

**Mississippi Secretary of State
2008 Business Reform Committees
Minutes of Nonprofits/Charities Law Study Group Meeting # 3
August 12, 2008**

The third meeting of the Nonprofits/Charities Law Study Group was called to order on Tuesday, August 12, 2008 at 11:00 A.M. at the Office of the Secretary of State, 700 North Street, Jackson, Mississippi. A list of persons who were present or on the telephone is attached at Exhibit A.

Welcome and Introductory Remarks

Chairman Mark McCrary welcomed the committee members and thanked everyone for their continuing hard work.

Approval of Minutes

The minutes from the June 18, 2008, and July 22, 2008, meetings were unanimously approved.

Sub-Group Reports

Certification/Education Sub-Group Report

Sub-Group Chair Carol Burger made some introductory remarks and asked sub-group member Chris Blount to report on his research on the Iowa Nonprofit Resource Center (the "Center"). Mr. Blount explained that the Center has a publication called *Iowa Principles and Practices for Charitable Nonprofit Excellence*, and that Iowa nonprofit organizations may become listed on the Iowa Register of Accountability by adopting these principles and practices by board resolution. Blount stated that the adherence to these principles was not mandatory because Iowa policymakers did not want to place additional burdens on charities or the Secretary of State's Office. Listing on the Register of Accountability also entitles charities to use a special seal which signifies membership on the Register. The Iowa Center allows its seal to be downloaded freely, even by parties who are not listed on the Register. Mr. Blount and Ms. Burger disapproved of this practice.

Enforcement Sub-Group Report

Sub-Group Chair Greg Pirkle began with a summary of the issues his sub-group had discussed and condensed into a chart which is attached at Exhibit B. He noted that under the current laws, the Secretary of State's Office had little power to police "rogue" charities. He stated that the sub-group would recommend giving the Secretary of State subpoena and mediation powers as a remedy. Some discussion ensued concerning publication of penalties imposed upon charities by the Secretary of State's Office for misconduct. He mentioned that the group considered requiring charities to perform mandatory background checks on their employees in order to prevent charities from hiring employees who may have been convicted of

embezzling funds or other crimes. The group decided against this because of the expense involved to the charities. Pirkle mentioned that the group is considering recommending adoption of a state statute similar to a federal statute that requires a person who has received excess compensation from a charity to repay the charity. This led to a discussion of how a charity would know if it is paying fair market value and responses that there are published surveys available that contain comparable salary information for nonprofit employees. The statute if adopted would piggyback the IRS rules as to how to calculate fair market value. Mr. Pirkle expressed his desire to have everyone's opinion about his sub-group's issues.

Joint Committee Assignments

Model Registered Agent Act Joint Committee

Assistant Secretary of State Cheryn Baker gave an update on this committee assignment. She stated that members of several study groups had been assigned to the committee, and that the Secretary of State's staff was still working on the materials. Ms. Baker informed the group that Gina Jacobs agreed to chair this committee.

Conversion and Junction Box Statutes Joint Committee

Baker and Chairman McCrary explained that the conversion statutes joint committee would discuss creating a set of statutes which would allow a business entity to change its entity type (e.g., from an LLC to a corporation or a for-profit corporation to a non-profit corporation, etc.) without being required to merge with another entity. Ms. Baker noted that this would be a more long-term assignment than the other committee work currently under way.

Other Business

With no further business, the meeting was adjourned at 12:00 P.M.

Respectfully submitted,


Cheryn Baker
Assistant Secretary of State
Policy and Research

Exhibit A
The August 12, 2008 Nonprofits and Charities Committee Meeting

In Attendance:

Mark McCrary, Chair
Greg Pirkle, Vice-Chair
Chris Blount
Angela Carson
Larry Christian
Kim Erickson
Matt Holleman
Linda Montgomery
Ann Neal
Marc Ransier
Genie Thomas
Dolphus Weary
Warren Yoder

By telephone:

Carol Burger, Vice-Chair
Ivy Allen
Tom Buckley
Aletha Burge
Jet Hollingsworth
Bill Moak
Deborah Moore
Robert Paine
Bettie Ross
Ginger Weaver
Mike Wilbanks

Secretary of State Staff in Attendance:

Cory Wilson, Chief of Staff
Cheryn Baker, Assistant Secretary of State, Policy and Research
Doug Jennings, Senior Attorney, Policy and Research
Tanya Webber, Senior Attorney, Business Regulation and Enforcement
Kathy French, Business Regulation and Enforcement
Phillips Strickland, Division Coordinator, Policy and Research
Amy Foster, Intern, Policy and Research