

FINAL STATEMENT OF REASONS

PROPOSED AMENDMENT OF REGULATIONS ADOPTED PURSUANT TO THE SUPERVISION OF TRUSTEES AND FUNDRAISERS FOR CHARITABLE PURPOSES ACT

I. Update of Initial Statement of Reasons

Section 300(b): The list of numbered information items required by the Initial Registration Form (Form CT-1) was deleted from the proposed text. The Notice of Proposed Rulemaking, published on December 28, 2018, stated that because Form CT-1 was incorporated by reference, listing each item in the text of the regulations was unnecessary. However, the numbered items remained in the proposed text accompanying the Notice. This modification was necessary for clarity and for consistency with the related regulations, all of which incorporate forms by reference.

Section 300(b), Form CT-1, Part I, question #3: The question: “Does the organization share revenue or governance with any other non-profit organization (e.g., fiscal sponsorships and affiliations)?” was changed to “Is the organization under common control, does it have a close connection with, or is it related to, any other nonprofit organization or for-profit organization or trust?” This modification was made in response to public comments that the proposed question, intended to identify closely related organizations, was unclear. The comments also stated that referencing fiscal sponsorships and affiliations was unhelpful because those terms were not defined. The modification eliminates those terms and instead uses terms the Internal Revenue Service uses, such as “common control,” “close connection,” and “related to.” The modification also includes definitions in the CT-1 instructions, which largely track the IRS definitions and are necessary for clarity.

Section 300(b), Form CT-1 instructions: The instructions were modified to include an instruction to Part I, question #3:

“Common control” means you and one or more other organizations or trusts have: (1) a majority of directors, officers, or trustees appointed or elected by the same organization(s) or individuals, (2) a majority of directors, officers, or trustees consisting of the same individuals. Common control also occurs when you and one or more organizations have a majority ownership interest in a corporation, partnership, or trust. “Ownership” means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.

“Close connection” means any of the following relationships between organizations: (1) control of one organization by another through common directors, officers, or trustees or through authority to approve budgets or expenditures; (2) coordination or sharing of operations as to facilities, programs, employees, or other activities; or (3) common persons exercising substantial influence over the organizations.

“Related to” an organization means to control or be controlled by an organization. “Control” means (1) to have the power (by the organization or through one or more officers, directors, trustees or agents) to remove and replace (or to appoint, elect, or approve or veto the appointment or election of) the majority of another organization’s directors or trustees, or a majority of members who elect a majority of another organization’s directors or trustees; (2) to own more than 50% of a stock corporation; (3) to own more than 50% of the profits or capital interests or is managing partner, general partner, or managing member of a partnership or LLC; or (4) to own more than 50% of the beneficial interest in a trust.

Section 301, Form RRF-1 instructions: The instructions were modified as follows:

- Under the topic “WHO MUST FILE A FORM RRF-1?” the reference to “(3) a cemetery corporation regulated under Chapter 19 of Division 3 of the Business and Professions Code” was amended to refer to “Chapter 12 of Division 3” due to recent amendments to the code.
- Under the topic “PART B, QUESTION #9” the word “fiscal sponsors” was been replaced with “fiscally-sponsored projects” as that more accurately describes an example of an asset restriction.

Section 301, Form CT-TR-1: The form was modified to include a space to enter the applicable fiscal year. This modification was necessary for clarity and transparency for the organization filing the report, the Registry, and members of the public who review the report.

Section 308, Forms CT-1CF, CT-3CF, CT-5CF: The proposed text of regulations delete the requirement that payment be made by certified or cashier’s check. However, the commercial fundraiser forms still had language stating: “A CERTIFIED OR CASHIER’S CHECK IN THE AMOUNT OF \$350 PAYABLE TO THE REGISTRY OF CHARITABLE TRUSTS MUST ACCOMPANY THIS REGISTRATION FORM.” The language was modified to state: “A CHECK IN THE AMOUNT OF \$350 MUST ACCOMPANY THIS REGISTRATION FORM.”

