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# New York Sets Guidelines for Selling Products to Benefit Charities

*By Holly Hall*

Companies and charities in New York State are now expected to follow extensive guidelines about what they disclose to potential donors who buy products and services that are supposed to benefit good causes.

The new guidelines, which encourage companies to say exactly how much was raised for specific nonprofit organizations, are widely expected to set a new standard nationally, charity lawyers say.

The action comes after the attorney general's office in New York closed two fraudulent breast-cancer charities in 2011 and then spent a year studying marketing promotions by nearly 150 companies that raised money for breast-cancer groups.

Among the standards the attorney general said that companies should follow:

- Name all of the charitable organizations that will benefit from the cause-marketing campaigns rather than simply making vague allusions to "supporting the fight against breast cancer."
- Disclose on products sold to aid charities the benefit that a nonprofit will receive from the promotion, including the minimum and maximum amounts charities will receive.
- Post information on relevant Web sites about how much money was ultimately raised for the cause. Nonprofits are expected to do the same.

## **Other States**

While the attorney general's study was based on breast-cancer groups, the guidelines apply to marketing promotions that benefit all kinds of charities in the state.

The New York guidelines will probably be used by charity regulators in other states to decide what constitutes unfair and deceptive marketing, said Kristalyn Loson, a Washington lawyer who advises nonprofit organizations and has closely followed New York's development of the guidelines.

Another reason the guidelines will probably spread beyond New York: Companies and charities that make marketing deals are unlikely to want to produce different disclosures, depending on where the products that benefit charity are sold.

Under the guidelines, much of the responsibility for the disclosures falls on companies.

But charities also have responsibility for communicating how much they receive from the marketing deals and making sure their corporate supporters agree to follow the guidelines.

## **Charities' Obligations**

Two of the nation's largest breast-cancer charities, Susan G. Komen for the Cure and the Breast Cancer Research Foundation, have already said they will follow New York's guidelines.

Komen raised about \$50-million from marketing deals last year, while the Breast Cancer Research Foundation raised 40 percent of the \$52.7-million of revenue it received in fiscal 2012.

Andrea Rader, a spokesman at Komen's national office, said that her organization already provides detailed information that meets the New York standards for all the corporations that support it through formal marketing agreements.

However, she said some local companies might not follow the standards if they decide on their own to hold a campaign for Komen and don't inform the charity.