



General Assembly

Substitute Bill No. 5222

February Session, 2022



**AN ACT CONCERNING PAID SOLICITORS OF CHARITABLE FUNDS
AND CHARITABLE ORGANIZATION TRANSPARENCY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 21a-190f of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) No person shall act as a paid solicitor unless such person has first
4 registered with the department. Registration shall be in a form
5 prescribed by the commissioner, shall be certified by the paid solicitor
6 as true and correct to the best of the solicitor's knowledge and shall be
7 accompanied by a fee in the amount of five hundred dollars. The
8 application shall contain such information as the department shall
9 require. Each registration shall be valid for one year and may be
10 renewed for additional one-year periods.

11 (b) An applicant for registration or for a renewal of registration as a
12 paid solicitor shall, at the time of making such application, file with and
13 have approved by the department a bond in a form prescribed by the
14 commissioner, in which the applicant shall be the principal obligor in
15 the sum of twenty thousand dollars, with one or more responsible
16 sureties whose liability in the aggregate as such sureties shall be no less
17 than such sum. The paid solicitor shall maintain the bond in effect as
18 long as the registration is in effect. The bond shall run to the state and

19 to any person who may have a cause of action against the principal
20 obligor of the bond for any liabilities resulting from the obligor's
21 conduct of any activities subject to sections 21a-190a to 21a-190l,
22 inclusive, as amended by this act, or arising out of a violation of said
23 sections or any regulation adopted pursuant to said sections.

24 (c) No less than [twenty days] one business day prior to the
25 commencement of each solicitation campaign, a paid solicitor shall file
26 with the department a copy of the contract described in subsection (d)
27 of this section and shall complete a solicitation notice in a form
28 prescribed by the commissioner. A solicitation notice shall be certified
29 by the paid solicitor as true and correct to the best of the solicitor's
30 knowledge and shall include a description of the solicitation event or
31 campaign, the location and telephone number from which the
32 solicitation is to be conducted, the names and residence addresses of all
33 employees, agents or other persons however styled who are to solicit
34 during such campaign and the account number and location of all bank
35 accounts where receipts from such campaign are to be deposited.
36 [Copies of campaign solicitation literature, including the text of any
37 solicitation to be made orally, shall be submitted to the department.] The
38 charitable organization on whose behalf the paid solicitor is acting shall
39 certify that the solicitation notice and accompanying material are true
40 and complete. [Prior to the commencement of such solicitation
41 campaign, the commissioner shall publicize such solicitation by posting
42 on the department's web site information describing the terms of the
43 contract between the paid solicitor and the charitable organization, the
44 dates of such solicitation campaign and the percentage of the raised
45 funds to be retained by the paid solicitor. The commissioner may
46 publicize such solicitation through any additional means the
47 commissioner deems appropriate.]

48 (d) A contract between a paid solicitor and a charitable organization
49 shall be in writing, shall clearly state the respective obligations of the
50 paid solicitor and the charitable organization and shall state the
51 minimum amount that the charitable organization shall receive as a

52 result of the solicitation campaign, which minimum amount shall be
53 stated as a percentage of the gross revenue. Such minimum amount
54 shall not include any amount that the charitable organization is to pay
55 as expenses of the solicitation campaign.

56 (e) A paid solicitor shall, prior to orally requesting a contribution, and
57 at the same time at which a written request for a contribution is made,
58 clearly and conspicuously disclose at the point of solicitation such
59 solicitor's name as on file with the department [] and the fact that such
60 solicitor is a paid solicitor. [and the percentage of the gross revenue
61 which the charitable organization shall receive as identified in
62 subsection (d) of this section.]

63 (f) A paid solicitor shall, in the case of a solicitation campaign
64 conducted orally, whether by telephone or otherwise, send a written
65 confirmation to each person who has pledged to contribute, no more
66 than five days after such person has been solicited, which confirmation
67 shall include a clear and conspicuous disclosure of the information
68 required by subsection (e) of this section.

