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The Wisconsin State
Crime Stoppers



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Visit our website:

www.wicrimestoppers.org

Send Articles to:

Lt. David Livingston
Sparta Police Department
121 E Oak ST
Sparta, WI 54656
Fax: 608-269-2156
Email: dlivingston@spartapd.com

President's Message

By: K. Scott Abrams, CPA, FHFMA

Welcome to the 20th Wisconsin State Crime Stoppers Annual Meeting and Training Conference! As we all reflect upon the last 20 years of our organization's existence serving local Crime Stoppers Programs throughout the State of Wisconsin, you may be doing the same thing as you evaluate the tenure of your local Crime Stoppers Program as well. In some discussions I have had with one of my Canadian Crime Stoppers counterparts, he was asked the question, Is Crime Stoppers still viable? In fact, he made this as his chairperson's message on the Canadian Crime Stoppers Association newsletter. It gave me a moment of pause to consider the question myself.

Certainly there have been many changes throughout our localities, our country and the world over the last 20 years. However, the basic premise of Crime Stoppers, an anonymous tip program offering rewards for information, is still extremely beneficial, effective and certainly viable. As I look at the Crime Stoppers USA website and noticed that almost 900,000 cases have been solved and over \$4 billion in property and drugs recovered since inception, certainly lends credence that the Crime Stoppers concept is viable and working.

Obviously, we have had to change some of our methodologies to keep up with the times. As we look at the explosion of the use of electronic technology... the Internet, Facebook, cell phone text messaging, just to mention a few... we have modernized Crime Stoppers to keep up with the ever-changing means of communication. When is the last time you saw a teenager or a young adult actually make a phone call? Some of us may consider that more impersonal, but we need to utilize all of the resources available to us to make sure that we get the information to resolve outstanding crimes and make our communities safer.

Why does it work? I think Crime Stoppers works in part because it is a community-based organization that understands and associates well with the members of its community. But the underlying factor is that the law enforcement, community and media work together to solve and prevent crime. Building on this strong partnership will continue to provide dividends for the community for many years to come. I think you'll agree that the Crime Stoppers concept is just as viable and usable today as it was over 20 years ago, we just have to change our way of thinking on how we obtain our information.

I hope you enjoy the Wisconsin State Crime Stoppers Conference. It is a time to renew old acquaintances and reminisce, but it is also a time to meet new friends and build new relationships. We hope that you find the conference not only provides good content to take back to your local Crime Stoppers program, but also allows you to build a network of Crime Stopper colleagues that you can call on from time to time to test new ideas or share some of your successes. When it comes down to it, this is **YOUR** conference.

Crime Doesn't Pay. . .
Solving It Does



We Want Your
Information,
Not Your Name!

Is Your Organization Compliant With Tax Filings?

By: K. Scott Abrams, CPA, FHFMA

The Internal Revenue Service has implemented some significant changes in the tax exempt reporting process. Since one of the requirements of being a Crime Stoppers program is being a 501(c)(3) tax exempt organization, as recognized by the Internal Revenue Service, it is important to understand these changes so that your organization is compliant with the updated tax regulations. Beginning in 2009, the Internal Revenue Service implemented a three-year transition for tax exempt organizations required to file annual returns. Remember, as a tax exempt organization, it must allow for viewing or provide a copy of its tax returns to anyone from the public, media or others requesting to see that organization's tax exempt application and recent tax returns...it is the law!

In the past, small local Crime Stoppers programs may not have been required to file any reports with the Internal Revenue Service. However, beginning with tax years ending in calendar 2008 with filings performed in 2009, all tax exempt organizations were required to report and file an annual tax return. The biggest change is for the smaller organizations, which are classified by the Internal Revenue service as having gross receipts of equal to or less than \$25,000. These organizations are required to file what is called a Form 990-N. This form is to be completed electronically and is known as an 'E-Postcard'. In order to make an initial filing with Form 990-N, you'll first need to register your organization on the Internal Revenue Service website, which will then allow you to create the Form 990-N. As a quick reference, you can find these instructions at: <http://epostcard.form990.org/>. However, should your organization so desire, it may file Form 990 or 990-EZ, which provides additional financial and organizational information to anyone wishing to review the filed tax form.

For some medium and larger size Crime Stopper organizations, based on the IRS three-year transition filing requirement, the form your organization may need to file may change depending on your financial activity and annual gross receipts. The table below outlines this three-year transition for tax exempt organizations and the requirements of which form to file respectively for those years. In addition, some noticeable changes and modifications have been made to the Form 990 and Form 990-EZ forms and schedules and in many instances have been expanded. It is important to understand the new requirements in filling out and submitting appropriate information.

2009 Tax Year (Filed in 2010 or 2011)	Form to File
Gross receipts normally \leq \$25,000	990-N
Gross receipts $>$ \$25,000 and $<$ \$500,000, and Total assets $<$ \$1.25 million	990-EZ or 990
Gross receipts \geq \$500,000, or Total assets \geq \$1.25 million	990
2010 Tax Year and later (Filed in 2011 and later)	Form to File
Gross receipts normally \leq \$50,000	990-N
Gross receipts $>$ \$50,000 and $<$ \$200,000, and Total assets $<$ \$500,000	990-EZ or 990
Gross receipts \geq \$200,000, or Total assets \geq \$500,000	990

It is important for each Crime Stoppers organization to review its responsibility in completing and meeting any and all tax reporting requirements. If necessary, your organization might want to enlist the help of a local accounting firm to assist with any clarification of your organization's responsibilities. Also, you can find additional information about the filing and reporting requirements at the Internal Revenue Service website located at: www.irs.gov/charities.

