

SENATE BILL REPORT

SSB 6246

AS PASSED SENATE, FEBRUARY 17, 1992

Brief Description: Regulating charitable solicitations.

SPONSORS: Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators von Reichbauer, Rasmussen and McCaslin; by request of Attorney General)

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: That Substitute Senate Bill No. 6246 be substituted therefor, and the substitute bill do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; McCaslin, Moore, Owen, Pelz, Rasmussen, Sellar, Vognild, and West.

Staff: Tom Fender (786-7414)

Hearing Dates: January 30, 1992; February 6, 1992

BACKGROUND:

In December as the result of serious complaints about charitable fund raising, the Attorney General made a presentation to regulate segments of the fund raising industry and to establish a registration system within the Attorney General's office. The current system which requires registration and regulation through the Secretary of State was not considered adequate to deal with the problems that existed at that time.

The Consumer Protection Division proposed the consolidation of filing, registration and enforcement within their division. For further efficiency and more effective enforcement, they asked for the authority to issue cease and desist orders, impose civil penalties, further educate the public about charities, and better regulate paid fund raisers.

A substitute proposal has been formulated as the result of negotiation between the office of Attorney General and the Secretary of State. The proposal considers leaving the registration function within the Secretary of State's office while providing the Attorney General's office with access to this information via copies or computers. Further, it was thought that the Secretary of State should set the registration rate by fee and retain its existing rule-making power. Enforcement would be consolidated within the Attorney General's office which retains the investigatory and prosecution elements necessary to ensure compliance.

Finally, a matter of major concern has been solicitation in the name of veterans' organizations. The experience of the

Attorney General's office has been that many groups purporting to represent veterans do not in fact have any connection whatsoever to legitimate veterans' organizations. Consequently, a connection between the Secretary of State and the Director of Veterans' Affairs is a desired goal of any legislation.

SUMMARY:

The Secretary of State retains registration and rule-making authority over charitable organizations. Enforcement authority is transferred to the office of the Attorney General and veterans' organizations are required to disclose affiliation with national organizations and co-register with the Department of Veterans' Affairs.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

This bill will effectively police a vital public benefit by informing the public, limiting fraud and regulating commercial fund raisers.

TESTIMONY AGAINST: None

TESTIFIED: James Dungan (pro); Beau Bergeron, Washington State Department of Veterans' Affairs (pro); Sharon Foster, YMCA; Sheila Winn, Gold Coast Productions (pro); Dave Horn, AAG (pro); Don Whiting, Secretary of State's Office (pro); Mike Patrick, Don Dale, WSCPO; David W. Brown, United Way of Thurston County (pro); Keith Sherman (pro); Ivan Johnson, NW Marketing, Inc. (pro)