

TESTIMONY OF CAROL COCHRAN
DIRECTOR OF THE COMMISSION ON CHARITABLE ORGANIZATIONS
BEFORE THE SPECIAL HOUSE INVESTIGATING
COMMITTEE INTO THE ADMINISTRATION OF JUSTICE
JULY 31, 1973

I AM CAROL COCHRAN, DIRECTOR OF THE COMMISSION ON CHARITABLE ORGANIZATIONS--THAT ARM OF PENNSYLVANIA'S DEPARTMENT OF STATE CHARGED WITH ENFORCING THE PROVISIONS OF THE SOLICITATION OF CHARITABLE FUNDS ACT #337 OF 1963 AS AMENDED.

THE COMMISSION, ITSELF, CONSISTS OF SEVEN MEMBERS: FOUR ARE STATUTORY, (THE SECRETARY OF THE COMMONWEALTH--WHO SERVES AS CHAIRMAN--THE SECRETARY OF HEALTH, THE SECRETARY OF WELFARE, AND THE ATTORNEY GENERAL) AND THREE ARE APPOINTED BY THE GOVERNOR. MY STAFF AND I PLAN AND CARRY OUT THE PROGRAM AT THE DIRECTION AND DISCRETION OF THE COMMISSIONERS.

THE SOLICITATION OF CHARITABLE FUNDS ACT REQUIRES A CHARITABLE ORGANIZATION THAT INTENDS TO SOLICIT (OR RECEIVE SOLICITATION IN ITS BEHALF) OF MONEY OR PROPERTY, TO FILE AN ANNUAL REGISTRATION STATEMENT WITH OUR OFFICE, PRIOR TO ANY FUND-RAISING BEING CONDUCTED.

THE STATUTE PROHIBITS ANY PERSON FROM ACTING AS A PROFESSIONAL FUND-RAISING COUNSEL OR PROFESSIONAL SOLICITOR FOR A CHARITABLE ORGANIZATION UNLESS THAT PERSON HAS FIRST REGISTERED WITH OUR OFFICE AND FILED THE PROPER BOND. AND, IT LIMITS A PROFESSIONAL SOLICITOR'S SHARE OF CONTRIBUTIONS RAISED FOR A CHARITY TO ONLY 15 PERCENT OF GROSS RECEIPTS.

IN ADDITION, THE ACT IMPUTES THE COMMISSION ON CHARITABLE ORGANIZATIONS WITH THE STATUTORY OBLIGATION TO INVESTIGATE CHARITIES AND WHERE IT FINDS THERE ARE VIOLATIONS, TO REFUSE TO REGISTER A CHARITY OR TO RENEW ITS SO-CALLED LICENSE TO SOLICIT. THE COMMISSION MAY ALSO REVOKE AN EXISTING LICENSE.

THE POWERS OF THE COMMISSION TO INVESTIGATE AND REGULATE ARE BROAD AND GENERAL IN SCOPE. IT MAY AUTOMATICALLY REVOKE THE LICENSE OF A CHARITY WHERE THE GROUP HAS EXCEEDED 35 PERCENT OF ITS GROSS RECEIPTS FOR FUND-RAISING COSTS. THE SAME HOLDS TRUE WHERE THE COMMISSION FINDS THAT THE CHARITY IS ENGAGED IN FRAUDULENT TRANSACTIONS OR WHERE THE SOLICITATION WOULD BE A FRAUD UPON THE PUBLIC. THE SAME IS ALSO TRUE, WHERE THE ACTIVITIES OF THE ORGANIZATION TO BE FINANCED "WILL BE INCOMPATIBLE WITH THE HEALTH, SAFETY OR WELFARE OF THE CITIZENS OF THE COMMONWEALTH OF PENNSYLVANIA."

WITH THAT IN MIND, LET ME BRIEFLY EXPLAIN WHAT BROUGHT US TO OUR PRESENT INVESTIGATION INTO THE ACTIVITIES SURROUNDING SOLICITATIONS CONDUCTED ON BEHALF OF THE FRATERNAL ORDER OF POLICE.

ON JULY 16, 1973, COUNSEL FOR YOUR COMMITTEE BROUGHT TO THE ATTENTION OF OUR OFFICE THE ALLEGATION THAT THERE ARE A NUMBER OF PROFESSIONAL SOLICITORS CONDUCTING VARIOUS FUND-RAISING PROJECTS THROUGHOUT PENNSYLVANIA FOR LOCAL LODGES OF THE FRATERNAL ORDER OF POLICE.

PRELIMINARY EXAMINATION OF RECORDS REVEALED THAT NONE OF THE LODGES NOR THEIR PROFESSIONAL SOLICITORS ARE REGISTERED WITH THE COMMISSION.

