

CA Crowdfunding: New Online Registration Portal

06.19.24 | Linda J. Rosenthal, JD



In early autumn 2021, California lawmakers and Governor Newsom happily unveiled the nation's first-of-its-kind charitable crowdfunding law. See [A New Crowdfunding Law – at Last!](#) (September 28, 2021), *FPLG Blog*.

It had taken several years of consensus-building among the government (lawmakers, regulators, and the governor), the charitable community, and the crowdfunding industry to achieve that badly needed legislation. Multiple attempts at legislation failed. One observer in 2018 had – snarkily – nicknamed California the state “[where crowdfunding goes to die.](#)”

The successful legislation – [AB 488](#) – signed into law on October 7, 2021 was a huge achievement but it was not the end of the story. Lawmakers knew that there were major operational details to be worked out through the standard administrative process of drafting regulations with input from the public.

The Assembly Members and Senators delayed many of the effective dates, hoping that everything would be ready to go by January 1, 2023. But despite diligence and collegiality among the stakeholders, it's taken a total of 2-½ years, three sets of proposed regulations, and several effective-date continuations to get us to the final set of published regulations.

On March 24, 2024, the Attorney General's Office, published [final regulations](#). See [Attorney General Bonta Announces Final Regulations Implementing New Online Charitable Fundraising Law](#) (April 16, 2024) *Press Release, Office of the CA Attorney General*. Many of the provisions went into effect immediately, with some stragglers delayed until June 12, 2024, and (just a few) inoperative until January 1, 2025.

This is a story we've covered extensively over several years. See [Final CA Crowdfunding Regulations – At Last!](#) (April 11, 2024), *FPLG Blog*. There are links there to our earlier posts as well as to the key source documents related to these final regulations. Included as well are links to some notable expert analysis and commentary available by then.

Now, there's more news.

AG Rob Bonta has recently activated a brand-new online information and compliance portal: see [Charitable Fundraising Platforms Home](#) (the "Portal"). A central feature of AB 488 was creation of two new categories of regulated fundraising-related entities: "Charitable Fundraising Platforms" and "Charitable Platforms."

Among the legal duties imposed are mandatory registration and renewal requirements (including timely payment of fees) as well as annual reporting obligations. Most of these compliance activities must be done online using the [Online Filing Service](#).

A Bit of Background Once Again

Why was this legislation so badly needed?

As we've explained in earlier posts, the "... phenomenon of internet-giving exploded suddenly onto the scene" about a decade before 2021. It grew dramatically in popularity: flourishing in an unregulated – Wild-West, "anything goes" – setting. This chaos, confusion and instances of wrongdoing and fraud happened in part because existing charitable-solicitation statutes (in California and around the nation) were designed only with traditional fundraising campaigns in mind. They were wholly inadequate for coherent and meaningful government regulation of online appeals. See [CA Charitable Crowdfunding: New Proposed Regs](#) (May 31, 2022), *FPLG Blog*.

In a [wrap-up summary](#) of AB 488 just after it was enacted in October 2021, the California Association of Nonprofits – (a key player in shepherding this landmark legislation over the finish line) – commented: "Fundraising platforms will no longer be able to hide fees, use nonprofits' names to raise funds without permission, or hang onto donations indefinitely."

CalNonprofits further pointed out that these newly regulated platforms will also "have to disclose all processing fees upfront. They'll need to get consent, in most cases, before using a nonprofit's name to solicit funds. And they'll be required to distribute donations to nonprofits promptly and offer some transparency to the money's path. Online platforms will have to register with the Attorney General (AG), placing them under the AG's supervision going forward."

According to the Press Release from the Office of the California Attorney General, this new statutory scheme "will ensure critical oversight by the California Department of Justice over charitable fundraising that occurs on internet platforms,...." AB 488 will protect both donors and charities from deceptive or misleading solicitations by creating a framework that specifically defines online platform entities and requires them to register and report to the Attorney General's Registry of Charitable Trusts." See [California State Senate Advances AG-Sponsored Bill to Provide Oversight and Protection of Online Charitable Donations](#) (September 1, 2021)

Specifically, [AB 488](#):

- “Create[s] a level playing field for all charitable giving platforms, regardless of business model, by defining two new groups of entities, ‘charitable fundraising platforms’ and ‘platform charities’ that are subject to the Attorney General’s supervision;
- Require[s] covered entities to provide meaningful and transparent disclosures on their internet platforms, promptly distribute donations, and prohibit solicitations for charities not in good standing with the Attorney General’s Registry of Charitable Trusts;
- Permit[s] some instances of soliciting for a charity without prior consent if certain criteria that safeguard against harm to charities and the public are met; and
- Authorize[s] the Attorney General’s Office to implement regulations to require donor notification and reporting requirements, and to encourage transparency and accountability.”

