

Unclaimed Funds - Class Action Settlements

Ohio's United Ways share a long history of working with our local and state partners to ensure our community's needs are met at the local level. Ohio is currently facing extreme economic challenges such as double digit unemployment, ever increasing home foreclosure rates, and monthly increases mirrored by the many reductions reflected in the State's budget as well as the amount of funding currently available from donors by way of charitable contributions.

In the past, some local United Way members have been the recipient of monetary awards made available from class action lawsuit funds that go unclaimed through what is referred to as cy pres. Cy pres allows funds that are unclaimed to be distributed to non-profit organizations by way of an order from the trial judge. Unfortunately, under current Ohio law for judgments which include a monetary award, if the trial judge does not issue an order for the distribution of all remaining unclaimed funds, the funds are returned to the company ordered to pay the funds.

Ohio's member United Ways support the current proposed legislation, HB 427 and SB 157, which would allow for any unclaimed funds to be distributed to local charities, nonprofit organizations, or charitable programs which would be selected within the class action and approved by the court. Both pieces of proposed legislation would modify current law making distribution of the unclaimed funds mandatory.

Further, Ohio's member United Ways believe the legislation needs to include the same language that is contained in HB 427 which further defines which organizations would be eligible to receive the funds. Said language is as follows: *"A charity, nonprofit organization, or charitable program must be exempt from federal income taxation under section 501(c)3 of the Internal Revenue Code of 1986, 26 U.S.C. 1, 100 Stat. 2085, as amended in order to qualify as a recipient of the unpaid moneys under this section."*

Ohio United Way request of members:

- Member United Ways meet with their state legislators to discuss the importance and value the proposed legislation will bring to local communities.

Ohio United Way request of legislators:

- Final legislation include language which clearly defines an eligible charity or nonprofit as a 501(c)3.
- Legislators move on this legislation swiftly so the people and communities served by local nonprofits and charities can begin to benefit from the unclaimed funds.