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*Jennifer L. Dobson
Research Director*

*Cathy A. Greer
Administration Coordinator*

**Post Office Box 11867
Columbia, South Carolina 29211
Telephone: (803) 212-6810 • Fax: (803) 212-6811
Room 228 Blatt Building**

*Charles L. Appleby, IV
Legal Counsel*

*Kendra H. Wilkerson
Fiscal/Research Analyst*

**Executive Subcommittee
Monday, October 28, 2019
10:30 a.m.
Blatt Room 321**

Archived Video Available

- I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV was allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (<http://www.scstatehouse.gov>) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

- I. Subcommittee Chairman Gary E. Clary calls the Executive Subcommittee meeting to order on Monday, October 28, 2019, in Room 321 of the Blatt Building. The following members of the Subcommittee are present during all or part of the meeting: Subcommittee Chairman Clary, Representative Chandra E. Dillard, and Representative Laurie Slade Funderburk. Representative Wm. Weston J. Newton was absent from the meeting due to a medical appointment.

Minutes

- I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.
- II. Representative Dillard moves to approve the minutes from the June 25, 2019 Subcommittee meeting. A roll call vote is held, and the motion passes.

Rep. Dillard moves to approve the minutes from the Subcommittee's June 25, 2019, meeting:	Yea	Nay	Not Voting (Not present)
Rep. Clary	✓		
Rep. Dillard	✓		
Rep. Funderburk	✓		
Rep. Newton			✓

- III. Representative Funderburk moves to approve the minutes from the September 27, 2019 Subcommittee meeting. A roll call vote is held, and the motion passes.

Rep. Funderburk moves to approve the minutes from the Subcommittee's September 27, 2019, meeting:	Yea	Nay	Not Voting (Not present)
Rep. Clary	✓		
Rep. Dillard			✓ (not present at September 27, 2019 meeting)
Rep. Funderburk			✓ (not present at September 27, 2019 meeting)
Rep. Newton			✓

Discussion of the Secretary of State's Office

- I. Subcommittee Chairman Clary explains the purpose of today's meeting is for the S.C. Secretary of State's Office (SoS) to present information on its charities, investigations, trademarks, and related legal deliverables.
- II. Subcommittee Chairman Clary explains that all testimony given to this subcommittee, which is an investigating committee, must be under oath.

He reminds all personnel placed under oath during a prior Subcommittee or Committee meeting that they remain under oath.

III. Ms. Shannon Wiley, General Counsel for the Secretary of State's Office, presents information about the agency, which includes the following:

- a. Overview of charities, trademarks, and investigations;
Deliverable groups;
Organizational chart;

Division of Public Charities

- b. Overview;
Division overview;
Solicitation of Charitable Funds Act:
 Why charities regulation matters;
 Components in flow chart;
 Types of entities required to file under the act;
 What is considered a "charitable organization;"
 Who solicits donations but is excluded from the definition of charitable organization;
 Types of filings for charitable organizations;
- c. Charities deliverables;
Registration statement for a charitable organization (Deliverable 1, 2, and 3);
 Number of charitable organizations filing registration statements bar graph;
Application for registration exemption (D4);
 Number of charitable organizations filing annual applications for registration exemption bar graph;
 Number of charities soliciting in S.C. on file with the agency bar graph;
Annual financial reports & extension requests (D5 and 6);
 Number of annual financial report and extension request filings bar graph;
State payroll deduction application (D7);
- d. Professional fundraisers deliverables;
Types of professional fundraisers – Overview;
What is considered a "professional solicitor";
Common types of professional solicitors;

What is considered a “professional fundraising counsel”;
What is considered a “commercial co-venturer”;
Types of filings for professional fundraisers;
 Required filings for different types of professional fundraisers table;
Registration application for a professional solicitor company (D8);
Registration application for an individual professional solicitor (D9);
Registration application for a professional fundraising counsel (D10);
Registration application for a commercial co-venturer (D11);
 Number of professional fundraisers filing registration applications bar graph;
Notices of solicitation and fundraising contracts (D12);
Joint financial reports (D13);
 Number of filings of contracts, notices of solicitation, and joint financial reports bar graph;
Filing rejections (D14);
 Number of rejections of filings under solicitation of charitable funds act bar graph;

- e. Enforcement of charity requirements deliverables;
Enforcement overview;
Notice of violation (D15);
Notice of administration fine (D16);
Notice of suspension (D17);
 Enforcement process flow chart graphic;
 Number of notices issued against charitable organizations and professional fundraisers bar graph;
Fine revenue collected from enforcement of solicitation of charitable funds act bar graph;
Appeal of administrative action (D18);
Petition for injunctive relief (D19);
 Number of injunctions filed line graph;
Charitable solicitation complaint form (D20);
Number of complaints received through the online charitable solicitation compliant form bar graph;
Investigations of charitable organizations and professional fundraisers (D21);
 Number of investigations opened bar graph;
Investigative subpoenas (D22);
Number of subpoenas issued line graph;
Multistate enforcement actions & initiatives (D23);
 Multistate enforcement actions and public education initiatives line graph;

- Referral of violations to attorney general (D24 and 25);
- Bingo report to department of revenue (D26);