THIS, IN ITSELF, WE REGARD AS A SERIOUS VIOLATION OF THE ACT; BUT, TO MAKE MATTERS FAR WORSE, WE FOUND THAT CONTRACTS ENTERED INTO BY LOCAL LODGES AND PROFESSIONAL SOLICITORS FAR EXCEED THE 15 PERCENT LIMITATION THAT THE STATUTE PLACES ON A PROFESSIONAL SOLICITOR'S SHARE OF GROSS RECEIPTS.

WE IMMEDIATELY CONTACTED THE PRESIDENT OF THE F.O.P.'S STATE ORGANIZATION, PAUL G. COTTER, WHO PROMISED FULL COOPERATION, AND RECOMMENDED THAT WE CONTACT THE RECORDING SECRETARY, LT. QUENTIN T. HAMORY, IN ORDER TO REGISTER THE STATE ORGANIZATION AND TO SECURE THE NAMES AND ADDRESSES OF ALL LOCAL LODGES.

A REGISTERED LETTER TO THAT EFFECT WAS SENT TO LT. HAMORY ON JULY 18, 1973.

IN A SUBSEQUENT TELEPHONE CONVERSATION, LT. HAMORY STATED THAT IT WAS HIS UNDERSTANDING THAT THE ORGANIZATION WAS NOT SUBJECT TO THE SOLICITATION OF CHARITABLE FUNDS ACT BECAUSE THE GROUP HELD AN EXEMPTION FROM PAYING FEDERAL INCOME TAX, UNDER SECTION 501 C (4) OF THE UNITED STATES INTERNAL REVENUE CODE.

IT IS OUR POSITION THAT THE GRANTING OF SUCH AN EXEMPTION BY THE INTERNAL REVENUE SERVICE DOES NOTHING MORE THAN RELIEVE THE ORGANIZATION OF THE REQUIREMENT TO PAY FEDERAL INCOME TAX. IN NO WAY DOES THE GRANTING OF SUCH AN EXEMPTION TRANSFORM THE ORGANIZATION INTO ANY TYPE OF FEDERAL AGENCY, WITH ITS ACCOMPANYING IMMUNITY FROM REGULATION BY THE STATE GOVERNMENT. THEREFORE, IF THE FRATERNAL ORDER OF POLICE CAME WITHIN THE REGULATORY PROVISIONS OF ANY STATE LAW, IT MUST COMPLY.

A REVIEW OF THE ACTIVITIES OF THE FRATERNAL ORDER OF POLICE INDICATES THAT IT IS A CHARITABLE ORGANIZATION AS DEFINED BY THE ACT. IT ALSO APPEARS THAT IT SOLICITS FROM THE GENERAL PUBLIC IN PENNSYLVANIA AND THEREFORE COMES WITHIN THE PURVIEW OF THE SOLICITATION OF CHARITABLE FUNDS ACT.

AND I HAVE SENT A SECOND LETTER, TO THIS EFFECT, TO LT. HAMORY--AGAIN REQUESTING PROMPT REGISTRATION AND COOPERATION IN CONTACTING THE LOCAL LODGES. I HAVE ALSO REQUESTED THAT ALL OF THE ORGANIZATION'S FINANCIAL RECORDS, AS WELL AS CONTRACTS WITH PROFESSIONAL SOLICITORS, BE SUBMITTED TO OUR OFFICE FOR AUDIT AND REVIEW, IMMEDIATELY.

LET ME ASSURE YOU, THAT WE INTEND TO CONDUCT A FULL INVESTIGATION INTO THIS MATTER--NOT ONLY BECAUSE OF OUR STATUTORY OBLIGATIONS, BUT BECAUSE OUR GOAL IS TO PROTECT THE PUBLIC---AND, WHAT IS PARTICULARLY IMPORTANT IN THIS CASE, TO PROTECT THE COP ON THE BEAT. WE ARE VITALLY CONCERNED THAT THE BLAME FOR ANY MISUSE OF MONIES SOLICITED MAY WRONGFULLY FALL ON THE AVERAGE POLICEMAN OR POLICEWOMAN WHO IS CONSCIENTIOUSLY SERVING THE PUBLIC. WE INTEND TO BE CERTAIN THAT FUNDS RAISED ARE PUT TO PROPER USE, THAT IS, TO HIS OR HER BENEFIT.

Clarence L. Kulp^{South} - Penna Chief of pol.

Del.

Bush

South Jersey

Wilber

Earl Kelly^{Pres.} - Chief

Whitpain Township

John Rooder - Central Penna. Chief