69 (g) A paid solicitor shall not represent that any part of the
70 contributions received will be given or donated to any charitable
71 organization unless such organization has consented in writing to the
72 use of its name, prior to the solicitation. Such written consent, if given,
73 shall be signed by two authorized officers, directors or trustees of the
74 charitable organization.

75 (h) No paid solicitor may represent that tickets to an event are to be
76 donated for use by another, unless the paid solicitor has first obtained a
77 commitment, in writing, from a charitable organization stating that it
78 will accept donated tickets and specifying the number of tickets which
79 it is willing to accept and provided no more contributions for donated
80 tickets shall be solicited than the number of ticket commitments
81 received from the charitable organization.

82 (i) A paid solicitor shall require any person such solicitor directly or

83 indirectly employs, procures or engages to solicit to comply with the
84 provisions of subsections (e) to (h), inclusive, of this section.

85 (j) A paid solicitor shall file a financial report for the campaign with
86 the department no more than ninety days after a solicitation campaign
87 has been completed, and on the anniversary of the commencement of
88 any solicitation campaign which lasts more than one year, in a form
89 prescribed by the commissioner. The financial report shall include gross
90 revenue and an itemization of all expenditures incurred. The report
91 shall be completed on a form prescribed by the department. An
92 authorized official of the paid solicitor and two authorized officials of
93 the charitable organization shall certify that such report is true and
94 complete to the best of their knowledge. The information contained in
95 such report shall be available to the public.

96 (k) A paid solicitor shall maintain during each solicitation campaign
97 and for not less than three years after the completion of each such
98 campaign the following records: [which shall be available to the
99 department for inspection upon request:] (1) The name and address of
100 each contributor, if known to the paid solicitor, and the date and amount
101 of the contribution; [provided the department shall not disclose this
102 information except to the extent necessary for investigative or law
103 enforcement purposes;] (2) the name and residence of each employee,
104 agent or other person involved in the solicitation; and (3) records of all
105 income received and expenses incurred in the course of the solicitation
106 campaign. The paid solicitor shall make the records required under
107 subdivisions (2) and (3) of this subsection, as well as records containing
108 the dates and amounts described in subdivision (1) of this subsection,
109 available to the department for inspection upon request.

110 (l) If a paid solicitor sells tickets to an event and represents that tickets
111 will be donated for use by another, the paid solicitor shall maintain, for
112 not less than three years after the completion of such event, the
113 following records, which shall be available to the department for
114 inspection upon request: (1) The name and address of contributors
115 donating tickets and the number of tickets donated by each contributor;

116 and (2) the name and address of all organizations receiving donated
117 tickets for use by others, including the number of tickets received by
118 each organization.

119 (m) All funds collected by the paid solicitor shall be deposited in a
120 bank account. The bank account shall be in the name of the charitable
121 organization with whom the paid solicitor has contracted and the
122 charitable organization shall have sole or joint control of the account.

123 (n) Any material change in any information filed with the department
124 pursuant to this section shall be reported in writing or electronically by
125 the paid solicitor to the department not more than seven days after such
126 change occurs.

127 (o) No person may act as a paid solicitor if such person, any officer or
128 director thereof, any person with a controlling interest therein, or any
129 person the paid solicitor employs, engages or procures to solicit for
130 compensation, has been convicted by a court of any state or the United
131 States of any felony, or of any misdemeanor involving dishonesty or
132 arising from the conduct of a solicitation for a charitable organization or
133 purpose. Any denial, suspension or revocation of the registration of a
134 paid solicitor based on a violation of this subsection shall be made in
135 accordance with the provisions of section 46a-80.

136 Sec. 2. Section 21a-190a of the general statutes is repealed and the
137 following is substituted in lieu thereof (*Effective January 1, 2023*):

138 As used in this section and sections [21a-190a] 21a-190b to 21a-190l,
139 inclusive, as amended by this act:

140 (1) "Charitable organization" means any person who is, or holds
141 [himself] oneself out to be, established for (A) any [benevolent,
142 educational, philanthropic, humane, scientific, patriotic, social welfare
143 or advocacy, public health, environmental conservation, civic or
144 eleemosynary] charitable purpose, or [for] (B) the benefit of firefighters,
145 law enforcement officers [, firefighters] or other persons who protect the
146 public safety.

