

Act Number:	09-119	
Bill Number:	5222	
Senate Pages:	4247, 4266-4268	4
House Pages:	1270-1274	5
Committee:	General Law: 184-186, 305-307	6

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2009**

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bill, and if there is no objection, I'd like to put
this on the consent calendar.

THE CHAIR:

Is there any further discussion on Senate Bill
920 as amended by Senate A? Seeing none, there's a
motion on the floor to place the item on consent.
Seeing no objection, so ordered, ma'am.

SENATOR PRAGUE:

Thank you.

THE CHAIR:

Senator Looney?

SENATOR LOONEY:

Thank you, Mr. President. For some additional
markings and to place items on the consent calendar.

THE CHAIR:

Please proceed, sir.

SENATOR LOONEY:

Thank you, Mr. President. The next scheduled go
item, calendar page 24, Calendar 238, House Bill 5222,
Mr. President, I would ~~move to place that item on the~~
consent calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

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THE CHAIR:

Senator Meyer requests that this item be put on consent. Seeing no objection, so ordered. Mr. Clerk?

THE CLERK:

Mr. President, that completes those items previously marked go.

THE CHAIR:

Senator Looney?

SENATOR LOONEY:

Thank you, Mr. President. If the Clerk might now call the first consent calendar?

THE CHAIR:

Mr. Clerk, please call the first consent calendar, and the machine will be open. Excuse me. Please call the consent calendar.

THE CLERK:

Immediate roll call has been ordered in the Senate on the consent calendar. Will all Senators please return to the chamber? Immediate roll call has been ordered in the Senate on the consent calendar. Will all Senators please return to the chamber?

Mr. President, those items placed on the first consent calendar begin on calendar page 6, Calendar 486, substitute for Senate Bill 650. Calendar page

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17, Calendar Number 660, substitute for House Bill 5262.

Calendar 664, House Bill 5894, calendar page 23.
Calendar Number 202, Senate Bill 74. Calendar page
24, Calendar 220, substitute for Senate Bill 866.

Calendar 227, substitute for Senate Bill 920.
Calendar 238, House Bill 5222. Calendar 243, House
Bill 6501. Calendar page 29, Calendar Number 357,
substitute for Senate Bill 995.

Calendar page 33, Calendar 471, Senate Bill 1128.
Calendar 481, substitute for Senate Bill 533.
Calendar 499, Senate Bill 1099, and calendar page 37,
Calendar 321, Senate Bill 271.

Mr. President, that completes those items placed
on the first consent calendar.

THE CHAIR:

Please call the consent calendar. The machine
will be open.

THE CLERK:

The Senate is now voting by roll call on the
consent calendar. Will all Senators please return to
the chamber? The Senate is now voting by roll call on
the consent calendar. Will all Senators please return
to the chamber?

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THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be locked. The Clerk will call the tally.

THE CLERK:

Motion is adoption of Consent Calendar Number 1.

Total number voting 35

Those voting yea 35

Those voting nay 0

Those absent and not voting 1

THE CHAIR:

Consent Calendar Number 1 passes. Senator
Looney?

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I would move for suspension for immediate transmittal to the House of Representatives of all items acted upon today requiring action in that chamber.

THE CHAIR:

There's a motion on the floor for suspension of the rules for immediate transmittal. Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I would

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call. Members of the Chamber. The House is voting by roll call. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Members, please check the board to determine if your vote has been properly cast. If all members have voted, the machine will be locked. The Clerk will take a tally. Clerk will please announce the tally.

THE CLERK:

House Bill 6471.
Total Number Voting 143
Necessary for Passage 72
Those voting Yea 142
Those voting Nay 0
Those absent and not voting 8

SPEAKER DONOVAN:

Bill is passed. Clerk please call Calendar 105.

THE CLERK:

On page 6, Calendar 105, House Bill Number 5222,
AN ACT CONCERNING CHARITABLE DONATION BINS, favorable
report of the Committee on General Law.

SPEAKER DONOVAN:

Representative Shapiro.