- f. Education about charities deliverables;
 - Public education overview;
 - Charity search engine and suspended list (D27 and 28);
 - Number of unique page views in FY 2017-18 per Google Analytics bar graph;
 - Angel announcement (D29);
 - Wise giving and professional solicitor report (D30);
 - Sample page from professional solicitor report, 2017;
 - Sample page from professional solicitor report, 2018;
 - Wise charitable giving brochure (D31);
 - Wise charitable giving public service announcement (D32);
 - Wise charitable giving presentations (D33);

- g. Raffles deliverables;
 - Raffles overview;
 - Exempt and non-exempt raffles at a glance table;
 - Nonprofit raffle annual registration form (D34);
 - Nonprofit raffle annual financial report (D35);
 - Number of raffle filings bar graph;
 - Nonprofit raffle filing rejection (D36);
 - Number of raffle rejections line graph;
 - Nonprofit raffle notice of administrative fine and notice of suspension (D37 and 38);
 - Number of notices issued for raffle violations bar graph;
 - Fine revenue collected for raffle violations bar graph;
 - Nonprofit raffle appeals & petitions for injunctive relief (D39 and 40);
 - Nonprofit raffle investigations and investigative subpoenas (D41 and 42);
 - Raffle investigations line graph;
 - Raffle investigation subpoenas issued line graph;
 - Nonprofit raffle public education – brochure and webinar (D43 and 44);
 - Nonprofit raffles sunset provision;

- h. Performance Measures related to charities;
 - Performance measures related to charities deliverables – overview (PM1, 4, 6-10);
 - Measure #1 - Provide charity customers expanded accessibility 24/7 on mobile devices and upgraded online capabilities;
 - Percentage of charities filings submitted online line graph;

Percentage of professional fundraiser filings submitted online;
Percentage of raffles filings submitted online;
Measure #4 - Protect data and records and provide staff additional tools to fulfill statutory duties (Create centralized investigations database application for charities, professional fundraisers, raffles, investigations and trademark violations);
Measure #6 – Participate in multi-state enforcement actions to protect citizens of the state;
Number of multistate actions line graph;
Measure #7 – Provide trainings to charity and raffle groups statewide;
Number of charities and raffles presentations line graph;
Measure #8 – Publish additional reports on the agency website to educate and protect charitable donors;
Measure #9 – Develop educational material for target areas concerning charitable solicitation;
Measure #10 – Protect charitable donors in the state through filing injunctions against noncompliant organizations;
Number of injunctions filed line graph;

- i. Revenue and costs related to charities;
Revenue and costs related to charities deliverables overview;
Registration fees collected from charitable organizations bar graph;
Registration fees collected from professional fundraisers bar graph;
Fine revenue collected from enforcement of solicitation of charitable funds act bar graph;
Registration fees collected from nonprofit raffles bar graph;
Total fine revenue collected for raffle violations bar graph;
Comparison of fee and fine revenue collected by public charities division with costs (excluding agency operations) bar graph;
- j. Law changes;
Suggested law changes related to charities deliverables;
Deletion of Proviso 96.2;
Deletion of Proviso 96.3;
Repeal of 1-7-117 (Duties of Division of Public Charities devolved upon Attorney General);
Repeal of Regulation 102.1 (Fees to Accompany Request for Confirmation of Solicitation Exemption);

Investigations and Trademarks Division

- k. Overview;

Division duties;
Investigator jurisdiction and overview;
Why counterfeit enforcement matters;

- l. Investigations deliverables;
Investigation of distribution, trafficking, and production of counterfeit marks (D45);
Training and education on distribution, trafficking, and production of counterfeit marks (D46);
 Number of counterfeit investigations and trainings bar graph;
Rejection of sovereign citizen documents (D47);
Sovereign citizen filings rejected and/or forwarded to law enforcement bar graph;
Investigation of violations of private personnel placement services act and special purpose district filing delinquencies (D48 and 49);

- m. Trademark and service mark registration deliverables;
Overview;
Trademark and service mark registration application (D50);
Trademark and service mark registration renewal (D51);
Trademark and service mark registration assignment (D52);
Rejection of trademark and service mark filings (D53);
 Number of trademark and service mark filings processed bar graph;
Appeal of denial to register a trademark or service mark (D54);
Publication of active trademarks and service marks (D55);
Livestock brands and earmarks registration (D56);
Rejection of livestock brand and earmark filings (D57);
Number of livestock brands and earmarks filing registrations and rejections line graph;

- n. Performance measures related to investigations and trademarks;
Performance measures related to investigations and trademark deliverables overview (PM4, 5, 12, 17);
Measure #4 - Protect data and records and provide staff additional tools to fulfill statutory duties (Create centralized investigations database application for charities, professional fundraisers, raffles, investigations and trademark violations);
Measure #5 - Protect data and records and provide staff additional tools to fulfill statutory duties (Create database and applications for municipal incorporations, railroads, landlord-tenants, business opportunities, and special purpose districts);

Measures #12 and #17 – Improve search capabilities for customer inquiries and provide public additional online information;

- o. Revenue and costs related to investigations and trademarks;
Revenue and costs related to investigations and trademark deliverables overview;
 - Sources of fee revenue for investigations and trademarks division;
 - Filing fees collected from trademark and service mark new application, renewal application, and assignment filings bar graph;
 - Filing fees collected from livestock brands and earmark registration filings line graph; and
 - Comparison of fee revenue collected by investigations and trademark division with costs (excluding agency operations).

Members ask questions, which Ms. Wiley answers.

- IV. There being no further business, the meeting is adjourned.