

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH10209-LD-4B* (1/31)

Short Title: Charitable Solicitations/Require Disclosure. (Public)

Sponsors: Representatives McGee, Frye, Parmon, and Stiller (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO REQUIRE SOLICITORS OF CHARITABLE SOLICITATIONS THAT REQUEST CONTRIBUTIONS BY TELEPHONE TO, WHEN REQUESTED BY THE PERSON BEING SOLICITED ON THE TELEPHONE, CLEARLY DISCLOSE TO THAT PERSON AT THE TIME OF THE REQUEST THE FIXED PERCENTAGE OF THE GROSS REVENUES THAT THE CHARITABLE ORGANIZATION OR SPONSOR WILL RECEIVE AS A BENEFIT FROM THE SOLICITATION CAMPAIGN AND SEND THAT PERSON A COPY OF THE SOLICITOR'S MOST RECENT FINANCIAL REPORT, TO REQUIRE THIS PERCENTAGE TO BE INCLUDED IN THE SOLICITOR'S FINANCIAL REPORT, AND TO PROHIBIT A PERSON FROM MISREPRESENTING THIS REQUESTED INFORMATION.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 131F-17(a) reads as rewritten:

"(a) General Disclosures. – A solicitor shall comply with the following disclosures:

- (1) Prior to orally requesting a contribution or along with a written request for a contribution, a solicitor shall clearly disclose:
 - a. The name of the solicitor as on file with the Department.
 - b. If the individual acting on behalf of the solicitor identifies himself by name, the individual's legal name.
 - c. That the caller is a paid ~~solicitor~~ solicitor by unequivocally making the following statements in substantially the following form: 'I am paid to make this solicitation by (name of solicitor). (Name of solicitor) is paid by (name of charitable organization or sponsor, as appropriate) to make this solicitation. You are free to ask me questions about the use of funds pledged.'

1 (2) In the case of a solicitation campaign conducted orally, whether by
2 telephone or otherwise, any written confirmation, receipt, or reminder
3 sent to any person who has contributed or has pledged to contribute,
4 shall include a clear disclosure of the information required under
5 subdivision (1) of this subsection.

6 (3) In addition to the information required by subdivision (1) of this
7 subsection, any written confirmation, receipt, or reminder of
8 contribution made pursuant to an oral solicitation and any written
9 solicitation shall conspicuously state in type of a minimum of nine
10 points:

11 'Financial information about the solicitor and a copy of its license
12 are available from the State Solicitation Licensing Branch at
13 [telephone number]. The license is not an endorsement by the State.'

14 The statement shall be made conspicuous by use of one or more of
15 the following: underlining, a border, or bold type. When the
16 solicitation materials consist of more than one piece, the statement
17 shall be displayed prominently in the solicitation materials, but not
18 necessarily on every page.

19 (4) If requested by the person being solicited, the solicitor shall inform
20 that ~~person, in writing, within 14 days of the request, person~~
21 immediately, at the time of the request, of the fixed percentage of the
22 gross revenue or the reasonable estimate of the percentage of the gross
23 revenue that the charitable organization or sponsor will receive as a
24 benefit from the solicitation ~~campaign-campaign, and the solicitor shall~~
25 send that person within 14 days a copy of the solicitor's most recent
26 financial report under G.S. 131F-16(h).

27 (5) If requested by the person being solicited, the solicitor shall inform
28 that person, in writing, within 14 days of the request, of the percentage
29 of the contribution which may be deducted as a charitable contribution
30 under federal income tax laws."

31 **SECTION 2.** G.S. 131F-16(h) reads as rewritten:

32 "(h) Financial Report. – Within 90 days after a solicitation campaign has been
33 completed and on the anniversary of the commencement of a solicitation campaign
34 lasting more than one year, the solicitor shall provide to the charitable organization or
35 sponsor and file with the Department a financial report of the campaign, including the
36 gross revenue ~~received and received,~~ an itemization of all expenses ~~incurred-incurred,~~
37 and the fixed percentage of the gross revenue that the charitable organization or sponsor
38 received as a benefit from the solicitation campaign. The report shall be completed on a
39 form provided by the Department and shall be signed by an authorized official of the
40 solicitor who shall certify under oath that the report is true and correct."

41 **SECTION 3.** G.S. 131F-20 reads as rewritten:

42 "**§ 131F-20. Prohibited acts.**

43 It is unlawful for any person to:

44 ...

1 (10) Represent that a charitable organization or sponsor will receive a fixed
2 or estimated percentage of the gross revenue from a solicitation
3 campaign greater than that disclosed under G.S. 131F-17(a) or that
4 identified in filings with the Department under this Chapter, or that a
5 charitable organization or sponsor will receive an actual or estimated
6 dollar amount or percentage per unit of goods or services purchased or
7 used in the charitable or sponsor sales promotion that is greater than
8 that agreed to by the coventurer and the charitable organization or
9 sponsor.

10 ..."

11 **SECTION 4.** This act is effective when it becomes law and applies to any
12 charitable solicitation subject to Chapter 131F of the General Statutes that is conducted
13 on or after that date.