147 (2) "Charitable purpose" means any benevolent, civic, educational,
148 eleemosynary, environmental conservation, humane, patriotic,
149 philanthropic, public health, scientific, social advocacy or social welfare
150 objective.

151 (3) "Charitable sales promotion" means an advertising or sales
152 campaign, conducted by a commercial coventurer, which represents
153 that the purchase or use of goods or services offered by the commercial
154 coventurer are to benefit a charitable organization or charitable purpose.

155 (4) "Commercial coventurer" means a person who (A) for profit, is
156 primarily and regularly engaged in trade or commerce in this state other
157 than in connection with the raising of funds for charitable organizations
158 or charitable purposes, and (B) conducts a charitable sales promotion.

159 (5) "Commissioner" means the Commissioner of Consumer
160 Protection.

161 (6) (A) "Contribution" means the grant, pledge or promise of credit,
162 financial assistance, money, property or other thing of any kind or value
163 in response to a solicitation.

164 (B) "Contribution" does not include bona fide assessments, dues or
165 fees paid by members, provided membership is not conferred solely as
166 consideration for making a contribution in response to a solicitation.

167 (7) "Department" means the Department of Consumer Protection.

168 (8) (A) "Fund-raising counsel" means a person who (i) is compensated
169 to advise, consult, manage or plan with respect to the solicitation in this
170 state of contributions by a charitable organization, (ii) does not solicit
171 contributions, and (iii) does not directly or indirectly engage, employ or
172 procure any person compensated to solicit contributions.

173 (B) "Fund-raising counsel" does not include a bona fide
174 nontemporary salaried employee or officer of a charitable organization.

175 (9) "Gross revenue" means income of any kind from all sources,
176 including all amounts received as the result of any solicitation by a paid
177 solicitor, without deduction of any costs or expenses.

178 (10) "Membership" means that which entitles a person to the honors,
179 privileges, professional standing or other direct benefit of the
180 organization and the rights to vote, elect officers and hold office in the
181 organization.

182 (11) (A) "Paid solicitor" means a person who, for any consideration
183 other than any nonmonetary gift of nominal value awarded to a
184 volunteer solicitor as an incentive or token of appreciation, performs for
185 a charitable organization any service in connection with which
186 contributions are solicited by such person or by any person he or she
187 directly or indirectly employs, engages or procures to solicit for such
188 contributions.

189 (B) "Paid solicitor" does not include a bona fide nontemporary
190 salaried employee or officer of a charitable organization.

191 (12) "Parent organization" means that part of a charitable
192 organization which exercises control over and supervises the
193 expenditure and solicitation activities of one or more affiliates, branches
194 or chapters.

195 [(2)] (13) "Person" means an individual, association, corporation,
196 limited liability company, [association] foundation, partnership, trust [,
197 foundation] or any other entity however styled.

198 [(3)] (14) "Solicit" and "solicitation" (A) mean any request directly or
199 indirectly for [money,] credit, financial assistance, money, property [,
200 financial assistance] or other thing of any kind or value on the plea or
201 representation that such [money,] credit, financial assistance, money,
202 property [, financial assistance] or other thing of any kind or value is to
203 be used for a charitable purpose or benefit a charitable organization, [
204 "Solicit" and "solicitation" shall] and (B) include, but [shall] are not [be]
205 limited to, the following methods of requesting or securing such

206 [money,] credit, financial assistance, money, property [, financial
207 assistance] or other thing of value: [(A)] (i) Any oral or written request;
208 [(B)] (ii) any announcement to the press, over the radio or television or
209 by telephone or telegraph concerning an appeal or campaign by or for
210 any charitable organization or charitable purpose; [(C)] (iii) the
211 circulation, distribution, [circulation,] posting or publishing of any
212 handbill, written advertisement or other publication; [(D)] and (iv) the
213 offer or sale of, [offer] or attempt to sell, any advertisement, advertising
214 space, book, candy, card, [tag,] cookies, coupon, device, flower,
215 magazine, membership, merchandise, subscription, [flower,] tag, ticket
216 [, candy, cookies] or other tangible item in connection with an appeal
217 made for any charitable organization or charitable purpose, or where
218 the name of any charitable organization is used or referred to in any
219 such appeal as an inducement or reason for making any such sale [,] or
220 when or where in connection with any such sale, any statement is made
221 that the whole or any part of the proceeds from any such sale is to be
222 used for any charitable purpose or benefit any charitable organization.
223 A solicitation shall be deemed to have taken place whether or not the
224 person making the [same] solicitation receives any contribution.

