Third Quarter, 2015

In This Issue

Message from the Chair

2015 Outstanding Nonprofit Lawyer Award Recipients

Business Law Section Annual Meeting in Chicago: September 17-19

CLE Program in Chicago: Disaster and Emergency Planning for the Nonprofit Organization: Preparing for and Responding to the Zombie Apocalypse

Religious Organizations Subcommittee Update

Business Law Pro Bono: How Business Law Lawyers Contribute to Economic Justice

National Updates

State Updates

Article Writers Wanted

Important Dates

Business Law Section Annual Meeting
September 17-19, 2015
Chicago, IL

Editorial Board

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Message from the Chair

My wife and I enjoy The Walking Dead, a post-zombie apocalypse television series. At the hardware store, we have even found ourselves discussing what type of machete Catherine would use if she really did encounter zombies.

The series portrays a post apocalyptic world where the protagonists have to fight off zombies and somehow maintain enough order within their ever changing group to (hopefully) not just survive but thrive.

What is compelling about the show are not the action scenes, but how leaders guide a diverse group of survivors, make difficult decisions about who and what to abandon, balance short term survival with long term goals, surmount communications and other problems cause by the breakdown in society's infrastructure, reconcile wildly different visions, find and preserve resources and cope with emotions like despair, fear, frustration, anger and indifference.

Our Committee's CLE Program at this fall's meeting in Chicago will raise many of the same themes and problems. It has been designed to provide lawyers with ideas, tools and actions to consider when they help nonprofit organizations prepare for or cope with disasters and emergencies. It will address appropriate control of an organization in an emergency, how to maintain and protect the organization's resources and records, what type of insurance and preparation is helpful, how to find additional resources or at least maintain incoming funds and what options there are when the organization runs out of money. While The Walking Dead cast have to deal with "The Governor" and weird emergent governments, nonprofit organizations often need to deal with new government agencies in addition to those they have ongoing relationships with as a result of a disaster. The program will not only talk about succession planning, but about the option of forming new organizations in the aftermath of a disaster. The Program panel will be looking at examples drawn from major disasters such as 9-11 and Hurricane Katrina.

So please consider coming to the ABA's Business Law Section annual meeting in Chicago this September 17-19 for the Committee's Program: Disaster and Emergency Planning for the Nonprofit Organization: Preparing for and Responding to the Zombie Apocalypse.

In the aftermath of the NFL's decision to give up tax exempt status, we are excited by the participation of our Academic Advisor, Phil Hackney, who will lead a discussion about whether trade associations are likely to or should remain tax exempt in our Athletic, Recreation and Affinity Organizations Subcommittee meeting. I want to thank Phil who now regularly attends our meetings and raises issues that may be less visible to those of us in the day-to-day practice of law than to an academic with an eye on the still-developing trends. We will also host a bring-your-own lunch session where you can talk about issues you have encountered and anything new that you perceive. One of the roles of our Association is to bring forward concerns that practitioners have about the way the law is developing and speak into those issues when needed.

If you are planning to come, you should know that most of the Nonprofit Organization's committee meetings will be held on September 18th and 19th.

Please also reserve the evening of Friday, September 18, 2015 for the Nonprofit
Organizations Committee dinner, which will be held at Salpicon, the self-proclaimed best Mexican Restaurant in Chicago: http://www.salpicon.com. This is a “no-host dinner” where you will be able to order and pay for whatever you wish on the menu. This event is not set out in the Section’s official schedule. While we will be able to accommodate some additional attendees, it is useful for us to know how large a party we will be so we can reserve an appropriate section of the restaurant. Please let my assistant, Grace, whether you and any guests wish to come at grace.vandinther@gowlings.com.

Finally, we want to remind all members that a conference telephone number will be available for you to join any of the meetings. That information, together with the full schedule, will be sent out over the listserve to your email address, provided you are in fact, signed up. To sign up to the listserve, just send an email to bl-nonprofit@mail.americanbar.org.

