

# NATIONAL ASSOCIATION OF STATE CHARITY OFFICIALS (NASCO) ANNUAL REPORT ON STATE ENFORCEMENT AND REGULATION

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January 2021 – September 2022

The National Association of State Charity Officials (NASCO) is an association of state offices charged with the regulation and oversight of charitable organizations and charitable solicitation in the United States. Learn more at [www.nasconet.org](http://www.nasconet.org).

# INTRODUCTION

The National Association of State Charity Officials (NASCO) is an association of governmental offices of the states, territories and commonwealths of the United States that are charged with the oversight of charitable assets, charitable organizations, and charitable solicitations. Members include offices of attorneys general, secretaries of state, and others charged with these oversight duties. On a day-to-day level, we are a group of public servants committed to ensuring the integrity of the charitable sector.

Among the purposes of NASCO are to provide a forum for the exchange of views and experiences regarding charities matters and to foster communication and coordination with the public on issues related to charities regulation and oversight.

Consistent with these purposes, NASCO is pleased to provide fellow regulators and the public with the 2021-2022 Report on State Enforcement and Regulation. The report consists of:

1. A sample of cases in which NASCO members were involved in 2021 in these key areas:
  - a. Deceptive Solicitation
  - b. Nonprofit Governance
  - c. Trust and Estates
2. Outreach efforts and published guidance issued in 2021 and 2022.

Questions regarding particular cases, actions or issues should be directed to the relevant state. Contact information for each state can be found at [www.nasconet.org](http://www.nasconet.org).

The report is designed to highlight activities for the covered time period, not to encompass all matters addressed by charities regulators. The contents of the report do not constitute legal advice and are not intended for legal citation. Rather, as indicated, they are provided in order to share experiences and communicate to the public, including the charitable sector, some of the key activities of charities regulators last year.

Thank you to all who contributed your time and effort to helping compile this report, and more importantly, for your time and dedication to supporting this integral sector.

# RECENT ACTIONS

## I. DECEPTIVE SOLICITATION

**AL, CA, CO, CT, DE, FL, GA, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MO, MT, NE, NV, NH, NJ, NM, NY, NC, OH, OK, OR, PA, TN, TX, UT, VA, WA, WV, WI, WY, DC** On January 26, 2021, the FTC, 38 states and the District of Columbia filed a multistate action against Michigan-based professional fund raiser **Associated Community Services** (“ACS”), two businesses related to ACS, and the owners/operators of each of those businesses (the “ACS defendants”). Other defendants included **Directele** and **The Dale Corporation** and their owners and managers (the “Directele defendants”) that operated as ACS spin-off fundraising companies. The ACS defendants and Directele defendants made billions of solicitation calls nationally on behalf of multiple charities almost exclusively using soundboard technology (robocalls). Callers used deceptive claims about the charities, and collected more than \$110 million, almost all of which went to the defendants, not to charitable programs. Under the court-ordered settlements, the defendants are subject to a \$110 million judgment, which was partially suspended. Funds collected were distributed via *cy pres* to three not-for-profit corporations. Also, under the settlement, all defendants were permanently prohibited from engaging in charitable fundraising.

<https://www.ftc.gov/enforcement/cases-proceedings/162-3208/associated-community-services-inc>

**CA, FL, IL, MD, MI, MN, NM, OH, OR, VA, WA** On January 12, 2021, the states of California, Florida, Illinois, Maryland, Minnesota, New Mexico, Ohio, Oregon, Washington, and the Commonwealth of Virginia announced a settlement agreement with the **Healing Heroes Network**, a veterans’ charity based in Florida. The states found that the organization falsely promised to use donations to help wounded veterans of the wars in Iraq and Afghanistan receive medical treatments that the Department of Veterans Affairs did not readily provide. The charity also falsely claimed on social media in 2016 and 2017 to dedicate 100% of proceeds to wounded veterans. The investigation revealed that very little of the contributions received by the Healing Heroes Network, Inc. were used to further this charitable mission. Under the settlement agreement, the defendants agreed to permanently cease all charitable solicitations, and the individual defendants will pay \$95,000.00 to the State of Washington to be used by a veterans’ charity whose mission matches the representations made by Healing Heroes Network. The individual defendants are also banned from overseeing, managing, or soliciting charitable contributions for any nonprofit organization for five years.

<https://www.marylandattorneygeneral.gov/press/2021/011221.pdf>

Also available as part of the eCourse

[2023 Nonprofit Organizations eConference](#)

First appeared as part of the conference materials for the  
40<sup>th</sup> Annual Nonprofit Organizations Institute session

"Attorney General Roundtable: Trends in Enforcement and Compliance"