II. Local Mandate Determination. The proposed amendments to regulations do not impose a mandate on local agencies or school districts.

III. Summary and Response to Comments Received during the Initial Notice Period of December 28, 2018 through February 11, 2019.

The original proposed text was made available for public comment for at least 45 days from December 28, 2018 through February 11, 2019. Four public comments were received during that period, and none resulted in a public hearing. Pursuant to Government Code section 11346.9(a)(3) and (a)(5), the DOJ has summarized and responded to those comments as follows:

Comment No. 1: Email dated February 1, 2019 from Corinne Gartner of Defino Madden O’Malley Coyle & Koewler. Ms. Gartner commented that the proposed instructions to the Initial Registration Form (CT-1) state that hospitals, educational institutions, and religious or mutual

benefit corporations have an affirmative obligation to submit Form CT-1 to be considered exempt from registration and reporting. Ms. Gartner recommended revising the instruction to state, “If an organization considers itself to be exempt from registration and reporting as a hospital, educational institution, religious or mutual benefit corporation, and desires to obtain a formal determination from the Registry of Charitable Trusts regarding such exemption, the organization shall submit the following:”

DOJ Response to Comment No. 1: The DOJ disagrees with this comment. The DOJ does not want charities to self-assess if they fall within an exemption, but rather should submit the initial registration documents to the Registry of Charitable Trusts to make the assessment that such organizations are exempt from registration and reporting.

Comment No. 2: Email dated February 8, 2019 from Patrick Anderson of Public Counsel. Mr. Anderson commented on a discrepancy between the text of the proposed regulations and the Initial Statement of Reasons (ISOR). The ISOR stated that subdivisions (b)(1) through (b)(20) of Section 300 would be deleted because the Form CT-1 is incorporated by reference. However, in the text of the proposed regulation, (b)(1) through (b)(20) was not deleted and instead, (b)(21) through (b)(29) were added. Mr. Anderson stated that the intent of clarifying revisions to Section 300 were not actually reflected in the proposed revised text of Section 300.

DOJ Response to Comment No. 2: The DOJ agrees with this comment. The intent was to incorporate by reference the Form CT-1 and delete (b)(1) through (b)(20) as superfluous. Therefore, they have been deleted and no (b)(21) through (b)(29) are being added to the text.

Comment No. 3: Letter dated February 11, 2019 from Erin Bradrick and Gene Takagi of NEO Law Group (NEO) and endorsed by Jan Masaoka, Chief Executive Officer of California Association of Nonprofits, received by email and mail. NEO commented on the proposed new question to the Initial Registration Form (CT-1), “Does the organization share revenue or governance with any other non-profit organization (e.g., fiscal sponsorships and affiliations)? If yes, identify by name, address, and telephone.” NEO commented that the question was unclear regarding what was meant by “share revenue or governance” with another nonprofit organization. NEO also commented that the reference to “fiscal sponsorship” was particularly confusing and problematic as “fiscal sponsorship” is not a defined term, and a proper comprehensive fiscal sponsorship does not include any sharing of governance, though it does include the making of grants. NEO asked the DOJ to clarify the question to make clear what information is required to report.

DOJ Response to Comment No. 3: The DOJ agrees with this comment that the proposed question was unclear regarding shared revenue, shared governance, and fiscal sponsorship. DOJ modified the question and instructions on Form CT-1 and provided 15-day notice and comment period on June 5, 2019. The question now reads: “Is the organization under common control, does it have a close connection with, or is it related to, any other nonprofit organization or for-profit organization or trust?” The instructions to the Form CT-1 are also modified to define the terms “common control,” “close connection,” and “related to.” The DOJ deleted the reference to fiscal sponsorships and affiliations.