David Tang
Chair, Nonprofit Organizations Committee

2015 Outstanding Nonprofit Lawyer Award Recipients

On June 1, 2015, the legal nonprofit community named the recipients of the 2015 annual “Outstanding Nonprofit Lawyer Awards.” The Nonprofit Organizations Committee recognizes accomplished and civic-minded nonprofit lawyers in the categories of Academic, Attorney, In-House Counsel, and Young Attorney. Additionally, the Committee bestows the Vanguard Award on a leading legal practitioner for his or her lifetime commitment to the nonprofit field.

The 2015 recipients are:

- **Vanguard Award** - for distinguished lifetime achievement in the nonprofit sector: Milton Cerny, Counsel, McGuireWoods (retired)
- **Outstanding Academic Award** - for distinguished academic achievement in the nonprofit sector: Christyne J. Vachon, Assistant Professor of Law, University of North Dakota School of Law
- **Outstanding Attorney Award** - for distinguished service as outside counsel to nonprofit organizations: Gregory L. Colvin, Principal and Chair of the Board, Adler & Colvin
- **Outstanding In-House Counsel Award** - for distinguished service by a nonprofit in-house counsel: Suzanne S. Friday, Senior Counsel and Vice President of Legal Affairs, Council on Foundations
- **Outstanding Young Attorney Award** - for distinguished service by an attorney in the nonprofit sector who is under the age of 35 or has been in practice less than 10 years: Anne K. Gerson, Associate, Tax-Exempt Organizations Practice, Carter Ledyard & Milburn LLP

Read more...

Business Law Section Annual Meeting in Chicago: September 17-19

The Business Law Section of which the Nonprofit Organizations Committee is a part will be holding its Annual Meeting in Chicago September 17-19 at the Hyatt Regency. The current schedule for the Committee meetings is as follows (subject to change):

**Athletic, Recreation and Affinity Organizations & Trade and Professional Associations**
Saturday 9/19/2015 9:00AM - 10:00AM
Horner, Silver Level, West Tower

**Current Developments**
Saturday 9/19/2015 12:00PM - 1:00PM
Cle Program in Chicago: Disaster and Emergency Planning for the Nonprofit Organization: Preparing for and Responding to the Zombie Apocalypse

"A disaster is a sudden, calamitous event that seriously disrupts the functioning of a community or society and causes human, material, and economic or environmental losses that exceed the community's or society's ability to cope using its own resources." International Federation of Red Cross and Red Crescent Societies. Anticipating and reacting to disasters and emergencies is crucial to returning to normal as quickly as possible. This program will explore how nonprofit organizations can prepare for and respond disasters, both internal and external, and will cover issues such as:

- Interacting with government agencies;
- Whether new organizations should be formed;
- Insurance needs;
- Bylaws and emergency powers;
- Protecting and preserving records; and
- Succession planning.

Case studies and lessons learned from disasters such as 9-11, Hurricane Katrina, Super Storm Sandy, and the Joplin tornado will be presented.

The program will be presented at the Business Law Section Annual Meeting in Chicago on Friday, September 18, 2015 beginning at 10:30 a.m. by the Nonprofit Organizations Committee, and is co-sponsored by the Committees on Business Bankruptcy, Government Affairs Practice, and Pro Bono. We hope to see you there!

Religious Organizations Subcommittee Update
Sandy Greenfield and Brendan Wilson, Co-Chairs

At the Spring Subcommittee meeting, the Co-Chairs presented an overview of recent legal developments relating to religious organizations. The overview began with a discussion of the Burwell v. Hobby Lobby decision and the status
of various court cases filed by religious organizations challenging the HHS contraceptive mandate and the 'accommodation' process offered to non-exempt religious non-profit organizations. This discussion was followed by an update on cases challenging the constitutionality of the parsonage allowance and on recent employment discrimination cases filed against religious schools and churches challenging the ministerial exception relied upon in the Hosana Tabor decision. The presentation ended with a discussion of the National Labor Relations Board's recent exercise of jurisdiction over church-operated schools arguably contrary to the long standing precedent and tests established by the Catholic Bishop, Great Falls, and Yeshiva University decisions.

