

Making Your Pitch High Tech

Texting Donations: Challenges and Opportunities

Although the National League's first All Star Game win in 14 years was a notable occasion this summer, a different history-making baseball moment might actually prove more transformative. In June, Red Cross President Gail McGovern ascended the pitcher's mound at her beloved Yankee Stadium seeking to elevate her charitable cause. As Ms. McGovern tossed the ceremonial first pitch, the jumbotron score board brilliantly flashed, **Text "REDCROSS" to 90999 to make a \$10 donation.**

When the Red Cross announced the option for texting donations after the January earthquake in Haiti, it took in \$4 million in donations in the first 36 hours, and texting support climbed to \$32 million in the first month. A report issued July 7, 2010, by Pew Internet & American Life Project of the Pew Research Center said that 19% of cell phone owners ages 18 to 29 had donated by text message. Overall, 11% of cell phone owners had made text message donations.

Establishing Mobile Giving Capability. Any charity desiring to engage in receipt of charitable donations by text message must set up an account with a company handling the mobile transaction. Numerous businesses and even nonprofits now offer turn-key mobile giving services, and the steps for creating an account are straight forward:

- A charity sets up an account by qualifying and registering the charitable organization with a mobile giving provider.
- Together the charity and provider develop a mobile marketing fundraising campaign often utilizing a high profile messaging platform or event (such as the Yankees' pitcher's mound) to encourage donors to text the keyword to an established short message service center.
- This text triggers a mobile donation (normally increments of \$5 or \$10) that is charged to the donor's cell phone, collected from the cell phone carrier, and distributed to the organization.
- The charity is normally charged a one-time set up and application fee, a transaction fee for each donation, and a monthly service fee. Some nonprofit mobile giving providers, however, advertise that they remit 100% of the donation to the recipient charity.

Employing Sound Text Donation Practices. Donors and charities who want to give or receive text donations should consider the Ps & Qs of prudent philanthropic protection practices:

- **Quality:** Reference check the mobile giving provider with the Better Business Bureau.
- **Quantity:** Review the terms and conditions to verify that 1) all or substantially all of the donations go to the named charity and 2) donors are required to have permission of the cell phone service bill payer to donate.
- **Quickness:** Clarify how long the funds are held and when they are turned over to the charitable organization.
- **Privacy:** Ensure that the business and charity have sound privacy practices posted to protect confidential donor information.
- **Posting:** Donations and donor information should be promptly and carefully provided to the charity from the phone service provider so that charities can fulfill their legal receipting and reporting obligations.
- **Prudence:** The watchword for donor and charity alike entering any new path is "prudence." A quick web search by the donor and a legal review by the charity of all applicable terms and conditions should not be neglected.

While not as headline-popping as the first major league pitch of a new phenom, text donations will likely stretch beyond the 9th inning and join direct mail marketing as a staple of publicly supported charities. The convenience and instant response of giving to a donor's charity of choice without needing checkbook or credit card is appealing to the IM, text-savvy generation. Alert charities are stepping up to the plate and swinging for the fences, hoping this new texting option will be a donation home run.

© 2010 Gammon & Grange, P.C. For more information, contact Gammon & Grange, P.C. (GGAlert@gg-law.com; 703-761-5000), a law firm serving nonprofit organizations and businesses throughout the United States and abroad. Readers may freely copy and distribute this Alert **in full without modification.**

Disclaimer: This memo is provided for general information purposes only and is not a substitute for legal advice. The transmission of this memo does not create an attorney/client relationship. No recipients of this memo should act or refrain from acting on the basis of this memo without seeking professional legal counsel. Gammon & Grange, P.C. expressly disclaims all liability relating to actions taken or not taken based on the content of this memo.