

## **Texas-Based Fundraiser to Pay \$75,000 and Will Correct Michigan Humane Society Clothing Donation Bins**

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**LANSING** – Michigan Attorney General Bill Schuette today announced a settlement with Texas-based clothing donation bin operator ATRS. The settlement resolves the Attorney General’s lawsuit alleging that ATRS’s 251 clothing bins operated for the Michigan Humane Society were deceptively labeled.

“Professional fundraisers and charitable organizations must be truthful in their charitable solicitations,” said Schuette. “I’m grateful for ATRS’s cooperation in reaching this settlement, which gets ATRS into compliance with Michigan law and allows them to keep raising funds for the Michigan Humane Society.”

Under the settlement, ATRS will pay a civil fine of \$75,000, part of which will cover the Department’s investigative costs. The company will also fix its clothing donation bins disclosures so that the bins will state the per pound amount that each clothing donation generates for the Michigan Humane Society. The Department will voluntarily dismiss the civil complaint it filed against ATRS in Circuit Court.

### **BACKGROUND**

ATRS came to the attention of the Attorney General’s Charitable Trust Section during the investigation of another professional fundraiser, Michigan-based Golden Recyclers. (In early 2017, **Golden Recyclers agreed to pay \$35k** for deceptively operating its clothing donation bins.)

ATRS owns and operates 251 bins throughout Michigan, including Detroit, Lansing, Jackson, Kalamazoo, Battle Creek, and surrounding areas. ATRS's sole Michigan client is the Michigan Humane Society. By its contract with the Michigan Humane Society, ATRS pays the Michigan Humane Society \$.02 per pound for all items donated in the Michigan Humane Society-labeled bins.

As part of its 2016 fundraising license renewal, ATRS submitted a campaign financial statement showing it had collected roughly \$50k for the Michigan Humane Society, but reporting no campaign costs. In light of ATRS's \$.02 per pound contract with the Michigan Humane Society, this campaign report appeared false, so the Attorney General began investigating. The investigation confirmed that ATRS was not disclosing hundreds of thousands of dollars of campaign costs; moreover, the investigation revealed that ATRS's bins included deceptive stickers that misrepresented that 100% of the market value of donated items benefited the Michigan Humane Society.

In April 2017, the Attorney General issued a **Notice of Intended Action** against ATRS and ordering it to cease using the deceptive stickers. Since that time, ATRS has covered up the "100%" portion of the sticker, but was not able to agree to a penalty, leading to the present lawsuit.

## **CHARITABLE SOLICITATIONS RESOURCES**

Complaints regarding charitable solicitations may be filed through the Attorney General's online complaint form, or by mailing the Charitable Trust Section at P.O. Box 30214, Lansing, MI 48909-7714, or by emailing the Charitable Trust Section.

To assist individuals in making wise decisions regarding which charitable donations to support, Attorney General Schuette established **an online searchable database for charities**. The Attorney General also publishes an **annual professional fundraising charitable solicitation report**. Through these resources, users have access to information to aid them in determining which charities are worth supporting—and which are not. The Attorney General's Charitable Trust Section is also available at 517-373-1152 to answer inquiries about a charity.

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