The meeting closed with a request for ideas for substantive topics for future meetings.

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### Business Law Pro Bono: How Business Law Lawyers Contribute to Economic Justice

*Kimberly A. Lowe*

Access to economic justice is equally as important as access to social justice. This article frames the role business law lawyers and business law pro bono plays in the "lives" of clients pursuing economic self-sufficiency for themselves or others.

[Read more...](http://apps.americanbar.org/buslaw/committees/CL580000pub/newsletter/201509/)

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### National Updates

*Megan A. Christensen, Manatt, Phelps & Phillips, LLP, Washington, DC*

1. In mid-July, National Taxpayer Advocate, Nina Olson, released her mid-year objectives report to Congress, in which she identified priority issues that the Taxpayer Advocate Service (TAS) will address in the next fiscal year. The report identifies eleven areas of focus, the eighth of which relates to the use of Form 1023-EZ to apply for tax-exempt status. The report states that "the form has gone too far in the opposite direction [from the comprehensive Form 1023] by 'eliciting' only a series of checkmarks in boxes" and that "the IRS has in effect relinquished its power to educate and regulate taxpayers before it confers exempt status." (p. 70)

The focus for fiscal year 2016 for TAS in this area will be: (1) to analyze the articles of incorporation of a sample of organizations that were granted tax-exempt status based on Form 1023-EZ from inception of the form through the end of March, 2015, and, to the extent the analysis indicates that the Form 1023-EZ is an insufficient basis for making the determination of tax-exempt status, TAS will recommend corrective changes to the form; and (2) to review the procedures of the Tax Exempt and Government Entities division of the IRS for post-determination audits of exempt organizations, making appropriate recommendations, and reviewing the outcome of the audits.

2. On August 5, the Senate Finance Committee released a bipartisan investigative report (the "Report") (available here) regarding the Internal Revenue Service’s processing of applications for tax-exempt status by "political advocacy" organizations from 2010 to 2013. The Report is the result of a more than two-year bipartisan investigation by the Committee, and concludes:

- "between 2010 and 2013, the IRS failed to fulfill its obligation to administer the tax law with 'integrity and fairness to all';"
- "The IRS functioned in a politicized atmosphere following the 2010 Citizens United Supreme Court decision;"
- "senior IRS executives, including [former Director of the EO Division,
Lois Lerner, failed to properly manage political advocacy cases with the sensitivity and promptness that the applicants deserved; *Other employees in the IRS failed to handle the cases with a proper level of urgency, which was symptomatic of the overall culture within the IRS where customer service was not prioritized*; and *Immediate and meaningful changes, including increased accountability to Congress and strengthened internal controls, are necessary if diminished public confidence in the IRS is to be restored.*

Report, at 141-142.

The Committee made the following recommendations, *inter alia*:

- Publish objective criteria that may trigger additional review of an application for tax-exempt status in the instructions to the relevant application forms;
- Designate all IRS, Treasury, and Chief Counsel employees handling exempt organization matters as "further restricted", by which they will be held to stricter rules than other government employees and will be precluded from active participation in political management or partisan campaigns, even when off-duty;
- Track the age and cycle time of all cases and provide a list of over-aged cases to the Commissioner of the Internal Revenue Service quarterly;
- Direct IRS employees to come to a decision regarding a tax-exempt application within 270 days of filing;
- Set minimum training standards for all EO Division managers to ensure adequate technical ability;
- Implement all recommendations of the Government Accountability Office contained in its July 2015 report; and
- Construe FOIA requests broadly, but take appropriate measures to protect taxpayer information and avoid improper disclosure.

Additional separate views of Senator Hatch, Chairman of the Committee, and Senator Wyden, Ranking Member, as well as a timeline of events, and several appendices, including portions of interview transcripts and emails, are also available on the Committee website.