Comment No. 4: Letter dated February 11, 2019 from Rosemary Fei and David Levitt of Adler & Colvin, received by email and mail. Fei and Levitt commented on the proposed new question to the Initial Registration Form (CT-1), “Does the organization share revenue or governance with any other non-profit organization (e.g., fiscal sponsorships and affiliations)? If yes, identify by name, address, and telephone.” They commented that the question, as phrased, would generate many affirmative answers that are irrelevant to the stated purpose of the question because there is no description regarding what qualifies as sharing revenue or governance. They stated that it was possible that any organization that intends to make grants to other organizations or coincidentally have overlapping directors with another nonprofit organization will conclude that it is safest to answer yes to the question and result in overdisclosure. They commented that the IRS addresses shared governance in the Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, requiring disclosure of other organizations that are under “common control” with or have a “close connection” to the filing organization. They recommended using a question such as:

“Please disclose (1) if you control another nonprofit organization, or if it controls you, through common officers, directors, or trustees; or through authority to approve budgets or expenditures; or (2) if you and one or more other nonprofit organizations (a) were created at approximately the same time and by the same person(s), or (b) have a majority of your governing boards or officers appointed or elected by the same person(s), or a majority of your governing boards or officers consist of the same individuals. If yes, identify ...”

They also suggested removing the reference to fiscal sponsorship and affiliation because both terms are broad and have no precise legal definition. Instead, they suggested asking whether the filing organization intends to solicit or receive any assets (a) either on behalf of another organization or (b) that are restricted by the donor for activities that the filing organization expects will be conducted by or under control of one or more third parties.

Response to Comment No. 4: The DOJ agrees with this comment that the proposed question was unclear regarding shared revenue, shared governance, and fiscal sponsorship. DOJ modified the question and instructions on Form CT-1 and provided 15-day notice and comment period on June 5, 2019. The question now reads: “Is the organization under common control, does it have a close connection with, or is it related to, any other nonprofit organization or for-profit organization or trust?” The instructions to the Form CT-1 are also modified to define the terms “common control,” “close connection,” and “related to.” The DOJ deleted the reference to fiscal sponsorships and affiliations.

Summary and Response to Comments Received during the Period the Modified Text was Available to the Public for an Additional 15 Days.

The modified text was made available for additional public comment from June 5, 2019 through June 20, 2019. The DOJ did not receive any additional comments during that period.

IV. Alternatives Determination. The DOJ did not consider any alternatives to the proposed amendments to regulations as more effective in carrying out the purpose for which the regulation was proposed, or would be as effective and less burdensome to private persons than the adopted regulations, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. The proposed amendments were intended to correct forms and clarify and improve forms and their instructions. Modifications were made either in response to comments that specific questions on the Form CT-1 were ambiguous and confusing, or to address errors or inconsistencies in the original notification. This is not a major regulation as defined by Section 11342.548 of the Government Code. The DOJ received comments in response to the Notice and Initial Statement of Reasons and made some modifications, as described above under section III.

V. Impact on Small Businesses. The proposed amendments to regulations will have no adverse economic impact on small businesses. The proposed amendments impact charitable organizations. There were no proposed alternatives that would lessen the adverse economic impact on small businesses.

VI. Forms Incorporated by Reference – Title 11, Div. 1, Ch. 4, sections 300-316, California Code of Regulations.

- Form CT-1 Initial Registration Form and Instructions thereto (Orig. 09/2017)
- Form CT-TR-1 Annual Treasurer’s Report and Instructions thereto (Orig. 09/2017)
- Form RRF-1 Annual Registration Renewal Fee Report and Instructions thereto (Rev. 09/2017)
- Form CT-1CF Commercial Fundraiser for Charitable Purposes Annual Registration Form and Instructions thereto (Rev. 09/2017)
- Form CT-2CF Commercial Fundraiser for Charitable Purposes Annual Financial Report and Instructions thereto (Rev. 09/2017)
- Form CT-2TCF Commercial Fundraiser for Charitable Purposes Thrift Store Annual Financial Report and Instructions thereto (Rev. 09/2017)
- Form CT-2VCF Vehicle Donation Program Annual Financial Report and Instructions thereto (Rev. 09/2017)
- Form CT-3CF Registration Fundraising Counsel and Instructions thereto (Rev. 09/2017)
- Form CT-4CF Bond Form and Instructions thereto (Rev. 09/2017)
- Form CT-5CF Registration Commercial Coventurer and Instructions thereto (Rev. 09/2017)
- Form CT-6CF Annual Financial Report Commercial Coventurer and Instructions thereto (Rev. 09/2017)
- Form CT-8CF Deposit by Assignment and Instructions thereto (Rev. 09/2017)
- Form CT-9CF Receipt for Notice of Assignment Commercial Fundraiser and Instructions thereto (Rev. 09/2017)
- Form CT-10CF Notice of Intent to Solicit for Charitable Purposes Commercial Fundraiser (Rev. 09/2017)
- Form CT-11CF Notice of Intent to Provide Services Fundraising Counsel (Rev. 09/2017)

