and the manner in which the benefit is  
8 to be conferred on the charitable organization."

9 SECTION 6. Section 467B-8, Hawaii Revised Statutes, is  
10 amended to read as follows:

11 **"§467B-8 Information filed to become public records.**

12 Statements, reports, professional fundraising counsel contracts  
13 or professional solicitor contracts, and all other documents and  
14 information required to be filed under this chapter or by the  
15 attorney general shall become government records in the  
16 department and be open to the general public for inspection [~~at~~  
17 ~~such times and under such conditions as the attorney general may~~  
18 ~~prescribe.] pursuant to chapter 92F; provided that information  
19 in any registration statement concerning the residential  
20 addresses of any officer or director or that identifies a  
21 charitable organization's financial or banking accounts shall be  
22 confidential under chapter 92F."~~



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

3 "**§467B-9 Prohibited acts.** (a) No person, for the purpose  
4 of soliciting contributions from persons in the [~~State,~~] state,  
5 shall use the name of any other person except that of an  
6 officer, director, or trustee of the charitable organization by  
7 or for which contributions are solicited, without the written  
8 consent of the other persons.

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

18 (b) No charitable organization, professional solicitor, or  
19 professional fundraising counsel soliciting contributions shall  
20 use a name, symbol, or statement so closely related or similar  
21 to that used by another charitable organization or governmental



1 agency that the use thereof would tend to confuse or mislead the  
2 public.

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

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

13 (1) The professional solicitor has obtained the written  
14 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 attorney general prior to the solicitation; and



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,  
11          professional fundraising counsel contracts, or professional  
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





1 imply endorsement or approval of the organization or the public  
2 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.

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

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



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 (l) 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



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

3 (n) No person shall act as a professional solicitor if the  
4 person, any officer, any person with a controlling interest  
5 therein, or any person the professional solicitor employs,  
6 engages, or procures to solicit for compensation, has been  
7 convicted by any federal or state court of any felony, or of any  
8 misdemeanor involving dishonesty or arising from the conduct of  
9 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:



- 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 person 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



1           this chapter and an additional penalty, not to exceed  
2           \$100, for each day during which the violation  
3           continues. Registration shall be automatically  
4           suspended upon final affirmation of an administrative  
5           fine until the fine is paid or until the normal  
6           expiration date of the registration. No registration  
7           shall be renewed until the fine is paid; or

8           (4) Place the registrant on probation for [~~such~~] any  
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  
12          general under this section may request a hearing to review that  
13          action in accordance with chapter 91 and rules adopted by the  
14          attorney general. Any request for hearing shall be made within  
15          ten days after the attorney general has served the person with  
16          notice of the action, which notice shall be deemed effective  
17          upon mailing.

18          (d) The attorney general may apply to the circuit court  
19          for the first circuit, State of Hawaii, for relief, and the  
20          court may issue a temporary injunction or a permanent injunction  
21          to restrain violations of this chapter, appoint a receiver,  
22          order restitution or an accounting, or grant other relief as may



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~~



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 (b) ~~[The professional fundraising counsel or]~~ Each  
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  
11 \$25,000 issued with good and sufficient surety or sureties  
12 approved by the attorney general and which shall remain in  
13 effect for one year. The bond shall inure to the benefit of the  
14 State, conditioned that the applicant, its officers, directors,  
15 employees, agents, servants, and independent contractors shall  
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.

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



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:





- 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        (3) A statement whether the registrant has an office in  
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;
- 13       (5) 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       (6) A statement whether any officer, director, or any  
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;



1       (7) The date that the registrant began soliciting Hawaii  
2       residents on behalf of a charitable organization or  
3       providing professional fundraising counsel services;  
4       and

5       (8) Whether any owners, directors, or officers are related  
6       to:

7       (A) Any other officers, directors, owners, or  
8       employees of the registrant;

9       (B) 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       SECTION 10. There is appropriated out of the solicitation  
16 of funds for charitable purposes special fund the sum of  
17 \$           or so much thereof as may be necessary for fiscal  
18 year 2008-2009 for two permanent full-time equivalent (2.00 FTE)  
19 deputy attorney general positions, one permanent full-time  
20 equivalent (1.00 FTE) auditor position, and one permanent full-  
21 time equivalent (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 upon its approval;  
10 provided that:

11           (1) Section 2 of this Act shall take effect on November  
12                15, 2008; and

13           (2) Section 10 of this Act shall take effect on July 1,  
14                2008.



**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.  
(SB3171 HD1)