**State Updates**

*Emily Chan, Adler & Colvin, San Francisco, CA*

**California**

The California State Legislature is considering a bill **SB 549**, introduced on February 26, 2015, that would amend California law regarding charitable raffles. Under the current law, nonprofit organizations may conduct raffles if, among other conditions, at least 90% of the gross receipts from the raffle go directly to beneficial or charitable purposes in California. SB 549 would allow certain 501(c)(3) tax-exempt nonprofit organizations established by, or affiliated with, a team from certain sports organizations (such as Major League Baseball, National Hockey League, National Basketball Association, or National Football League) to conduct a major league sports raffle at a home game in which the prize paid to the winner is 50% of the gross receipts generated from the sale of raffle tickets and the other 50% is used to benefit or provide support for beneficial or charitable purposes.

On May 1, 2015, the **Ninth Circuit affirmed** the U.S. District Court’s denial of a preliminary injunction in an action brought by the Center for Competitive Politics (CCP) against California Attorney General Kamala Harris, seeking to enjoin the California Attorney General from requiring it to disclose the names and contributions reported on Internal Revenue Form 990 Schedule B as part of the state’s filing requirements to maintain its registered status with the state’s Registry of Charitable Trusts. The court stated in its decision that CCP has not shown a likelihood of success on the merits that the Attorney General’s disclosure requirement injures CCP’s First Amendment rights, or that it is preempted by federal law, and therefore, it is not likely that CCP will suffer
irreparable harm from enforcement of the requirement.

AB 792 was signed into law by Governor Jerry Brown on July 6, 2015. AB 792 resolves an inconsistency between investment standards under the California Corporations Code and the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which arguably required public benefit corporations and religious corporations to comply with two standards. AB 792 amends California Corporations Code Sections 5240 and 9250 to allow compliance with UPMIFA to satisfy the investment standards under such California Corporation Code Sections 5240(b) and 9250(a) (if UPMIFA would be applicable to such corporation). The law becomes effective January 1, 2016.

Massachusetts

On March 17, 2015, a Massachusetts Superior Court dismissed a lawsuit brought in November of last year by Harvard Climate Justice Coalition, an unincorporated association comprised of seven Harvard students as its members, alleging that Harvard’s investments in the fossil fuel companies is a breach of Harvard’s fiduciary and charitable duties as a public charity and nonprofit corporation to uphold its purposes, which include the advancement and education of youth. The plaintiffs sought an injunction ordering Harvard to divest its direct or indirect holdings in fossil fuel companies. Justice Paul Wilson stated in his decision that “Plaintiffs' status as Harvard students…does not endow them with personal rights specific to them that would give them standing to charge Harvard with mismanagement of its charitable assets.”

Nevada

On June 8, 2915, Governor Brian Sandoval signed into law AB 50 which revises the state’s laws regarding solicitation of charitable contributions within the state. AB 50 repeals existing law and reenacts revisions to the repealed sections regarding matters such as registration with the Secretary of State prior to soliciting contributions, required public information regarding registered charitable organizations provided by the Secretary of State; enforcement provisions and penalties; and disclosure requirements. The new law became effective June 8, 2015, for the purposes of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of AB 50. The law becomes effective October 1, 2015, for all other purposes.

New York

On July 27, 2015, in Citizens United et al v. Schneiderman, the United States District Court for the Southern District of New York held that Citizens United, a social welfare organization exempt under Internal Revenue Code (IRC) Section 501(c)(4), and Citizens United Foundation, a public charity exempt under IRC Section 501(c)(3), were not entitled to a preliminary injunction prohibiting the Attorney General from obtaining the plaintiffs’ Form 990 Schedules B pursuant to state filing requirements for registered charities. Charities are directed to attach "a copy of the complete IRS Form 990, 990-EZ or 990-PF with schedules" to their annual reports under the New York Code, Rules and Regulation, Title 13, Section 91.5(c)(3)(ii)(a). The Attorney General interprets section 91.5 to require charities that file an IRS Form 990 to also submit that form's Schedule B in order to solicit funds in New York State, which would disclose the names, addresses and total contributions of their major donors. The plaintiffs alleged this violates the plaintiff's First Amendment rights of freedom of speech and association; constitutes a Fourteenth Amendment due process violation; was subject to and adopted in contravention of the New York State Administrative Procedure Act’s formal rulemaking procedures; and is preempted by federal law regarding Schedule B disclosure.

