
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. 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 **§467B-B 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



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.



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
13 cause shown, may grant an extension of time, not to exceed three
14 months, for the filing of the report.

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

- 20 (1) \$10, if less than \$25,000;
21 (2) \$25, if \$25,000 but less than \$50,000;
22 (3) \$50, if \$50,000 but less than \$100,000;



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) \$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 (e) 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 is shown that the failure is due to reasonable cause,
10 a fine of \$20 shall be imposed for each day during which the
11 violation continues; provided that the total amount imposed
12 under this subsection shall not exceed \$1,000. Returns and
13 reports submitted without the proper filing fee shall not be
14 accepted for filing.

15 (f) Every charitable organization subject to sections
16 467B-A and 467B-B shall keep true fiscal records that shall be
17 available to the department for inspection upon request. The
18 organization shall retain the records for no less than three
19 years after the end of the fiscal year to which they relate.

20 §467B-C Charitable organizations exempted from
21 registration and financial disclosure requirements. The
22 following charitable organizations shall not be subject to



1 sections 467B-A and 467B-B, if each organization submits
2 information 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 §467B-D Investigations; subpoenas; court orders. (a) The
22 department, on its own motion or on complaint of any person, may



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:



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



1 commencement of a solicitation campaign lasting more than one
 2 year, a professional 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 penalty 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 revenue from 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 inspection 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



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



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

12 **"§467B-8 Information filed to become public records.**

13 Statements, reports, professional fundraising counsel contracts
14 or professional solicitor contracts, and all other documents and
15 information 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 ~~prescribe.] pursuant to chapter 92F; provided that information
20 in any registration 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:

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

11 A person shall be deemed to have used the name of another
12 person for the purpose of soliciting contributions if the latter
13 person's name is listed on any stationery, advertisement,
14 brochure, or correspondence in or by which a contribution is
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
19 activities.

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



1 to that used by another charitable organization or governmental
2 agency that the use thereof would tend to confuse or mislead the
3 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 (1) The professional solicitor has obtained the written
15 authorization of two officers of the organization,
16 which authorization shall bear the signature of the
17 professional solicitor and the officers of the
18 charitable organization and shall expressly state on
19 its face the period for which it is valid, which shall
20 not exceed one year from the date of issuance, and has
21 filed a copy of the written authorization with the
22 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 \$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 attorney general positions, one permanent full-time
20 equivalent (1.00 FTE) auditor position, and one permanent
21 full-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 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.



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)

