

THE HOWE & HUTTON REPORT

ANALYZING LEGAL NEWS OF IMPORTANCE TO THE NONPROFIT COMMUNITY

June 2015

VOLUME 2015, ISSUE 6

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A SWITCH IN TIME — The Society of Government Meeting Planners has announced it is moving from leased space in Alexandria, VA to a virtual office set-up while maintaining a postal address in Alexandria. The announced reason was an untenable four-year office lease. *It will be interesting to see how this works out for SGMP. Some other groups have struggled with it.*

HERE WE GO AGAIN — A secretary at a small church in Alabama has pleaded guilty to stealing more than \$128,000 by the almost unbelievably simple method of putting charges on the church’s credit card. *When we come across these stories, the first question that comes to mind is who was minding the store? Did no one check that these charges were being made? How about payments? What is so strange is that no one else is ever found accountable for such thefts. Another recent case illustrates how easy these thefts can be. A city clerk in Chicago made off with over \$100,000 simply by depositing incoming checks to her own account. Trust but verify!*

HOW TO REALLY IMPROVE A GREAT SPORTS STORY — A heartwarming development followed the initial stories of American Pharoah breaking the jinx and winning horseracing’s Triple Crown after a 37-year dry spell. Jockey Victor Espinoza and trainers Bob and Jill Baffert announced they had contributed their winnings to charity, Espinoza to the City of Hope Cancer Center, a charity which helps children afflicted with cancer, and the Bafferts’ winnings to four charities related to horseracing. *This was Bob Baffert’s fourth try to win the Triple Crown and Espinoza’s third, and they were generous with their achievement. And more: Espinoza regularly contributes 10% of his winnings to the City of Hope after visiting there and seeing kids cope with their life-threatening diseases. Pretty unusual and generous, a major shift from the unsavory sports headlines we see all too often. [NOTE: Pharaoh v. Pharoah: “Regardless, the misspelling was put on the electronic form to the site where owners register their horses. Now the name is trademarked.” Louisville paper reported.]*

GOOD READING ... See you in July

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ANOTHER EXAMPLE OF AN ASSOCIATION FOR EVERYONE — Have you ever heard of the Association For Unmanned Vehicle Systems International? It is the association of companies and individuals engaged in commercial drones and robotics applications in industrial, government and academic sectors. It is international with more than 7,500 members in numerous chapters; sponsors trade shows; publishes magazines; and seems likely to grow very quickly in the years ahead. *Commercial drones seemed like science fiction not very long ago. Now they are used by police forces, for video and photographic activities, in search and rescue operations, real estate and farming applications, delivery of packages, and this is just the tip of the iceberg of applications. So of course there is an association for those involved.*

HOW WILL ORGANIC PRODUCERS VOTE ON A CHECK-OFF PROGRAM? — The Organic Trade Association is proposing a check-off program for its members to fund promotion and research programs for member products on a national basis. The program would be similar to the check-off programs for beef farmers, dairy farmers, cotton, soy and various other agricultural products. But getting members to approve is not a slam dunk. First, OTA is different from other agricultural groups in the diversity of its members and members' products, including organic foods, raw commodities, organic fibers, nutritional supplements and ingredients, household cleaners, personal care products, and pet foods, among others. OTA's diverse members include large and small organic farmers, local and national organic processors, mom-and-pop organic stores and organic retail chains, and such categories as organic handlers, organic importers, organic producers, and processors of the aforementioned products. The OTA proposal calls for 25% each to research, information, promotion and discretionary spending, and not more than 15% for administration, maintenance and functioning of the proposed board of directors. *It will take a two-thirds vote of its diverse members to approve what amounts to a self-imposed tax. Some members feel that such diversity does not lend itself to promoting their industry segment, e.g., vegetables vs. organic fibers, personal care products vs. pet foods, etc., and don't see the benefit of paying in \$1,000 or more for check-off-financed promotions and research. Another impediment may be that bloc voting is not to be used so the big statewide farmer groups that voted on behalf of their individual members in setting up other promotion and research programs should not be the deciding factor here. But OTA is going ahead with its proposal. Will OTA's members follow?*

PILOT PLANS OR SIMILAR PAYMENTS CONTINUE TO EXPAND — Northwestern University in Evanston, IL, just north of Chicago, has announced it will contribute \$1 million annually to the City of Evanston. Meanwhile, a small group of students at the University of Pennsylvania is demonstrating to show support for PILOT payments ("Payment In Lieu of Taxes") to the City of Philadelphia. The university's annual budget is larger than the city's and Penn is the wealthiest nonprofit in Philadelphia. The Republican governor of Maine is pushing a plan to impose property taxes on nonprofit hospitals, private colleges and even summer camps, payable to municipalities where they are located. His proposed tax scheme would target nonprofits with properties worth \$500,000 or more, and apply only to property values more than \$500,000, and at half the rate of property taxes on nonexempt properties. *As you can imagine, the nonprofit entities in most instances have immediately manned the barricades to oppose any PILOT payments or property taxes, claiming they will undercut the services the entities provide. Meanwhile they continue to rely on municipal services, fire-fighting, police, water, etc. Northwestern may be taking the wiser course to head off property taxes which might amount to considerably more than \$1 million if ever imposed.*