West Virginia

On June 4, 2015, a new law SB 351 went into effect regarding audit threshold requirements for charitable organizations. The new law raises the contribution levels by charitable organizations necessary to require an audit of the organization, from $200,000 to $500,000 per year. Under SB 351, charitable organizations raising more than $500,000 per year in contributions, excluding
grants from governmental agencies or private foundations, shall submit a report of an audit by an independent certified public accountant; and charitable organizations raising more than $200,000 per year, but less than $500,000 per year in contributions, excluding grants from governmental agencies or private foundations, shall submit a statement of financial review by an independent certified public accountant.

### Article Writers Wanted

The Newsletter Editorial Board is seeking articles on nonprofit law subject matter to include in future newsletters. There is no length requirement. If you are interested in submitting an article, please contact:

- David Levitt at levitt@adlercolvin.com or
- Cari Campbell at cari@campbell-legal.com or
- Matthew Wright at matthew@mgwrightlaw.com
BUSINESS LAW PRO BONO: HOW BUSINESS LAW LAWYERS CONTRIBUTE TO ECONOMIC JUSTICE.

Kimberly A. Lowe is a business law lawyer with the law firm of Fredrikson & Byron in Minneapolis where she focuses her practice on both for-profit and nonprofit organizations as well as public and private cooperatives and social enterprises.

Abstract: Access to economic justice is equally as important as access to social justice. This article frames the role business law lawyers and business law pro bono plays in the “lives” of clients pursuing economic self-sufficiency for themselves or others.

Business law lawyers often feel challenged to provide pro bono legal services within their legal practice area. In an effort to increase the number of pro bono volunteers, many pro bono organizations and professionals claim (and in some instances proclaim) how much business law lawyers grow when they “step out of their comfort zone” and tackle litigation based pro bono cases. Most business law lawyers (myself included) take offense to the suggestion we somehow need to grow. Instead of encouraging a business law lawyer to grow experientially through litigation based pro bono, we should encourage each business law lawyer to use his or her legal skills to meet the ethical obligations of ABA Model Rule 6.1 which encourages every lawyer to provide pro bono legal services to “persons of limited means or . . . charitable, religious, civic, community, governmental and educational organizations in matters which are designed primarily to address the needs of persons of limited means.” A business law lawyer need not depart from his and her practice area in order to meet this obligation. Assisting a client of limited means in obtaining economic justice (or a nonprofit organization assisting their clients to do the same) is just as laudable as battling on behalf of a client of limited means in a court of law.

Put most simply, economic justice involves the laws and institutions that determine how each person earns a living, enters into contracts, exchanges goods and services with others and otherwise produces an independent material foundation for his or her economic sustenance. While the economic justice system includes multiple interfaces with the law, very few of these encounters involve the court system. Who is better equipped than a highly trained business law lawyer to assist persons of limited means in navigating and succeeding in the economic justice system? The business law section created its own pro bono committee in 1993. This first committee, chaired by Jack Martin, General Counsel for Ford Motor Company, was reportedly formed in response to a letter of Joseph Mullaney, General Counsel of Gillette Company who wrote: “Pro bono service has to become as much a part of our substantive efforts as corporate law, tax law, real estate law and all of the other aspects of law that form part of our business law practice . . . I believe that our Section, one of the largest and most respected units of the ABA, should take a leadership role in its effort. Just as our Section and its Committees and Task Forces have distinguished themselves in various other areas, I am sure that our Section could act with equal distinction and provide an example to the other Sections and units of the ABA.”

