Md. probing fund-raising for Korea war memorial

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WASHINGTON — Maryland officials have begun an investigation into fund-raising by a group that operated without state legal authority while collecting more than $430,000 nationally for a Korean War memorial.

Lorraine M. Sheehan, Secretary of State, said Monday her office was looking into the National Committee for the Korean War Memorial preliminary to turning the case over to the Anne Arundel county state's attorney.

"There seems a great potential for problems for the public in this. I wouldn't want to see anyone giving money without knowing exactly where it's going," she said. "People should be cautious."

Ms. Sheehan acted after The Sun disclosed Monday that the committee had been raising money without proper legal registration in Maryland or the District of Columbia, and also had been soliciting in Virginia before receiving proper authority there.

Officials in Virginia also have said they are starting an investigation into the committee's current standing.

The corporate charter of the group was revoked in the District in September after it failed to file the required annual reports in 1982 and 1983. Loss of corporate standing has raised questions about the committee's continued tax-exempt status.

The secretary of state said that Mary Hildebrand, her assistant in charge of charitable registrations, would seek further details about the committee's professional fund-raising activities.

In addition, she will notify the committee's professional fund-raising agency, Bruce Eberle & Associates, of Vienna, Va., that it cannot solicit further money for the group in Maryland because the committee is unlicensed there.

Mrs. Hildebrand will contact Virginia authorities to find out what they have learned since they discovered that the committee was raising funds there before it was properly registered in February.

Ms. Sheehan said, "A lot of serious questions have been raised here. Our business is to protect the public interest in this."

Her office's findings would be turned over to the Anne Arundel state's attorney because he has jurisdiction over such cases in Annapolis. Ms. Sheehan also said Governor Hughes was preparing to sign a bill passed by the General Assembly which would tighten charitable fund-raising reporting requirements and limit the percentage of funds taken by the professional soliciting agency in any such case.

Fund-raising firms 'often take nearly all the money raised, leaving little or nothing for the cause to which many citizens contributed,' in good faith, she explained. She said a sheaf of papers on her desk showed that firms had gotten from 59 to 109 percent of the total raised — in the latter case closing down and leaving their client charity with outstanding bills to be paid.

Typically those firms take more than 75 percent, she said. Now, in Maryland and 11 other states, efforts are being made to bring that proportion down. The Maryland bill will limit their percentage to 30 percent of what is left after certain expenses are met. In some other states, laws cut it to as little as 10 percent.

"It's going to be very difficult for them to operate here" in the future, Ms. Sheehan said.

State records show that the Korean War memorial group never applied for a license to solicit in Maryland. Mrs. Hildebrand said that after it was listed as a client of the Eberle fund-raising group, she sent letters in December and March asking for the proper registration, but never got a reply.

The Baltimore office of the Internal Revenue Service said the memorial committee still had tax-exempt status, and that an inquiry required before revoking such authority could take six months to a year.