Connecticut Department Of Consumer Protection

William M. Rubenstein, Commissioner

Connecticut’s Donation Bin Law
June 25, 2013
Today’s Lesson

☐ Properly label your bins and provide clear disclosure.

(Really, that’s it ... see there’s a period at the end of that sentence.)
Overview

1. We’ll look at the court case on point.
2. We’ll look at some bins to see if they are clear or not,
3. Then we’ll talk about specific law,
4. And finally general law.
Here’s your everyday clothing bin so you can get rid of unwanted clothes ... and look there’s a nice logo so my donations must be going to a charity.
But who owns this bin and what is a royalty payment?

Bins like the ones you just saw cost ART $50,000.

The court ruled that ART misrepresented the beneficiary of the solicitation.

ART paid an annual royalty of between $200 and $700 per bin, but the donation of the items or their proceeds did not go to the charity.

Who owns this bin?  
Is it a charity or a for-profit?
How is this bin benefiting this charity?
Is it by the donations or a royalty?
Who owns this bin?
Is it a charity or a for-profit?
Are the books I am donating helping a charity?
We like a “community minded company”. But is it a charity or for profit?
This is a for-profit company. It keeps the money, but makes a royalty payment to a charity.
A quick aside ...

- **For profit** company ... an entity registered to do business in Connecticut (LLC, corporation, etc.)
  [State law/Secretary of the State]

- **Non-profit** company (or not-for-profit) ... an entity registered to do business in Connecticut that declares itself non-profit (e.g. association, if a corporation must be a non-stock corporation)
  [State law/Secretary of the State]

- **Charity** ... undefined, but a charitable organization that is soliciting charitable funds must be registered with DCP.
  [State law/Department of Consumer Protection. See Conn. Gen. Stat. 21a-190a (1) for definition of “charitable organization”. See also 21a-190d for organizations that may claim exemption].

- **Tax exempt** ... an entity that has obtained a letter of determination pursuant to I.R.C. 501(c) by application using I.R.S. Form 1023. But note gross receipts test. See I.R.S. Pub. 557.
  [Federal law/Internal Revenue Service]
Section 21a-430. Donation bins. Placement in public place. Notice required. Penalty. (a) No person shall place or cause to be placed in a public place a donation bin for the donation of clothing or other articles unless such person has been granted permission to place such donation bin in such public place by the owner of such public place or by such owner’s duly authorized agent and unless such bin contains a notice in block letters at least two inches high stating: (1) If the donation is for a charitable purpose, (A) the name of the nonprofit organization that will benefit from the donation, (B) the name of the owner of such bin, and (C) that the public may contact the Department of Consumer Protection for further information, or (2) if not intended for a charitable purpose, that such donation is not for a charitable purpose. Such notice shall be on the same side of the bin where the donation is likely to be made. As used in this section, “public place” means any area that is used or held out for use by the public, whether owned or operated by public or private interests, and “donation bin” means a large container commonly placed in a parking lot for the purpose of encouraging individuals to donate clothing or other items. (b) Any person who violates any provision of subsection (a) of this section shall be fined not more than five hundred dollars. (P.A. 09-119, S. 1; P.A. 11-247, S. 2.)
Summary of Donation Bin law:

- You need permission to put a bin in a public place.
- Statement in 2” block letters on side where donation is made
  - If charitable
    - Name of nonprofit
    - Name of owner of bin
    - Public may contact DCP for more information
    - Recommended: Spell out how the charity benefits
  - If not charitable
    - That donation is not for charitable purpose
The Department of Consumer Protection and the Office of Attorney General

enforce the

*Solicitation of Charitable Funds Act*
(Conn. Gen. Stat. 21a-190a et. seq.)

and the

*Connecticut Unfair Trade Practices Act*
(Conn. Gen. Stat. 42-110b et. seq.)
Solicitation of Charitable Funds Act

- A charity or paid solicitor must be registered with DCP;
- There are financial reporting requirements;
- If you are undertaking a charitable sales promotion, you must have an agreement with the charity. This is a commercial co-venture.

(Conn. Gen. Stat. 21a-190g.)
DCP Information and Contacts

1-800-842-2649

www.ct.gov/dcp

Under the “A-Z” search “Charitable Organizations”
Charities Information

- For how to register a charity or file a co-venture letter: dcp.publiccharities@ct.gov
- To report an unregistered charity or a mislabeled bin: dcp.frauds@ct.gov
- For general information on charities, including charitable trusts:
  Attorney General’s Office, Charities Unit
  (860) 808-5420