

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003

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SENATE BILL 353  
Second Edition Engrossed 4/1/03

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

Sponsors: Senators Bingham; Apodaca, Garwood, and Smith.

Referred to: Judiciary II.

March 11, 2003

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.'
- (2) In the case of a solicitation campaign conducted orally, whether by telephone or otherwise, any written confirmation, receipt, or reminder sent to any person who has contributed or has pledged to contribute,

1 shall include a clear disclosure of the information required under  
2 subdivision (1) of this subsection.

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

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

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

- 16 (4) If requested by the person being solicited, the solicitor shall inform  
17 that ~~person, in writing, within 14 days of the request, person~~  
18 immediately, at the time of the request, of the fixed percentage of the  
19 gross revenue or the reasonable estimate of the percentage of the gross  
20 revenue that the charitable organization or sponsor will receive as a  
21 benefit from the solicitation campaign. If the solicitor is not able to  
22 provide information regarding the fixed percentage of gross revenue or  
23 a reasonable estimate of the percentage of gross revenue the charitable  
24 organization will receive from the solicitation campaign, the solicitor  
25 shall inform the person of the actual percentage of gross revenue  
26 received by the charitable organization as a result of the previous  
27 year's solicitation campaign. The solicitor shall send that person within  
28 14 days a copy of the solicitor's most recent financial report under G.S.  
29 131F-16(h).

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

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

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

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

1 **"§ 131F-20. Prohibited acts.**

2 It is unlawful for any person to:

3 ...

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

13 ..."

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