225 [(4) "Charitable purpose" means any benevolent, educational,
226 philanthropic, humane, scientific, patriotic, social welfare or advocacy,
227 public health, environmental conservation, civic or eleemosynary
228 objective.

229 (5) "Contribution" means the grant, promise or pledge of money,
230 credit, property, financial assistance or other thing of any kind or value
231 in response to a solicitation. "Contribution" shall not include bona fide
232 fees, dues or assessments paid by members, provided membership is
233 not conferred solely as consideration for making a contribution in
234 response to a solicitation.

235 (6) "Fund-raising counsel" means a person who for compensation
236 plans, manages, advises or consults with respect to the solicitation in
237 this state of contributions by a charitable organization, but who does not
238 solicit contributions and who does not directly or indirectly employ,

239 procure or engage any person compensated to solicit contributions. A
240 bona fide nontemporary salaried officer or employee of a charitable
241 organization shall not be deemed to be a fund-raising counsel.

242 (7) "Paid solicitor" means a person who for any consideration, other
243 than any nonmonetary gift of nominal value awarded to a volunteer
244 solicitor as an incentive or token of appreciation, performs for a
245 charitable organization any service in connection with which
246 contributions are solicited by such person or by any person he directly
247 or indirectly employs, procures or engages to solicit for such
248 compensation. A bona fide nontemporary salaried officer or employee
249 of a charitable organization shall not be deemed to be a paid solicitor.

250 (8) "Commercial coventurer" means a person who for profit is
251 regularly and primarily engaged in trade or commerce in this state other
252 than in connection with the raising of funds for charitable organizations
253 or purposes and who conducts a charitable sales promotion.

254 (9) "Charitable sales promotion" means an advertising or sales
255 campaign, conducted by a commercial coventurer, which represents
256 that the purchase or use of goods or services offered by the commercial
257 coventurer are to benefit a charitable organization or purpose.

258 (10) "Department" means the Department of Consumer Protection.

259 (11) "Commissioner" means the Commissioner of Consumer
260 Protection.

261 (12) "Membership" means that which entitles a person to the
262 privileges, professional standing, honors or other direct benefit of the
263 organization and the rights to vote, elect officers and hold office in the
264 organization.

265 (13) "Parent organization" means that part of a charitable
266 organization which supervises and exercises control over the
267 solicitation and expenditure activities of one or more chapters, branches
268 or affiliates.

269 (14) "Gross revenue" means income of any kind from all sources,
270 without deduction of any costs or expenses, including all amounts
271 received as the result of any solicitation by a paid solicitor.]

272 Sec. 3. Section 21a-190b of the general statutes is repealed and the
273 following is substituted in lieu thereof (*Effective January 1, 2023*):

274 (a) Every charitable organization not exempted by section 21a-190d
275 shall annually register with the department prior to conducting any
276 solicitation or prior to having any solicitation conducted on [its] such
277 charitable organization's behalf by others. Application for registration
278 shall be in a form prescribed by the commissioner and shall include a
279 nonrefundable application fee of fifty dollars. Such application shall
280 include: (1) A registration statement, (2) an annual financial report for
281 such charitable organization for the preceding fiscal year that is
282 prepared in accordance with the provisions of subsection (a) of section
283 21a-190c, as amended by this act, and (3) an audited financial statement
284 as required by subsection (b) of section 21a-190c, as amended by this act.
285 An authorized officer of the charitable organization shall certify that the
286 statements therein are true and correct to the best of [their] such officer's
287 knowledge. [A chapter, branch or] An affiliate, branch or chapter in this
288 state of a registered parent organization shall not be required to register,
289 provided the parent organization files a consolidated annual
290 registration for itself and its [chapter, branch or] affiliate, branch or
291 chapter. Each charitable organization shall annually renew [its] such
292 charitable organization's registration not later than eleven months after
293 the end of such charitable organization's fiscal year.

