

## REGULATION

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It's blatant. It's obvious." For example, Cook Promotions & Advertising in Elizabethtown passed on to the charity only 5 percent of the charitable dollars it raised. It kept more than \$18,000 of the \$19,000 it raised for American Legion Post No. 230, and more than \$31,000 of the \$33,000 it raised for Disabled American Veterans Wilmington Chapter 11.

## SKIPPING TOWN

Occasionally, charities fare even worse. They hire a professional fundraiser - or, as is often the case, a professional fund-raiser seeks them out - and then the fundraiser skips town with the money it raises.

"They just leave town when they realize they won't make fund-raising goals," Randolph says.

What's more, he says, charities also can find that dollars raised for them by solicitation firms sometimes end up siphoned off by executives of the firms into other businesses or for personal uses.

Gene Wiseman, who was a salesman for a now-defunct solicitation firm, says fly-by-night operations don't pay off in the long run.

"I'd rather make a little bit of money each year and have a place to work the next year," says Wiseman, who now is president of Summit Productions, a solicitation firm in Goldsboro. The firm offers free studio portraits as an incentive to contributors to charities such as fire departments and rescue squads. It returned to charities an average of 57 percent of the money it raised.

"I'm in it for the long-term," he says. "When you're out there dealing with the same people, you become friends with them."

## LAW WITH TEETH

The new Solicitation of Contributions bill, sponsored by Senator Sandy Sands, is designed to hold professional solicitors more accountable.

It requires solicitors to identify themselves to donors as a company separate from charity sponsors. Violators would lose their assets, be fined up to \$5,000 per illegal solicitation and be required to reimburse contributors up to \$10,000. They also would be charged as criminal felons.

If a donor asks how much of a donation will go to charity, the bill would require the solicitor to state the amount. If the solicitor doesn't know that information, it must provide it to the donor by mail within two weeks.

The bill also would increase licensing fees depending on how much money the solicitation company intends to raise. Now, anyone can obtain a license for \$100.

The bill is popular and expected to pass by the end of this legislative session. It has bipartisan support and the backing of charities, North Carolina chiefs of police and the state Attorney General's Office, says an assistant in Sands' office.

Says Leslie Takahashi of the N.C. Center for Nonprofits: "Clearly measures like that are the result of this kind of activity" by solicitors.

## ENABLING NONPROFITS

The Center for Nonprofits - created to support nonprofits in the state - is compiling a database of fundraising firms based on positive recommendations by at least two nonprofits.

"We're trying to share information among nonprofits - who they've used and are pleased with," Takahashi says.

But Randolph, the state regulator, says some nonprofits look the other way when solicitors walk off with up to 95 percent of donations raised under their names. Those charities are happy, he says, to keep any sum because that's probably more than they would have raised on their own.

Consider the Wilmington branch of the Disabled American Veterans. It received \$1,800 of a total \$33,180 that Cook Promotions raised in 1993. Yet E.T. Townsend, the branch secretary, says he was pleased with the outcome.

"I've known this [solicitation] enterprise for many years," Townsend says. "I know [Marion Cook, the president] personally, and he always gave me excellent service...We can't afford to raise funds on our own."

The national headquarters of the Disabled American Veterans in Cincinnati disagrees. This year, it made a new rule for all branches: No professional solicitors.

Cook no longer works on behalf of the Wilmington branch this year.

## MANY TAINTED

The excesses of professional solicitors - and the subsequent headlines - have affected the overall atmosphere of giving. Long-established professional fundraisers and consultants, who work with large capital campaigns for organizations like universities and public television stations, say all donors grow wary when they read news about corrupt solicitors.

"I think we as a profession have to overcome the image that's created by some of those firms," says Niles Sorensen, senior vice president of Pittsburgh-based Ketchum Inc., which has an office in Charlotte and is the largest professional fundraiser in North Carolina. "I think there's a point at which donors can expect the dollars will go to the needs as opposed to somebody else's pockets. I think there's a level of trust you have to work from being breached."

Sorensen sets that point at no more than 10 percent to the solicitor.

But Randolph says not to expect "fly-by-night" professional fundraisers to disappear soon. Not while there's money to be made in North Carolina.

"This area's been documented as one of the most lucrative for philanthropy purposes," says Randolph. "And Southerners are considered generous. And they're also polite." It's unheard of to slam the phone down in [the solicitor's] face."