Forms Incorporated by Reference – Title 11, Div. 1, Ch. 4.6, sections 410-426, California Code of Regulations

- Form CT-NRP-1 Nonprofit Raffle Registration Form and Instructions thereto (Rev. 09/2017)
- Form CT-NRP-2 Nonprofit Raffle Report and Instructions thereto (Rev. 09/2017)

The above forms are incorporated by reference because it would be cumbersome, unduly expensive, or otherwise impractical to publish the forms in the California Code of Regulations. During the rulemaking proceeding, the forms were made available upon request, and were available for viewing on the Department’s website.

VII. Corrections and Non-Substantial Edits to Rulemaking Package

A “non-substantial change is one that clarifies without materially altering the requirements, rights, responsibilities, conditions or prescriptions contained in the original text. (Cal. Code Regs., tit. 1, § 40.) The following minor additional issues were noted since publication of the Notice of Proposed Rulemaking and Initial Statement of Reasons.

Authority and Reference Sections in Notice of Proposed Rulemaking. Government Code section 11346.5, subdivision (a)(2) requires the Department to include in the Notice of Proposed Rulemaking reference to statutes that are being implemented, interpreted or made specific. This rulemaking implemented, interpreted and made specific certain statutes that were not noted in the Notice of Proposed Rulemaking. The paragraph under the “Authority and Reference” heading on page 2 of the Notice should read as follows:

DOJ proposes to amend sections 300, 301, 303, 305, 306, and 308, and related forms incorporated by reference, add sections 300.1, 300.2, and 309, and delete section 307, of the California Code of Regulations Title 11, Division 1, Chapter 4. DOJ also proposes to amend sections 411, 415, 416 and 420, and related forms incorporated by reference, of the California Code of Regulations, Title 11, Division 1, Chapter 4.6. DOJ is authorized to adopt these regulations pursuant to Government Code section 12586, subdivision (b) and to implement, interpret, and make specific the provisions of ~~section 12580, et seq., of the Government Code~~ sections 16.5 and 12580 et seq. (the Supervision of Trustees and Fundraisers for Charitable Purposes Act), Corporations Code sections 5227 and 10521 and ~~pursuant to~~ Penal Code section 320.5.

This is a non-substantial correction to the Notice. Changes to the “authority” or “reference” citation for a regulation is a change without regulatory effect. (Cal. Code Regs., tit. 1, §100, subd. (a)(5).)

Explanation of Changes to Reference Sections in Initial Statement of Reasons. Government Code section 11346.2(b)(1) requires the Department to state the rationale for each addition or deletion to an existing regulation in the Initial Statement of Reasons. The term “regulation” includes authority and reference citations. (Cal. Code Regs., tit. 1, section 8, subdivision (a)(1).)

The rulemaking included amendments to the authority and reference citations of existing regulations that were not discussed in the Initial Statement of Reasons. At the end of Section 1, on page 5 of the Initial Statement of Reasons, a bulleted paragraph should be added as follows:

The amendments add to Section 300 a Reference to Section 12598 of the Government Code. Section 12598 provides generally that the Attorney General has primary responsibility for supervising charitable trusts and the protection of charitable assets. Adding Section 12598 as a Reference is a non-substantive edit made for clarity. Additionally, Section 5227 of the Corporations Code was also added as a Section 300 Reference. Section 5227 limits the percentage of “interested persons” (including family members) who may serve on the board of a public benefit corporation. This additional Reference clarifies a reason to add a new question to Form CT-1 (number 7) asking if there are family members who are directors or who hold positions in the charitable organization.