294 (b) In the event the department determines that the application for
295 registration does not contain the documents required in subsection (a)
296 of this section or is not in accordance with the regulations adopted by
297 the commissioner pursuant to this chapter, the department shall notify
298 the charitable organization of such noncompliance not later than ten
299 days after the department's receipt of such application for registration.
300 Any such charitable organization may request a hearing on its
301 noncompliant status in accordance with the provisions of chapter 54.

302 (c) In addition to the application fee required pursuant to subsection
303 (a) of this section, a charitable organization shall pay a late fee of twenty-
304 five dollars for each month, or part thereof, that such application for
305 registration is late. The commissioner may, upon written request and for
306 good cause shown, waive or reduce any late fee under this section.

307 (d) In the event that a charitable organization fails to register in
308 accordance with the provisions of this section, [such] the charitable
309 organization shall include in [its] such charitable organization's
310 application for registration an annual financial report for each of the
311 previous years in which such charitable organization was required to
312 file an application for registration or an annual financial report.

313 (e) Any charitable organization registered in accordance with this
314 section on September 30, 2005, shall be deemed to be registered
315 pursuant to this section until the last day of the fifth month after the
316 close of the fiscal year in effect on September 30, 2005.

317 (f) A charitable organization registered in accordance with this
318 section shall (1) when engaging in solicitation, or upon request from any
319 person, disclose the charitable organization's registration number, and
320 (2) display the charitable organization's registration number in a
321 conspicuous manner on (A) such charitable organization's Internet web
322 site, and (B) any (i) printed advertisement, or (ii) advertisement on any
323 Internet web site.

324 Sec. 4. Section 21a-71 of the general statutes is repealed and the
325 following is substituted in lieu thereof (*Effective January 1, 2023*):

326 No person shall sell any food, drug or cosmetic, as defined by section
327 21a-92, at an auction, unless such person has notified the Commissioner
328 of Consumer Protection, in writing, of such sale; provided this section
329 shall not apply to the sale of food by any church, parent teacher
330 association, charitable organization as defined [by subdivision (1) of] in
331 section 21a-190a, as amended by this act, or any organization of any
332 political party. Such notice shall be given at least seven days prior to

333 such sale and said commissioner may inspect such food, drug or
334 cosmetic and prohibit the sale of the same if it is found to be unfit for
335 human use. This section shall apply to the sale of unclaimed freight.

336 Sec. 5. Subsection (b) of section 21a-190c of the general statutes is
337 repealed and the following is substituted in lieu thereof (*Effective from*
338 *passage*):

339 (b) A charitable organization with gross revenue in [excess of] an
340 amount that is (1) greater than five hundred thousand dollars but less
341 than one million dollars in the year covered by the report shall include
342 with [its] the charitable organization's financial statement an audit
343 report or review report of a certified public accountant, or (2) at least
344 one million dollars in the year covered by the report shall include with
345 the charitable organization's financial statement an audit report of a
346 certified public accountant. For purposes of this section, gross revenue
347 shall not include grants or fees from government agencies or the
348 revenue derived from funds held in trust for the benefit of the charitable
349 organization. The commissioner may, upon written request and for
350 good cause shown, waive the audit report or review report requirement
351 [under] established in this subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	21a-190f
Sec. 2	<i>January 1, 2023</i>	21a-190a
Sec. 3	<i>January 1, 2023</i>	21a-190b
Sec. 4	<i>January 1, 2023</i>	21a-71
Sec. 5	<i>from passage</i>	21a-190c(b)

Statement of Legislative Commissioners:

In Section 2(a)(1), "such person" was changed to "oneself", for clarity; and, in Section 5(b), "audit, or review, report" was changed to "audit report or review report", and "audit or review report" was changed to "audit report or review report", for clarity.

GL *Joint Favorable Subst.*