FIFA ILLUSTRATES EVEN THE MOST POWERFUL CAN FALL — The amazing twists and turns of the U.S. indictments of seven senior officials connected to FIFA, the global governing body of soccer (football to the rest of the world) and the most powerful sports governing body in the world, plus the sudden resignation

of its long-time president four days after his reelection for a fifth term, should be a sobering note of caution to other powerful nonprofit executives who think they are immune to questioning or prosecution for their actions. It seems likely more indictments will follow. Rumors of corruption at FIFA have circulated for more than a decade but no one has taken action on the rumors, no investigations, every allegation was simply ignored at the highest levels of FIFA governance, and FIFA demonstrated it could block any government that might want to investigate. Such was FIFA's power, until U.S. Department of Justice officials built a case of alleged FIFA law-breaking that violated U.S. laws, including money-laundering, bribery, and other wrongdoing. *It is probably not a coincidence that the U.S. is not mad about soccer, the world's most popular sport outside the U.S., and the U.S. had much less to lose by investigating and then prosecuting FIFA officials. As for FIFA's president's sudden resignation, some speculate that he was expected to attend the FIFA Women's Championship games in Canada this summer, and would have been vulnerable to arrest there and extradition to the United States. Whatever the reason, this may be the start of a major overhaul of FIFA governance that is long overdue. Stay tuned.*

REGULATORY LAW DEVELOPMENTS

FTC CREATES IDENTITY THEFT WEBSITES — The Federal Trade Commission has created new websites to help identity theft victims report thefts and recover losses from the perpetrators. IdentityTheft.gov will be available with an interactive checklist to walk people through the recovery process, and provide sample letters and other helpful resources. The site also offers specialized tips on various forms of identity theft, including tax-related and medical identity theft. A Spanish version of this site will be available at Robodeidentidad.gov. *Kudos to the FTC for helping to address this growing consumer problem, regularly at the top of the FTC's annual complaints-received list.*

NLRB PREVAILS AGAIN ON UNION ELECTION RULE — *H&H Report Update* — A federal judge in Texas has upheld the National Labor Relations Board union election rule which provides for accelerated union elections in as little as two weeks after a union files a petition with the NLRB. The Republican bill to overturn the rule was vetoed by President Obama. And now another challenge has been rejected. The judge said there was nothing in the record to establish the NLRB intended to favor organized labor. *There is still another lawsuit by other business parties seeking to challenge the union election rule, and the National Federation of Independent Business, which was one of the unsuccessful plaintiffs in Texas, has said it would appeal all the way to the U.S. Supreme Court, if necessary.*

FTC, STATES CHARGE CHARITIES AND MANAGERS WITH BILKING DONORS — The Federal Trade Commission, all 50 states, and the District of Columbia have charged four cancer charities and their managers with making deceptive claims to donors, filing false reports with government officials, hiding high administrative costs, hiring fundraisers who kept 85% of donations collected, and spending money on cars, trips, college tuition, sporting event and concert tickets, and even dating site memberships for managers and their family members and friends. The complaint says the charities were operated as “personal fiefdoms characterized by rampant nepotism, flagrant conflicts of interest, and excessive insider compensation, with none of the financial and governance controls that any bona fide charity would have adopted.” Some of the defendants have agreed to consent judgments and payment of damages totaling tens of thousands of dollars. *This highly unusual joint prosecution is an indication that regulators, to an extent not previously seen, are cracking down on bogus charities and individuals who try to profit from them. More power to them! But recoveries of tens of thousands of dollars is small change for the fraud reported here.*

CALIFORNIA AG CAN REQUIRE CHARITY “SIGNIFICANT DONOR” INFO — A three-judge panel of the federal appellate court in San Francisco has affirmed a lower court’s decision not to preliminarily prohibit the California Attorney General from requiring that charities provide the names and contributions of “significant donors” in order to maintain registered status with the state’s Registry of Charitable Trusts. A nonprofit had sued the Attorney General to prevent charities from having to disclose such information, contending that the disclosure requirement was injurious to its exercise of First Amendment rights to freedom of association and was prohibited by the federal Pension Protection Act of 2006, in which Congress allegedly evidenced an intention to protect nonprofit donor information from disclosure. The panel decided that the nonprofit had not shown any actual burden to itself or its supporters in having to disclose the significant donor information, and the panel also rejected the claim that the Act preempted the Attorney General’s disclosure requirements. *This ruling came on a preliminary injunction motion, and a permanent injunction could still issue against enforcement of the Attorney General’s “significant donor” disclosure requirements after the lower court conducts a more complete hearing on the matter. Alternatively, the entire appellate court could eventually take up the case en banc, but that seems unlikely.*