There’s a New Sheriff in Town

What the final regulations do – (and we’ll all find out how well in the next weeks and months) – is flesh out the details of both the spirit and letter of AB 488 as well as develop procedures for the new compliance duties of “charitable fundraising platforms” and “charitable platforms.”

The full text of the [final regulations](#) in the California Code of Federal Regulations is 58 pages long. As regulations go, that’s about average size. Of course, there are alternatives including (1) the large amount of helpful information at the Attorney General’s new Portal; and (2) additional plain-English explanations, commentaries, and analyses by charitable-sector professional advisors; see updated list, below.

The Portal

The [Charitable Fundraising Platforms Home](#) (the “Portal”) includes the all-important details about the registration, renewal, and fundraising-report duties that are mandatory for the newly regulated entities. (Generally, because the June 12th deadline for many of these requirements has come and gone so quickly after publication of the final regulations, the AG states there won’t be any penalties if the documents are filed and fees paid before October 12, 2024.)

The Portal also includes helpful explanations of the key provisions of AB 488 including the definitions of “charitable fundraising platform” and “charitable platform.” These categories are a bit broader than you may assume, so it’s critical to check them out. There is also a nebulous overlapping category; that is, when a charitable fundraising platform is also a charitable platform.

Finally, the Portal also has a separate “Legal Obligations” tab.

This section first summarizes the “other notable [legal] requirements” that became effective on or before June 12, 2024. These include: the prohibition against soliciting funds for charities not in good standing; the rules against “misuse” or “diversion” of funds; the duty to “make conspicuous disclosures” to avoid “confusion”; and how to properly make solicitations for “non-consenting” charities.

That section also includes a summary of the “additional ‘notable requirements’ that will become effective January 1, 2025.” They include: how charitable fundraising platforms may safely make

“agreements with charities that provide consent to use their name in solicitations...”; requirements for tax-donation receipts; time frames in which referenced charities must be sent the monies collected; rules about providing to charities “accountings of donations”; and the “ability for platform users to learn whether donations were sent to charities in accordance with [California Code of Regulations, title 11, section 322](#), when applicable.”

More Expert Commentary

In addition to reading material cited a few months ago in [Final CA Crowdfunding Regulations – At Last!](#) (April 11, 2024), *FPLG Blog*, consider several more recent and notable contributions, including:

- [Regulations Implementing California’s Charitable Fundraising Platform Law Finalized: Significant Compliance Changes Lie Ahead](#) (May 1, 2024) Ashleigh A. Allione, Esq., et al., Venable LLP
- [California Issues Final Regulations to Charitable Fundraising Platform Law – Five Things You Need to Know](#) (May 7, 2024) Shirley McLaughlin, Esq., et al., Adler & Colvin
- [California Regulations: Charitable Fundraising Platforms and Platform Charities – Part 1](#) (May 11, 2024) Gene Takagi, Esq., *NEO Law Blog*
- [AB 488 Online Filing Available](#) (June 7, 2024) Shirley McLaughlin, Esq. & Emily Chan, Esq., Adler & Colvin
- [Crowdfunding and Charitable Compliance: An Overview of California’s New-ish Law](#) (June 11, 2024) Patrick Hogan, Esq., *Mill Law Center*

It’s still early days yet, so we can expect a mountain of additional articles and blog posts dribbling in soon.

Conclusion

In a blog post in 2021 about AB 488, Jan Masaoka, then-CEO of the California Association of Nonprofits, wrote: “This legislation [impacts every single person](#) who clicks on that ‘donate now’ button and every single nonprofit that receives funding this way....It may be low-profile, but it’s most certainly high-impact and meaningful.”

This landmark law is by no means “low-profile.” It has properly piqued keen interest not only in the Golden State but around the nation, as other jurisdictions consider their own proposals and ideas for new charitable-crowdfunding oversight and enforcement.

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