REP. SHAPIRO (144th):

Thank you, Mr. Speaker. Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER DONOVAN:

Question is on acceptance of the Joint Committee's favorable report and passage of the bill. Will you remark?

REP. SHAPIRO (144th):

Yes. Thank you, Mr. Speaker. Mr. Speaker, this is a bill that requires notification regarding the for-profit or nonprofit nature of certain donation bins. And the Clerk as an amendment, LCO 5227, I would wish the Clerk would call and I be permitted to summarize.

SPEAKER DONOVAN:

Will the clerk please call LCO 5227, which will be designated House Amendment A.

THE CLERK:

LCO number 5227, House Amendment Schedule A
offered by Representatives McCluskey and Olson.

SPEAKER DONOVAN:

Representative seeks leave of the Chamber to summarize the amendment. Is there objection to

summarization? Is there objection? If not, hearing none, Representative Shapiro, you may proceed with summarization.

REP. SHAPIRO (144th):

Thank you, Mr. Speaker. The amendment is a clarifying amendment. It provides for two things. The first is that it requires that anyone who puts a donation bin on their -- on someone else's property must have the permission of that donor. I think that's a good belt-and-suspenders approach, although I doubt they'd be able to do otherwise. And in addition, we define public place, which has its definition in three other places in the statute for consistency purpose, and I move adoption of the amendment.

SPEAKER DONOVAN:

Question before the Chamber is adoption of House Amendment Schedule A. Will you remark on the amendment? Will you remark on the amendment? Hearing none, I'll try your minds. All those in favor of the amendment, signify by saying, aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

All those opposed, nay.

The ayes have it. The amendment is adopted.

Remark further on the bill as amended? Remark further on the bill as amended? If not, staff and guests come to the well of the House. Members take their seats.

The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is voting by roll call. Members to the Chamber, please.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? Members, please check the board to make sure your vote has been properly cast. If all the members have voted, the machine will be locked. The Clerk will take a tally. Clerk, please announce the tally.

THE CLERK:

House Bill 5222, as amended by House A.

Total Number Voting 142

Necessary for Passage 72

Those voting Yea 141

Those voting Nay 0

Those absent and not voting 9

SPEAKER DONOVAN:

Bill as amended is passed. Are there any
announcements or introductions? Any announcements or
introductions? Representative Boukus.

REP. BOUKUS (22nd):

Thank you, Mr. Speaker. Mr. Speaker, I'd like to
list the Legislators that missed votes. For journal
notation, Representative Nardello is ill;
Representative Lawlor, family illness; Representative
Santiago is out, was involved in a car accident today;
Representative Giannaros, out of state on legislative
business; Representative Gonzalez, out a state on
legislative business; Representative Candelaria,
family business; and Representative Backer, out of
state.

For transcript notations, Representative
Geragosian, legislative business outside the Chamber,
along with Representative Staples. Representatives
Green, Bye And McCrory had legislative business in the
district. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Are there any
announcements or introductions? No announcements or
introductions? Representative Merrill.

REP. MERRILL (54th):

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in the appraisals that aren't even supposed to be there, and they'll argue with us to put it in.

I'm sorry. I just thank you for letting me be here, and I'm done.

REP. SHAPIRO: Okay. We appreciate your testimony and your passion.

Do we have any questions?

Thank you very much and thank you for waiting so long.

KRIS TUFARO: Thank you.

JOHN CARUSO: Good afternoon, Chair and the committee. I'm a little nervous. I'm here to talk about Bill 5222. My name is John Caruso. I'm founder and president of Charities of Hope, Incorporated, a 501(c)3 organization based out of Cromwell, Connecticut.

Charities of Hope was started in August of 2002 by me as a way of giving back to the community. I was introduced to the industry by a close friend and was intrigued by the operation and what I thought was the general purpose. After doing research on the companies in the industry, I found that it was a viable industry and that if it was operated correctly, a company would be able to give back to local community and organizations that I supported it -- that I supported. So I built Charities of Hope to give back at the community level.