EMPLOYMENT LAW DEVELOPMENTS

DON’T FORGET CHICAGO’S MINIMUM WAGE INCREASE ON JULY 1 — Chicago’s minimum wage will increase from \$8.25 (the Illinois minimum wage rate) to \$10 an hour on July 1, 2015 for employers with five or more employees. The Chicago rate will increase again to \$10.50 per hour July 1, 2016, then \$11 July 1, 2017, \$12 on July 1, 2018, and \$13 on July 1, 2019. Thereafter, the minimum wage in Chicago will be increased in accordance with the consumer price index. There are variations, e.g., for tipped employees, and exceptions such as employees in their first 90 days of employment, employees under age 18, some trainees, workers covered by a collective bargaining agreement, and various city government employees. *Chicago is in step with some other cities that have increased minimum wages above state and federal minimums. Chicago’s ordinance enacted in December 2014 also includes various recordkeeping requirements and administrative and civil penalties. Employees may seek three times their underpaid wages plus attorneys’ fees and court costs. Any questions, we can help you sort this out.*

SENATE BILL AIMED AT LOW-WAGE NONCOMPETE CONTRACTS — Two Democratic senators have introduced a bill entitled the Mobility and Opportunity for Vulnerable Employees (“MOVE”) Act that targets noncompete contracts used to tie lower wage employees to their employers. Such contracts are becoming more widespread and used for all sorts of positions, not just executives, professionals, and highly compensated persons with access to trade secrets or clients and customers. The Senate bill would ban such contracts for employees making under \$15 an hour or \$31,200 a year (or more if a higher minimum wage were in place). *Noncompete agreements vary all across the nation with some states banning them almost completely, e.g., California, and other states enforcing them under varying rules as to what is reasonable in terms of job characteristics, duration and geographic scope. Some courts will rewrite noncompetes to make them more reasonable, and others simply strike them down in their entirety if deemed overreaching. The likelihood of this bill being enacted by a Republican-dominated congress is pretty small.*

MEETINGS & TRAVEL LAW DEVELOPMENTS

TSA PRECHECK PROGRAM NOW AVAILABLE TO AIR CANADA FLYERS — The TSA PreCheck Program is now available to Air Canada flyers who meet the TSA program requirements. Air Canada is the first foreign airline to have TSA PreCheck program approval. Eligibility is available to Canadian citizens who are members of NEXUS, other foreign citizens who are members of GOES (Global Online Entry System), and other U.S. citizens who are already registered in the TSA PreCheck program. This will permit eligible flyers on Air Canada to use expedited trusted traveler lines at some 52 U.S. airports when all the airports have implemented these additional changes. Associations might wish to bring this to their members’ attention, especially

those associations with Canadian members or conducting meetings in Canada.

HEY, BOOK NOW IN CHICAGO — If you are uncertain about where to book your next near-term meeting, convention or trade show in 2015, 2016 and early 2017, you might want to look at Chicago. With a smaller book of citywide (3,000 rooms or more) events in 2016 so far and more than 2,000 additional hotel rooms coming on-stream, Chicago's largest hotels and Choose Chicago, the city's tourism bureau, have persuaded more than 50 other hotels to agree on incentive packages to attract group business. Among the incentives: book 20 or more rooms in January, February, July, August, December 2016 or January to March 2017, and get a room block attrition deal of 50% rather than 80%; 50% off on parking; free wi-fi; 20% discounts on food and beverage; and discounts at McCormick Place on rent, food and beverage. A number of restaurants are also offering group deals. *Twenty rooms is not that big a commitment to qualify for these incentive deals and real savings. For more information, check with Choose Chicago to see which hotels are participating. You might even try to negotiate for such deals outside the months currently offered.*

IATA PROPOSES A SMALLER CARRY-ON BAG STANDARD — The International Air Transport Association recently proposed adoption of a smaller carry-on bag standard, limiting bags to 21.5 inches long, 13.5 inches high, and 7.5 inches deep. The proposed size reduces common U.S. bags by approximately 20%. IATA's purpose was to speed up boarding and disembarking, and to ensure bags fit in overhead bins. Some international airlines have already adopted the standard, and IATA said it was confident other airlines around the world would soon follow. IATA also said it is working with bag manufacturers to provide bags which IATA will certify as "cabin-ready" and meeting its proposed standard. But when pushback came from American flyers and Airlines for America ("A4A"), the U.S. counterpart of IATA, IATA quickly withdrew its proposal a week later and will begin "... a comprehensive reassessment in light of concerns expressed, primarily in North America." *This proposal was not happily accepted by many flyers who would either have to replace their current bags and reduce what they pack or check their currently accepted bags. And there is always the prospect of even more people being told their bags will have to be checked as they board and the pileup of luggage and people waiting to get their bags as other people are trying to get by getting on and off planes. The joys of flying....*