At the end of Section 14, on page 13 of the Initial Statement of Reasons, a bulleted paragraph should be added as follows:

Section 308 requires registration and reporting by commercial fundraisers. The amendments include the addition to the Reference, Section 12599.3 of the Government Code concerning contracts between a charitable organization and a commercial fundraiser. Section 12599.3 references registration by the commercial fundraiser and fundraising counsel with the Attorney General’s Registry of Charitable Trusts.

This is a non-substantial correction to the Initial Statement of Reason. Changes to the “authority” or “reference” citation for a regulation is a change without regulatory effect. (Cal. Code Regs., tit. 1, § 100, subd. (a)(5).)

Addition of Privacy Notices and Forms Instructions on Existing Forms. Several of the Registry forms are incorporated by reference in existing regulations being amended by this rulemaking. The Department amended the forms to add a privacy notice in accordance with the Information Practices Act, to add form instructions, and to make other changes. Copies of the amended forms with the new privacy notices and form instructions were included in the filing of the Notice of Proposed Rulemaking and made available on the Department’s website. A uniform method should be used to accurately illustrate all changes to the forms. (See Cal. Code Regs., tit. 1, § 8, subd. (b), Cal. Code Regs., tit. 1, § 46.)

Some changes to the forms were indicated by using strike-out and underline new text. But the new privacy notices were disclosed with “ADOPT” and “All New Text” written in bold red and blue ink at the top of the privacy notice. This was to make clear that new privacy notices were added to Registry forms otherwise marked “AMEND.” This was intended to maximize disclosure and clarity regarding the changes made to Forms CT-1CF, CT-2CF, CT-2TCF, CT-2VCF, CT-3CF, CT-4CF, CT-5CF, CT-6CF, CT-8CF, CT-9CF, CT-10CF, CT-11CF, CT-NRP-1, and CT-NRP-2.

The new form instructions added to existing forms were similarly marked. The CT-4CF Instructions, CT-NRP-1 Instructions, and CT-NRP-2 Instructions were shown as “ADOPT” and “All New Text” at the top of those pages since the applicable forms did not previously have instructions. The forms themselves were shown as “AMEND” with red strikethrough and blue underline to show minor changes made to those forms.

Any changes to the front part of a form were clearly indicated using a method different from the method used to clearly indicate a new privacy notice and form instructions. Both methods provide clear indication of all changes to the forms.

Explanation of Changes to Registry Forms in Initial Statement of Reasons. Government Code section 11346.2(b)(1) requires the Department to state the rationale for each addition or deletion to an existing regulation in the Initial Statement of Reasons. The Initial Statement of Reasons identifies the Registry forms proposed to be amended by including a privacy notice. The list of forms that will have a privacy notice omitted CT-4CF, was also amended to include a privacy notice. Section 17 on page 13 of the Initial Statement of Reasons should be corrected as follows:

The proposed amendments to Forms CT-2CF, CT-2TCF, CT-2VCF, CT-3CF, CT-4CF, CT-5CF, CT-6F, CT-8CF, CT-9CF, and CT-10CF add a privacy notice pursuant to Civil Code section 1798.17. They are necessary for clarity and compliance.

Despite the omission, the Notice of Rulemaking stated that privacy notices were being added to Registry forms, the Initial Statement of Reasons stated that privacy notices were added to forms, and the proposed forms posted with the Notice and Initial Statement of Reasons had the identical privacy notice, with the word “ADOPT” and “All New Text” prominently disclosed.

