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Courtroom Number: 2410
Location: District 1 Court
Cook County, IL

FILED
1/13/2020 12:35 PM
DOROTHY BROWN
CIRCUIT CLERK
COOK COUNTY, IL
2020CH00406

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION**

THE PEOPLE OF THE STATE OF ILLINOIS ex rel. KWAME)
RAOUL, Attorney General of Illinois,)
Plaintiff,)
vs.)
PAYPAL CHARITABLE GIVING FUND, INC., a District of)
Columbia corporation,)
Defendant.)

8050343

No.
2020CH00406

COMPLAINT FOR EQUITABLE RELIEF

NOW COMES the PEOPLE OF THE STATE OF ILLINOIS *ex rel.* KWAME RAOUL, Attorney General of Illinois (hereinafter the "PEOPLE"), and complains of Defendant PAYPAL CHARITABLE GIVING FUND, INC., a District of Columbia corporation (hereinafter "PPGF"), and states as follows:

GENERAL ALLEGATIONS / PARTIES

1. This cause is brought for and on behalf of the PEOPLE by and through the Attorney General of Illinois pursuant to the Solicitation For Charity Act, 225 ILCS 460/1 *et seq.* (hereinafter the "Solicitation Act) and the common law power and duty of the Attorney General to protect the interests of the PEOPLE OF THE STATE OF ILLINOIS in matters pertaining to charitable organizations and the integrity of charitable assets and funds solicited and collected for charitable purposes.

2. The PEOPLE OF THE STATE OF ILLINOIS are the ultimate beneficiary or *cestui que trust* of all Illinois charitable assets and property, and the Attorney General, in his capacity as the legal representative of the PEOPLE OF ILLINOIS, has the common law power and duty to protect the interests of the PEOPLE OF ILLINOIS in all such property, including by any legal proceedings.

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3. Defendant PPGF is a District of Columbia corporation with its principal place of business at 1250 I Street N.W., No. 1200, Washington, D.C. 20005. PPGF is a nonprofit corporation doing business throughout the United States, including in Illinois.

4. Third-party fundraising platforms are entities that either facilitate charitable giving or solicit charitable funds using the world wide web. These platforms vary in structure and design. One such structure is comprised of a charity that receives charitable contributions from individuals and then makes grants to charities selected by those individuals. PPGF has this structure. At no cost to the donor or the charity, individuals can donate to PPGF and select a charity to which PPGF will then distribute an amount equal to the individual's donation.

5. Selected charities are vetted by PPGF before the distribution occurs, and in some cases, the donor's selected charity does not pass PPGF's vetting requirements. When a selected charity does not pass PPGF's vetting requirements, PPGF redirects the charitable funds to a similar charity who has passed PPGF's vetting process. Prior to its 2016 giving campaign, PPGF only listed charities that registered with PPGF, maintained accounts with PayPal, and passed PPGF's vetting process ("enrolled charities").

6. For its 2016 giving campaign, on or about December 23, 2016, PPGF began also listing charities on its giving website ("Cause Hub") that had not enrolled with PPGF but that were on a list received from Guidestar of 501(c)(3) charitable organizations ("unenrolled charities"). Other third-party fundraising platforms also listed charities on their platforms that did not have a pre-existing relationship with those third-party fundraising platforms. PPGF's addition of "unenrolled" charities

led a multistate group including representatives of Consumer Fraud and/or State Charity regulators from various State Attorneys General, Secretaries of the State, and state consumer protection agencies¹ (hereinafter the "Multistate") to inquire into PPGF's fundraising practices during its 2016 giving campaign.

7. On April 17, 2017, PPGF suspended the listing of unenrolled charities on its Cause Hub to address the Multistate's concerns pending a resolution to its inquiry.

8. The concerns identified by the Multistate related primarily to disclosure and vetting practices of PPGF during the 2016 giving campaign, including questions regarding whether PPGF adequately disclosed that:

- i. A donation made by a donor via the PPGF website was a donation made to the PPGF entity and not the intended charity selected by the donor.
- ii. PPGF did not have a prior relationship with all the charities listed on the website because some charities were "unenrolled" charities.

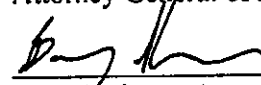
¹ These State agencies include: Arkansas Attorney General, Colorado Attorney General, Connecticut Attorney General, District of Columbia Attorney General, Florida Attorney General, Illinois Attorney General, Iowa Attorney General, Kansas Attorney General, Kentucky Attorney General, Minnesota Attorney General, Nebraska Attorney General, Nevada Attorney General, New Hampshire Attorney General, North Carolina Secretary of State, Ohio Attorney General, Oklahoma Attorney General, Oregon Attorney General, Pennsylvania Attorney General, Texas Attorney General, and Wisconsin Attorney General.

- iii. A donation would not be provided to the intended charity that is listed on its website if the selected charity did not pass PPGF's vetting process.
- iv. PPGF might reassign their donations, also known as "exercising its variance power" over the donors' donation, if the intended charities selected by the donors did not pass PPGF's vetting process.
- v. Donors would not be informed that PPGF had "exercised its variance power" if the intended charities selected by the donors did not pass PPGF's vetting process.
- vi. Donors' contact information may not be passed on to the intended charities if the selected charity is deemed ineligible to receive the donation.
- vii. PPGF's vetting process may not always include a review of each selected charity's compliance with each state's charitable registration requirements.
- viii. The time frame it would take for potential donors' donations to reach the intended charities.

9. PPGF and the Multistate have now entered into Assurances of Voluntary Compliance and/or Agreed Orders in order to resolve this matter. The substantive terms of said Assurances of Voluntary Compliance and/or Agreed Orders are set forth in a proposed Agreed Final Order as to PPGF attached hereto and incorporated herein by reference as Exhibit "A".

WHEREFORE, the Plaintiff, the PEOPLE OF THE STATE OF ILLINOIS *ex rel.* KWAME RAOUL, Attorney General of Illinois, prays that this Court enter the proposed Agreed Final Order As To Defendant PAYPAL CHARITABLE GIVING FUND, INC.

THE PEOPLE OF THE STATE OF ILLINOIS
ex rel. KWAME RAOUL,
Attorney General of Illinois



BY: Assistant Attorney General

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