INTELLECTUAL PROPERTY & COMPUTER LAW DEVELOPMENTS

HOW NOT TO USE A COPYRIGHT — A copyright lawsuit that garnered attention a few years ago had some later developments that are worth noting. A dentist practicing in New York required her patients to sign a form document entitled "Mutual Agreement To Maintain Privacy." The form, produced by a North Carolina company, was sold as a way to help medical practitioners fight bad reviews on social media. The patient agreed not to publish reviews of the dentist online or elsewhere, but if the patient did, his review would be assigned to the dentist who would thus own it. This enabled the dentist to notify the social media where a review appeared, that it was in violation of copyright law, and demand that it be taken down. When the very unhappy former patient went online to complain about the dentist and what he regarded as her unreasonable fees for services rendered, she threatened to sue him, and demanded \$100 per day for copyright infringement. The patient reacted by engaging a lawyer who sued the dentist, claiming the reviews were "fair use" under copyright law and non-defamatory, and the dentist's actions violated New York law and dental ethics rules. The judge ultimately ruled the contract was unenforceable and a misuse of copyright law, and awarded over \$4,000 in damages to the patient. But how to collect? The dentist seems to have closed her practice and disappeared, and even her lawyers don't know how to find her. Oh, the company has withdrawn its form and now advises its customers not to use it. *Some takeaways: Be careful when using form contracts. Have them vetted by your own legal counsel. Be wary about relying on anti-review contracts or copyright as a way to stifle criticism or bad reviews. The more you try, the more publicity you may generate for the bad reviews. Social media can help or hurt, so be aware and responsibly responsive to reviews, good or bad.*

TAX LAW DEVELOPMENTS

MUCH SPECULATION ABOUT THE NFL GIVING UP ITS TAX-EXEMPT STATUS — After the National Football League announced it will give up its tax-exempt status, which dates back to 1942, and become a for-profit entity, much speculation quickly surfaced. Why did the NFL do it? The most frequently voiced speculation is that the NFL will no longer have to file a Form 990 which, among other things, revealed the current commissioner's salary of some \$14 million-plus, a pretty hefty sum for a nonprofit, tax-exempt entity. Another speculation is this allows the NFL to shed some unpleasant PR that has been fodder for various federal legislators to flay the NFL. Another speculation is that the NFL is not all that profitable as a business so any tax bite will be relatively small, and some major benefits such as its statutory antitrust exemption and teams' stadium subsidies remain intact. *With their huge TV contracts and merchandise sales, the NFL and its member teams do very well. Giving up tax-exempt status may well be a very wise step for the NFL if it thereby reduces public scrutiny of its operations.*

OTHER ISSUES, TRENDS & DEVELOPMENTS

SO WHERE DO ILLINOIS AND CHICAGO GO FROM HERE? — The Illinois Supreme Court has ruled unanimously that a pension reform bill passed in late 2013 addressing unfunded pension liabilities for state employees was unconstitutional. The court faulted state lawmakers for creating the situation of unfunded liabilities, and for letting a temporary state income tax increase expire at the end of 2014. So there will be no relief from a \$105 billion pension liability at the state level, and Chicago and numerous other local governments are also looking at huge pension liabilities, liabilities which the court has ruled are untouchable. *One part of the court opinion on which all can agree is that state legislators (and many local governments) have created this situation by not funding pensions in good times and bad for decades. So what's to be done? Raise taxes? Borrow more? Cut other state spending? All of those are hard choices legislators and governors have ducked for decades. Constitutional amendment? Difficult to pass, and sure to create more court fights, and take lots of time. With one of the worst financial records in the country, Illinois is looking at higher interest rates when it borrows, taxpayer resistance to higher taxes, and threats of bankruptcy. Anyone expecting the state to help Chicago out of its pension problems is ignoring reality. Nonprofits looking to the state for financial support will be on even leaner times. It's not going to be pretty!*

H & H DEVELOPMENTS

Jonathan Howe presented "Contract Law and Events" for an Online Legal Symposium for a large American society of association executives. He also presented "Risk Management In Uncertain Times," a CMP qualifying session, for a group of meeting professionals in Nassau.

Naomi Angel reported on current legal trends and developments to a trade association of manufacturers at its midyear meeting.

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Contributors to this issue...

Terrence Hutton , John M. Peterson, and James F. Gossett

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