While business law lawyers are well equipped to help pro bono clients navigate the economic justice system, finding eligible pro bono clients poses a challenge. There are no courthouse steps where people of limited means line up pro se to battle the economic justice system. Connecting business law lawyers who want to provide pro bono legal services within the business law context with potential pro bono clients is less direct than a self-help desk at the court house. In keeping with Model Rule 6.1, in his 2002 law review article entitled Fulfilling the Promise of Business Law Pro Bono, James Baillie, a one-time chair of the ABA Standing Committee on Lawyers’ Public Service Responsibility and the Business Law Section’s Pro Bono Committee, outlined a path for business law lawyers to provide business law pro bono. Mr. Baillie generally defined business law pro bono to include any legal services in the broad category of business law (as contrasted with litigation) provided to any person or entities that need legal
services on a pro bono basis. Mr. Baillie stated that “the recipients of these services can, for the most part, be divided into two broad categories: nonprofits and microenterprises.”

Since business law pro bono is by definition provided to persons or entities that are participating in the stream of commerce, one critical component of business law pro bono is making sure the clients being served actually cannot afford to pay for the legal services provided. Given the diversity of the lawyers in the legal profession and the clients served, one lawyer’s pro bono client could be another lawyer’s paying client. Means testing business law pro bono clients is just as important as means testing any other pro bono client.

Determining the personal economic means or an individual who desire to start a microenterprise or who needs assistance with a business law issue related to an existing microenterprise is fairly straight forward. The same can actually be said for nonprofit organizations. According to Marcia Levy, the Executive Director of Pro Bono Partnership (a nonprofit organization that provides free business and transactional legal services to nonprofit organizations serving the disadvantaged or enhancing the quality of life in neighborhoods in New York, New Jersey and Connecticut): “in evaluating whether we can represent a nonprofit that otherwise meets our mission-based criteria, we look at whether the organization can afford legal representation without significantly impacting their resources for services. It is a means test, but one with flexibility based on the totality of the circumstances, including whether they have a paid relationship with a lawyer or law firm.”

While the theoretical and professionalism aspects of business law pro bono are critical, the impact business law pro bono legal services and how a business lawyer can make a difference in the lives of people of limited means is really what matters. Gary Connelley, Pro Bono Counsel for Crowley Fleck PLLP, a regional firm with offices in Montana, North Dakota and Wyoming, said it best: “As far as the impact, we often get feedback from the organizations on the value of our services to their clients, but not much from the clients of those organizations directly. I just spoke with one of our senior partners who has done considerable work with Tumbleweed, especially negotiating a lease from the county for an overnight shelter for homeless teens. When I asked him about the impact of that work on him, he just mentioned that knowing there were now beds (where there were none before) for teens who would otherwise be under the bridges, vulnerable to sexual predators, was a source of pride and great satisfaction to him.”

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The following two pro bono client “stories” show how business law lawyers have helped people struggling to participate in the market economy obtain economic justice or at least access to economic justice through direct legal services to people and/or nonprofit organizations of limited means who provide services to individuals of limited means.
Appetite For Change: Business Law Pro Bono from the Client’s Perspective

Appetite For Change (AFC) just celebrated the beginning of its fifth year of service to the North Minneapolis community. It’s been one wild ride, but without business law pro bono legal help, the road we’ve travelled would have been a lot bumpier.

AFC is a 501(c)(3) food justice social enterprise headquartered in North Minneapolis (Northside). Our neighborhood is one of the most culturally rich, yet challenged, parts of the Twin Cities. AFC’s mission is to use food as a tool for building health, wealth and social change. AFC uses food as a vehicle to organize the Northside community and to create the change that Northsiders want to see in their food environment and policies. Healthy, nutritious food options are generally lacking in the Northside food environment, perpetuating longstanding inequities that disproportionately burden the Northside’s predominantly African-American community. AFC is working to change that. We offer traditional programming like cooking, nutrition and gardening workshops, urban agriculture and leadership development activities in the realm of food policy and advocacy. Our vision is that every Northside child will have the opportunity to grow up healthy and happy in their own community.

I started AFC in 2011, motivated by my passion for food, social justice and the inspiration I gained from becoming a mother. I hoped to teach other young mothers how to prepare nutritious and delicious foods using urban-farmed produce while building community with one another. When I started AFC I was a “recovering public defender” and I had little professional experience in non-profit and business management. Fortunately, I surrounded myself with talented people whose passion for AFC’s mission matched my own. In 2012, I met Princess Titus and Latasha Powell, women with strong ties to the Northside community. We partnered to expand AFC’s reach and to grow the organization.

