



NEW YORK STATE SENATOR

Lee M. Zeldin

Zeldin Wants State Legislature to Tackle Nonprofit Abuse in 2012

LEE M. ZELDIN August 1, 2011

| ISSUE: **CONSUMER PROTECTION**

State Senator Lee M. Zeldin (R,C,I- Shirley) released the following statement today after the New York Post reported that 196 nonprofits were registered at one Brooklyn home:

"In recent weeks and months, media outlets throughout New York City and Long Island have reported one eye opening story after another about nonprofit abuse in New York State.

Today, the New York Post reported that 196 nonprofits were registered at one Brooklyn home. In recent weeks, other articles have revealed other abuses elsewhere concerning compensation packages, reckless spending and frequent misappropriation of government grants. There are obviously widespread problems that must be dealt with in earnest.

The public, whether through tax dollars or private donations, is being duped into financing many nonprofit organizations that exploit loopholes that provide personal profit despite a tax status that suggests otherwise.

The New York State Legislature should proactively consider the issues surrounding each of these news accounts, and develop ideas and concepts that will crack down on the abuse being committed. My staff and I will be directing a considerable amount of our time to researching these issues and formulating a plan to help lead the charge when the legislature reconvenes in 2012.

Government grants should not be used to line one's pockets, especially when the recipient is a close friend or relative of the lawmaker who secures the grant. Additionally, when

compensation packages exceed a certain threshold, the nonprofit should be converted to “for profit” status. Also, there should be appropriate oversight to confirm that government grants are being used for its intended purpose. Otherwise, the nonprofits should be providing refunds to the government entity that issued the payment. Finally, confidence by donors must improve to encourage future charitable giving, a task requiring increased accountability and transparency of the entire system.

There are many great nonprofits throughout this state and country doing amazing work to efficiently improve the quality of life of the communities each serve. The reputation of the nonprofit world is being tarnished as others abuse the system for selfish gains. I look forward to hopefully playing a role in addressing this growing problem in our state.”