Posting of Form RRF-1 on the Department Website. Government Code section 11346.4, subdivision (a)(6) requires the Notice of Proposed Rulemaking to be posted on DOJ’s website. In addition to posting the Notice, the Initial Statement of Reasons, and the Proposed Text of Regulations, the Department posted the forms incorporated by reference in the proposed regulations with changes to the forms clearly indicated. Instead of amending existing Form RRF-1, the Department repealed existing Form RRF-1 and adopted a new version of Form RRF-1. The Department submitted to OAL both the repealed and the new version of the Form RRF-1 in its initial filing of the Notice. The new Form RRF-1 was posted to the Attorney General website, but the Department omitted to post the repealed version of the existing form. (<https://oag.ca.gov/charities/notice-prop-amend-regs>.) However, in addition to the rulemaking documents, the Department also included a link to all of the Registry’s existing forms, which included the existing Form RRF-1 being repealed, but not in strikeout format. (<https://oag.ca.gov/charities/forms>).

Typographical Errors in Forms CT-1CF and CT-9CF. Form CT-1CF is incorporated by reference in the existing regulation Section 308(a)(1). The form proposed to be amended submitted with the Notice of Proposed Rulemaking states that “A CERTIFIED CASHIER’S CHECK IN THE AMOUNT OF \$350 PAYABLE TO THE REGISTRY OF CHARITABLE TRUSTS MUST ACCOMPANY THIS REGISTRATION FORM.” (emphasis added) The text

“PAYABLE TO THE REGISTRY OF CHARITABLE TRUSTS” was not highlighted in blue. However, the text was highlighted in the 15-day modification in June 2019.

Form CT-9CF, which is incorporated by reference in existing regulation Section 308(a)(3) is titled “RECEIPT FOR NOTICE OF ASSIGNMENT IN LIEU OF COMMERCIAL FUNDRAISER FOR CHARITABLE PURPOSES SURETY BOND.” The form proposed to be amended that was submitted with the Notice of Proposed Rulemaking had a misspelling, stating “COMMERICAL” instead of “COMMERCIAL.” The spelling has been corrected.

VIII. Additional Grounds of Necessity and Explanations Regarding Amendments to Regulations Text and Forms Incorporated by Reference

Section 300(b), Form CT-1: The language in the proposed Form CT-1 instructions regarding who is required to register and report to the Attorney General is set forth by statute under Government Code sections 12581, 12582.1 and 12585. Therefore, the instructions to charitable entities holding property or doing business for charitable purposes in California to register with the Attorney General are necessary for clarity and to conform to statutory requirements.

Section 301, Form CT-TR-1: The proposed Form CT-TR-1 is necessary because the IRS raised its filing threshold from \$25,000 to \$50,000, and therefore many registrants have no financial reporting requirement for the charitable assets under their control. The Form CT-TR-1 requires financial information similar to what was previously provided to the IRS. Financial reporting is critical to the Attorney General’s statutory mandate to protect charitable assets, and to make financial information of charitable trustees and entities publicly available. See also page 9 of the Initial Statement of Reasons.

Section 301, Form RRF-1: The question for “all DBAs and names the organization uses or has used” is necessary so that the Registry and donors can track organizations that may have registered under a different name to find relevant information regarding the organization under all its different names.

Section 301, Form RRF-1: The deletion of Question 3 (asking if program expenditures exceed 50% of gross revenues) is due to the addition of the question on the Form RRF-1 asking for the amount of money spent on program expenditures. Since the Form RRF-1 also asks for the amount of money received in gross revenues, donors and members of the public interested in evaluating how a charity spends its money can now get a specific percentage instead of a binary “yes” or “no” answer to the 50% question. Therefore, these amendments are necessary for simplicity, transparency and to provide better information to the Attorney General and members of the public. See also page 10 of the Initial Statement of Reasons.

Section 301, Form RRF-1 Instructions to Questions 5 and 6. The reference in the Initial Statement of Reasons, page 11, to Question #6 regarding “each funding source” was intended to be a reference to Question #5. The instruction to Question #6 has no reference to “each funding source.” As stated in the Initial Statement of Reasons, the clarification is necessary to reduce the burden on Registry and registrants who otherwise frequently must have follow-up

communications to get complete information. See also page 11 of the Initial Statement of Reasons.