In late 2014, AFC’s growth required us to find new space. Up to that point, our staff of six had been sharing a single 250 square foot office in a local church. Moreover, by expanding into the new space we had identified, AFC could bring a long-time Northside goal to fruition: starting a soul-food fusion restaurant in an area with very few “real food” options. There were a number of very complex legal issues standing between us and the space we wanted. As part of the lease AFC would be required to take over of an existing commercial kitchen incubator business—Kindred Kitchen—that had been operated by the building owner. We also planned to build a new café in an empty space next to the kitchen. Moreover, we encountered legal issues relating to prior grant funding and program-related investments connected to the property. While our lease negotiations were ongoing, we realized that we also needed to refine our governing documents. We needed to amend our Articles of Incorporation to expand our charitable purpose and we needed to restate our bylaws to adopt a governance structure befitting AFC’s growth.

I knew that AFC needed to do these projects right. Needless to say, my experience as a public defender did not quite prepare me to solve legal puzzles involving commercial real estate and complex corporate governance. We needed help.

Enter our business law pro bono legal team. I reached out to Fredrikson & Byron, a full service law firm, for AFC’s pro bono legal needs. I was connected with a shareholder in the firm’s real
estate group who negotiated AFC’s new lease. Although the deal involved only 5,000 square feet of commercial real estate, the lease took over nine months to finalize because of the complications involved. This real estate legal expertise was crucial to resolving those challenges. I was also introduced to a business lawyer who had extensive experience in both for-profit and nonprofit governance and structuring as well as social enterprise. An entire legal team helped us to restate AFC’s articles and bylaws, structure the relationship between AFC, the cafe and Kindred Kitchen as well as draft a lease for use with our tenants at Kindred Kitchen.

Our business law pro bono team helped AFC lay the groundwork for expansion, and AFC has grown by leaps and bounds. In four short years we have expanded from a tiny nonprofit into a burgeoning social venture that is leading the Northside food justice movement and bringing major economic development to a marginalized commercial corridor in the city of Minneapolis. We moved into our new office space. We doubled our budget from $500,000 in 2014 to over $1,000,000 this year. Our pro bono partnership with our business law lawyers has also facilitated opportunities to collaborate with other Northside organizations like the Northside Economic Opportunity Network (NEON). On April 29th, 2015, AFC opened Breaking Bread Café and Catering and since that time have already hosted a pop-up restaurant with one of NEON’s start-up business clients. Minneapolis Mayor Betsy Hodges spoke at the Café’s grand opening, as did celebrity chef and television personality Andrew Zimmern. As part of his remarks Zimmern applauded the AFC-Breaking Bread endeavor as an entrepreneurial catalyst and a space for community to join together sharing a meal. Mayor Hodges said of AFC and Breaking Bread, “This is the future of Minneapolis.”

As much as AFC has grown in the past year, we expect to grow even more in the near future. Just three weeks after we opened Breaking Bread, AFC secured a small business loan from The Nonprofits Assistance Fund and City Planning and Economic Development. We have hired thirteen new full time staff for the kitchen and Café, almost all of whom are members of the Northside community. In June 2015 AFC will launch a kick starter campaign to raise funds for a new youth training and employment program, which will allow us to expand the Café and catering operation still further. Fourteen of the top chefs in the Twin Cities have donated culinary experiences as rewards for this campaign. AFC has been featured in the Minneapolis Star Tribune and on various local television news programs. The business law pro bono legal assistance we received helped make this transformation possible.