I started out with five locations and since have grown to 85, donating eight to ten percent of my revenue to local communities, cancer organizations and other nonprofit organizations.

In a March 15, 2005 press release by Attorney General Richard Blumenthal to the Hartford Courant it stated that several organizations in the clothing industry had violated the state's charitable solicitation law and state unfair trade practice law. It was stated in these articles little to none of the proceeds went to breast cancer charities. During this time one of the organizations went out of business, while the other organization named in the article still operates today under a private company utilizing St. Vincent DePaul USA name. This has -- this became a long, dragged out civil suit that ultimately charged one individual who has eluded the repercussions of this suit.

I agree that a law needs to be passed to protect the public from fraudulent charities, and I agree with the base premises behind Bill Number 5222. A good share of the industry operates as recycling companies who compensate a charity to use the name of the charity on their bins, so it's technically a business arrangement, not a revenue based on the amount of clothing and shoe collections. I feel the wording on the bin should inform the public that the bin is owned by a for profit organization, not by the nonprofit that is advertised on the bin. The companies that practices in the clothing and shoe collection industry are representing themselves as charities when in fact are not. All the companies should be regulated as charities. If you are acting like a charity, you should have to follow charity guidelines.

It is because of these reasons I truly believe that the state has to put well-defined regulations in place to protect the community and nonprofit organizations. Thank you.

And there's a lot flying under the wire that I didn't even touch on this that double dip. You know, I could start another charity -- start a company, say Caruso's Recycling, and then set my wife up in Tracy's Cancer Fund, and because I fly under the IRS and some state guidelines of not handling a lot of exorbitant money, I give her ten thousand dollars a year, I get to use that name and put it on all the bins, and I don't have to report what I'm making, and a lot of that is going on. And, you know, we all have the same expense, we all do the same thing, but they don't have to show their books, and that's the difference between the 503(c) and a person with integrity.

So I'm here to, please, do something, something good, because there are a lot of people -- and I have written, my wife has written Blumenthal many, many letters and, you know, it's a loss, so you can make a difference.

REP. SHAPIRO: Do members have questions?

No? Thank you very much for your testimony.

JOHN CARUSO: Thank you for your time.

REP. SHAPIRO: Representative Mushinsky, followed by Tom Byers.

REP. MUSHINSKY: Thank you, Mr. Chairman and members of the general law committee. I'm Representative Mary Mushinsky from Wallingford, and I'm speaking in support of Proposed Bill 5159, An Act Concerning Automobile Warranty Companies.

I filed the bill to promote honest disclosure to auto repair customers, and I had my ear



State of Connecticut

HOUSE OF REPRESENTATIVES
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ENVIRONMENT COMMITTEE

MEMBER
APPROPRIATIONS COMMITTEE
HUMAN SERVICES COMMITTEE

Good afternoon, Senators Colapietro and Witkos, Representatives Shapiro and Bacchiochi and Committee Members. Thank you for holding a public hearing on HB5222 AAC Charitable Donation Bins. The bill before you today was modeled after legislation from the 2007 session which the General Law Committee saw fit to pass out of committee on a unanimous vote. Unfortunately, the 2007 version contained a section dealing with increasing registration fees and that bill died when Finance, Revenue and Bonding chose not to act on it.

The stated purpose of the bill before you today is 'to protect the public by preventing fraud related to donation bins.' I hope that you will give further consideration to expanding the purpose to include protecting the public by requiring that each donation bin also display the percentage of total proceeds that the sponsoring charity receives. It has come to my attention that well-known charitable organizations are allowing entrepreneurs to use the organization's name or logo in order to receive a small percentage of the total proceeds. While I find no fault with any charity for engaging in such a practice, I do find it to be somewhat deceitful to the general public. I believe that most people assume that the sponsoring organization receives a significant amount, if not all of the proceeds derived from the donated items. By requiring the display of information about the organization as well as informing donors as to what percentage of their donations end up in the hands of the intended charity, the public is better served.