## 1993 ABBREVIATED SUMMARY OF PROFESSIONAL SOLICITORS ACTIVITIES IN NORTH CAROLINA FROM FINAL ACCOUNTING REPORTS RECEIVED BETWEEN MAY 1, 1993 AND APRIL 30, 1994

PROFESSIONAL SPONSOR	NO. SPONSOR EVENTS	GROSS SALES OR FUNDS RAISED	NET TO SPONSOR	PERCENT TO SPONSOR
ALBERTI ENTERTAINMENT PRODUCTIONS	1	DELINQUENT	—	—
ALLAN C. HILL PRODUCTIONS, INC.	17	214,044.00	\$30,537.93	14.26%
AMERICOM GROUP, INC.	2	1,056,767.00	343,368.00	32.49%
A.S.A., INC.	4	522,724.00	63,479.26	12.14%
ASSISTANCE MARKETING	1	214,666.00	21,466.60	10.00%
ATLANTIC TELEMARKETING	4	259,687.04	44,268.23	17.04%
AVERY PRODUCTIONS	2	17,051.01	1,716.59	10.06%
BARRY E. SYCHMOYER/METRO MARKETING	7	441,919.69	113,972.04	25.79%
BENEFIT SHOWS, INC.	5	139,597.50	34,714.62	24.86%
BGS TELEMARKETING, INC.	1	785,008.00	497,610.00	63.38%
CALLAN PUBLISHING, INC.	2	434,356.00	86,871.00	19.99%
CHILDREN'S TOURING SHOWCASE	26	347,668.25	69,524.65	19.99%
C.J.W., INC.	2	104,739.00	22,994.50	21.95%
COMMUNITY SUPPORT SERVICES, INC.	-	DELINQUENT	—	—
COOK PROMOTIONS & ADVERTISING	3	52,724.00	2,600.00	04.93%*
DELLA LOGGIA PROMOTIONS	5	124,135.60	17,503.89	14.10%
DIAL AMERICA MARKETING, INC.	1	411,494.00	210,494.00	51.15%
EAGLE PROMOTIONS, INC.	2	67,293.00	15,683.00	23.30%
EMERGENCY PERSONNEL SERVICE	9	218,195.00	120,020.08	55.00%
ETSELL, INC.	1	161,098.00	35,000.00	21.72%
FACTOR, FOX, & ASSOCIATES, INC.	6	1,044,581.00	337,852.97	32.34%
THE GEHL GROUP, INC.	19	2,278,738.95	361,526.70	15.85%
HERITAGE PUBLISHING COMPANY	-	DELINQUENT	—	—
H.B.B. MARKETING	1	26,216.76	19,022.01	72.55%
INFOCISION MANAGEMENT	2	2,762,023.77	1,589,211.90	57.53%
JAK PRODUCTIONS, INC.	1	31,164.00	6,000.00	19.25%
JAMES OVERSTREET/ LEE PUBLISHING CO., INC.	14	339,130.00	184,094.43	54.28%
JOY'S FUNTIME PROMOTIONS	7	111,828.80	33,365.89	29.83%
JRD WINMONT, INC.	8	373,738.50	77,045.67	20.61%
L & M PROMOTIONS	47	778,436.48	441,219.98	56.68%
MEYER ASSOCIATES, INC.	3	13,358.99	9,206.69	68.91%
MULTI-MEDIA DYNAMICS, INC.	2	192,047.00	29,316.00	15.26%
NYSTAR ENTERTAINMENT	5	145,077.20	42,910.45	29.57%
PARTEL SALES/DOMINO PRODUCTION	5	195,860.55	30,984.21	15.81%
PIONEER PROMOTIONS, INC.	1	1,216.00	304.00	25.00%
POLICE PUBLICATIONS, INC.	4	653,354.00	158,713.00	24.29%
QUALITY PRODUCTIONS	1	64,285.00	16,964.68	26.38%
REESE BROTHERS	12	1,730,389.92	721,547.62	41.69%
RESPONSE DYNAMICS, INC.	5	3,712,353.34	3,208,806.53	86.43%**
SHOWCASE PROMOTIONS, INC.	3	56,042.00	12,410.50	22.14%
THE SMITH COMPANY	1	275,294.00	46,211.00	16.78%
SMOKY MOUNTAIN SECRETS, INC.	3	472,023.00	60,442.00	12.80%
SUMMIT PRODUCTIONS	49	390,195.85	221,599.70	56.79%
T&T ENTERPRISES	1	26,011.00	6,284.00	24.15%
TELECOM TELEMARKETING SERVICE, INC.	13	3,834,760.80	958,690.20	25.00%
TELESYSTEMS MARKETING, INC.	7	250,938.00	70,201.00	27.97%
VETERAN'S SERVICES	11	1,089,229.91	102,709.51	09.42%
<b>TOTALS</b>	<b>325</b>	<b>\$26,421,461.95</b>	<b>\$10,478,438.03</b>	<b>39.65%***</b>
		05.99% decrease from 1992	20.52% decrease from 1992	7.26% decrease from 1992

\*Lowest % to charity

\*\*Highest % to charity

\*\*\*Average % to charity

## Dealing with solicitors

State regulators suggest taking the following steps if you receive a pitch from a professional solicitor:

- Ask who the solicitor works for - a charity or a professional fund raiser.
- Ask for the name of the professional fund raiser.
- Write down that name.
- Ask how much money will go to the charity.
- Write down that figure.
- If you question any of the information or have a problem with the solicitor, report it to Lionel Randolph, chief of the state Solicitation and Licensing Section at (919) 733-4510, or the Consumer Protection Section of the state Attorney General's Office at (919) 733-7741.

In addition, if you receive a call directly from a charity but are uncertain of its status, call the above phone numbers for confirmation of the charity's status and information about its past collection records.

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