Authors: Michelle Horovitz, recovering public defender; Co-founder and Executive Director of Appetite For Change; Matthew Stortz is an attorney at Fredrikson & Byron where he practices as a corporate and tax associate and is a proud member of the Appetite for Change legal team.
From Gang Member to Executive Director of a Nonprofit: Business Law Pro Bono at Work

Pro bono clients come in with all manners of needs. While many clients need assistance for themselves or their families, some clients, including those who want to start a nonprofit, want to help others. One such client, Latriste Graham, is one of those rare individuals who have been able to overcome adversity, learn from it, and make a direct, positive impact on others. Her story began when she was born into a gang family on the west side of Chicago. Her family life was rough, and she started drinking and doing drugs early. She became a prostitute by age 15, a gang leader at age 16, a mom at age 18, and by age 23, a felon. Drug and alcohol treatments failed, until Latriste decided to turn it around. In 2007 Latriste got clean, moved to Minnesota and started a program assisting other women escape prostitution, a form of human trafficking.

Latriste began her journey with a business law pro bono lawyer at a MicroGrants awards celebration event in 2012. MicroGrants provides micro-grants to low-income individuals to spur economic self-sufficiency. Prior to connecting with a pro bono business lawyer, Latriste had started her enterprise as an individual without any sort of entity or nonprofit organization. Latriste just wanted to help others escape the horrors that she herself had endured. That evening she was being honored for taking her $1,000 micro-grant and using it to make a positive impact in the community. Up until the time of the award, Latriste’s work to rescue women from prostitution had been a one-woman job. She would drive to Chicago four times a year in her van, where she would pay gang members $20 each to protect her as she used a bullhorn to yell at the johns, and tell the women she encountered on the street that she could offer a way to escape the violence that surrounded them. Often she would bring the women she had rescued from prostitution back to Minnesota. Once back in Minnesota, Latriste and the women she had convinced to leave a life of prostitution were dependent on local ministries and others for funds to pay for gas and clothing that these women needed to make a fresh start.

While accepting her award at the MicroGrants celebration, Latriste mentioned that the next step in her journey was to start a nonprofit so she could help more women. Of course, she had no funds to pay a lawyer to do the work, and navigating the complexities of forming a nonprofit corporation, putting a board together and filing for tax-exempt status were beyond her capacity. Imagine her surprise when she was offered pro bono legal services to do just that!

Latriste’s project was staffed by two pro bono service providers: Jessica Manivasager, a lawyer whose practice focused on business and tax planning as well as nonprofit organizations and Erik Beitzel, a volunteer law student from the University of St. Thomas School of Law who was serving as a pro bono intern through a pro bono volunteer program. Initially, Jessica was hesitant to take on Latriste’s project because she was trying to focus her pro bono work on low-income entrepreneurs instead of start-up nonprofit organizations. Like many long-term business law pro bono volunteers, Jessica had formed more than her share of tax-exempt nonprofit organizations. But Latriste’s story was different. Here was a disadvantaged person looking to use all that she had to help others escape poverty, gang violence and prostitution.
Together Jessica and Erik guided Latriste through the legal formation and tax exempt application process and Latriste’s nonprofit organization, *Coming Out of Bondage*, was formed. Working as pro bono mentor-mentee team, Jessica was able to provide Erik with the practical instruction and guidance he needed as a law student to provide assistance to Latriste. This mentored pro bono approach to client service results in a multiplying pro bono impact whereby one “generation” of business law pro bono practitioner provides the practical training a law student who wants to practice in the area of business law desperately needs to become practice ready while time providing a client with additional pro bono client resources.

Even after formation, Latriste and *Coming Out of Bondage* have continued to need business law pro bono legal assistance relating to the business and governance needs of the organization. Latriste has been able to raise funds to continue and expand her work. Besides taking women off the streets and giving them the tools they need to recover and succeed, she is a local resource for women and others who are victims of sex trafficking.

Jessica’s own words best express the impact of this client’s story: “After meeting with Latriste and hearing her story, I was committed to helping her form a nonprofit entity that would allow her to continue her work and expand her program. It did not take a great amount of time on my part to guide her through this process. I enjoyed the work; Erik had the opportunity to work with a wonderful client, and Latriste was extremely grateful for the assistance. Knowing I played a small part in this dynamic woman’s mission to help others is tremendously satisfying as a lawyer.”

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