Thank you again for holding a hearing on HB5222 AAC Charitable Donation Bins and for your further consideration of this bill.

RICHARD BLUMENTHAL
ATTORNEY GENERAL



55 Elm Street
P.O. Box 120
Hartford, CT 06141-0120

Office of The Attorney General
State of Connecticut

*TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE GENERAL LAW COMMITTEE
FEBRUARY 5, 2009*

I appreciate the opportunity to support House Bill 5222, An Act Concerning Charitable Clothing Bins.

The proposal requires clear disclosure on any donation bin whether the donation will benefit a charitable organization and, if so, provide the name of such charity. The legislation adopts the same public disclosure requirements for donation bins as contained in a recently approved New Jersey law. Under this proposal, each donation bin must state whether the donation benefits a charity and, if it does, provide a notice that the donor may contact the Department of Consumer Protection for more information on the charity. This information assures that consumers are making an informed decision when donating articles for the benefit of a charity.

I urge the committee to also consider the attached amendment that clarifies that the owner of a donation bin is a paid solicitor under the Solicitation of Charitable Funds Act and requires donation bins to clearly state the charity for whom the donation benefits.

An owner of several dozen clothing donation bins has refused to register as a paid charitable solicitor under state law and to provide clear disclosure of the funds that have been collected through donations and how much has been provided to the designated charity. The registration and disclosure law is applicable to any person who raises funds for a charity in the state of Connecticut and ensures proper state oversight of those funds. Another charitable donation bin investigation uncovered a scam where a for-profit operator of donation bins would pay a fee to a charity in return for using that charity's name on the donation bin. Many people donated clothes thinking they were providing a direct donation. However, the clothing was simply sold to a bulk supplier overseas and only a small portion of the proceeds ever reached the charity. The for-profit company kept most of the revenue.

I urge the committee to favorably consider House Bill 5222 with the attached amendment.



February 5, 2009

Subject: Proposed Bill No. 5222

My name is John Caruso, I am the founder and President of Charities of Hope, Incorporated, a 501 (c) 3 organization based out of Cromwell, Connecticut. Charities of Hope was started in August 2002, by me as a way to give back to the community. I was introduced to the industry by a close friend and was intrigued at the operations and what I thought was the general purpose. After doing research on the companies in the industry, I found that it was a viable industry that if operated correctly a company would be able to give back to the local communities and organizations that supported it. So I built Charities of Hope, Inc., to give back on the community level. I started out with five locations and have since grown to 85 locations, donating 8-10% of my revenue to local communities, cancer organizations, and other nonprofit organizations.

In a March 15, 2005 press release by Attorney General Richard Blumenthal to the Hartford Courant, it is stated that several organizations in the clothing bin industry had violated the state's charitable solicitation law and the state's unfair trade practice law. It was stated in the article that "little to none of the proceeds went to the breast cancer charities." During this time one of the organizations went out of business, while the other organization named in the article still operates today under a private company utilizing the St. Vincent DePaul USA name. This became a long dragged out civil suit that ultimately charged only one individual who has eluded the repercussions of the suit.

I agree that a law needs to be passed that protects the public from fraudulent charities and I agree with the basic premise behind Bill No. 5222. A good share of the industry operates as recycling companies who compensate a charity to USE the name of the charity on their bins. So it is technically a business arrangement, NOT a revenue based on the AMOUNT of the clothing and shoe collections. I feel the wording on the bin should inform the public that the bin is ***owned by a for profit organization and not by the non-profit that is advertised on the bin.*** The companies that participate in the clothing and shoe collection industry are representing themselves as charities when in fact they are not. All the companies should be regulated as charities, if you are acting like a charity you should have to follow charity guidelines.

It is because of these reasons that I truly believe that the state has to put well defined regulations in place to protect the community and non-profit organizations.

Respectfully,

A handwritten signature in black ink that reads "John H. Caruso, Jr." in a cursive style.

John H. Caruso, Jr.
President and Founder