Section 301, Form RRF-1, Instructions to Questions 4 and 7. The reference in the Initial Statement of Reasons, page 11, to Question #7 should have been to Question #4. That is the question that now asks to include contact information of the fundraising entities. Currently, persons may provide conflicting or ambiguous information regarding whether they have used a fundraising entity in questions 4 and 7. Asking for the information in this manner is necessary to prevent burden and require additional communications between the Registry and charitable organization to identify complete information regarding any fundraising entities.

Section 301, Form RRF-1, Instructions to Questions 7, 8 and 9. The reference in the Initial Statement of Reasons, page 12, regarding questions 8 and 9 regarding vehicle donation programs. The proposed questions clarify how to answer questions regarding vehicle donations and audited financial statements. However, the questions referenced should have been to questions 7 and 8.

Section 301, 306, 308, Signatures Under Penalty of Perjury: The necessity for proposed amendments to regulations to require signatures under penalty of perjury is to impress upon registrants the seriousness and importance of signing the form, to attest to the accuracy and completeness of the information submitted, and to deter misrepresentations and submission of false information. Existing forms require signatures under penalty of perjury.

Section 308, Form CT-1CF and Form CT-3CF, check boxes: The proposed amendments to forms to delete the check boxes for unincorporated associations and add a check box for LLCs is necessary for convenience to Registry staff and registrants. Many entities that register as Commercial Fundraisers and Fundraising Counsel are formed as LLCs, whereas no unincorporated associations register as fundraisers. The check boxes do not determine whether the entities are allowed to register, but are used for convenience for entities who register. The absence of a check box does not prevent an entity from registering as a fundraising entity. The proposed amendments do not alter the rights of unincorporated associations, or any entity or person, to register as a Commercial Fundraiser or Fundraising Counsel. Both forms will also include a check box for "Other" for clarity and to capture any other type of entity not already specified.

Section 308, Form CT-1CF and Form CT-3CF: The proposed amendment to regulations text makes non-substantive changes regarding contact information for persons who direct and supervise fundraising entities. The change is necessary for clarity and simplicity because the current form asks for each officer and director of corporations or unincorporated associations. Unincorporated associations do not have officers and directors. The change also simplifies the question so as to apply to any type of fundraiser. The amendment requesting the person's title instead of a description of a relationship is necessary for clarity and simplicity for the persons filling out the form and will reduce burden on registrants in filling out the forms.

Section 308, Form CT-1CF, removal of check boxes for charitable fundraiser activities: The proposed amendment to the form eliminates two check boxes that are rarely or never used by

registrants. Removal of the check boxes does nothing to alter entities' ability to register as fundraisers. Their removal is necessary to simplify the form.

Section 308, Form CT-3CF, removal of line items (1)-(9): The proposed amendment to the form to remove line items (1) through (9) on pages 2 and 3 of the form are for simplicity and clarity, as these items are all set forth in Section 12599.1(f) of the Government Code.

Section 308, Form CT-5CF, removal of check boxes for coventurer activities: The proposed amendment to the form eliminates check boxes for certain coventurer activities. Those activities are rarely if ever checked by commercial coventurer registrants. Thus, the amendment is necessary for simplicity and clarity. This amendment does nothing to alter a coventurer's ability to register and reduces the burden of filling out the form.

Section 308, Form CT-10CF, removal of check boxes for certain fundraising methods: The proposed amendment to the form eliminates three check boxes that are rarely if ever used. Removal of the check boxes does nothing to alter the ability of entities to register an intent to solicit for charitable purposes. Their removal is necessary to simplify the form and reduce the burden of filling out the form.

Section 309: Because of discussions with Office of Administrative Law regarding clarity concerns, section 309 is being withdrawn.

IX. Non-Substantive Changes Made to Regulations Text and Forms During Office of Administrative Law Review

Non-substantive changes were made during OAL review to correct punctuation, underlining and strikeouts, numbering, and omitted text.

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