A Few Simple Ways...To Keep Your Crime Stoppers Program Out of Trouble

By: Judge Richard Carter (Ret.); Director of Legal Services of Crime Stoppers USA

Corporate Filings:

- Timely file reports and updates to the State agency overseeing nonprofit corporations
- Timely file tax returns and pay any taxes due
- Periodically verify that the Corporation is in "good standing"

Comply with the Bylaws:

- Proper notice of meetings
- No meetings without a quorum
- Conduct elections/appointments per Bylaws
- Record and maintain appropriate Minutes
- Periodically review bylaws, and amend as needed per procedures in Bylaws

Do Not Put 501(c)3 Tax Exemption At Risk:

- Do Not Share Tax Exemption with other persons or entities
- Have "conflict of interest statement" for each member of the board of directors
- Avoid self-dealing and even the appearance of such, i.e. the Corporation should not do business with its officers and directors

Fundraising:

- Fundraising is a continuing responsibility of the board of directors
- All fundraising initiatives must comply with all applicable laws
- Without sufficient funding, Crime Stoppers cannot pay its legal obligations
- Inability to pay rewards = "Game Over"

Expenditures:

- Must be approved by favorable vote pursuant to Bylaws
- Must be lawful and within scope of charitable purposes of the organization
- Must respect "donor intent", i.e. funds raised must be spent in accordance with the intent of donor

Avoid Large or Supplemental Rewards:

- Drives up the cost of doing business
- Reflects discrimination and disrespect
- Jeopardizes case solution and prosecution
- Can hurt fund-raising efforts by giving perception of wasting money or having plenty of funds
- Laundering non-governmental and non-500(c)3 funds through Crime Stoppers is a criminal offense

Protect Informants:

- Practice safe tip-taking and records management
- Move to quash subpoenas and motions to compel production of Crime Stoppers records
- Ask that a case be dismissed rather than allow an informants identity to be involuntarily disclosed

No Crimes or Scandals:

- Require two (2) signatures on checks
- Conduct financial reviews and obtain independent audits at least every two years
- Control damage with news release to keep the public's confidence and trust
- Ask for pre-trial resignations of board members who are arrested and charged
- No perjury or illegal destruction of evidence

Funneling of Informants Threatens Program

By: Greg MacAleese, Founder Crime Stoppers

At no time in its history has Crime Stoppers been more successful.

We are witnessing the rapid international expansion of the program. In the United States, cases are being solved through Crime Stoppers tips at a record rate. And we have been flattered by imitators, such as "America's Most Wanted" television show.

Yet, I don't think we should sit back and smugly think that everything is perfect with the program. Recently, several programs have experienced a problem that could threaten the basic foundation of Crime Stoppers – both legally and ethically.

This problem is the "funneling" of informants into the Crime Stoppers program. "Funneled" informants are those whose identities are known to law enforcement personnel and who have not directly contacted Crime Stoppers. In this situation, the coordinator will be approached directly by other officers about giving one of their informants a Crime Stoppers code number. Often this is done under the pretext that the informant will not cooperate with investigators without getting some money and a pledge that confidentiality will be maintained. This places the coordinator in an extremely difficult position. Should they cooperate? The truth is that if the coordinator provides the code number, the integrity of the Crime Stoppers program has been breached. This is especially true if the coordinator then presents the case to the Board of Directors without advising them that this is a "funneled" informant. The board's authority to judge the case on its actual merits is usurped. On the other hand, if the coordinator does not cooperate, this sometimes creates hard feelings between them and the investigator.

Occasionally, the coordinator is not given a choice. The investigator will instruct the informant to just call Crime Stoppers with the information, get a code number and not let on that they are already working with the investigator. The coordinator and the Board of Directors never know that they are being "conned" by both the informant and another member of their law enforcement agencies.

The implications of what I have described here are pretty obvious. In an extremely important court test of Crime Stoppers, Brown vs. Illinois, the program was described by a defense attorney as being a "sham" organization that was really a front for law enforcement. Thus, there would be no corporate protection of Crime Stoppers records and they would be subject to the Open Records Act.

Obviously, the coordinator needs some protection in these instances. The best way to ensure this protection is the creation of an internal policy within the police department, which strictly curtails the use of "funneled" informants. The Board of Directors should be consulted by the law enforcement leaders before such a policy is developed.

Of course, there is a broader issue at stake in such a situation. That issue is: "Who is in charge of Crime Stoppers?" Is it the Board of Directors, or is it the law enforcement agency?

In reality it is both. Crime Stoppers was originally designed to be a cooperative effort among law enforcement, the community and the media. Law enforcement was charged with the responsibility of handling the operational part of the program. The community, through the Board of Directors, was supposed to raise the reward fund and create policy for the operation of the program. And the media was responsible for publicity. Unfortunately, a few programs have drifted from this original design. The Board of Directors has failed to provide proper oversight; and law enforcement, without any policy to follow, has been left with "flying by the seats of their pants" in the day-to-day operation of the program.

Clearly, in these circumstances, abuses are invited. Fortunately, these are extremely rare circumstances and have not caused any serious public relations or legal problems. However, right from the beginning, I have said that Crime Stoppers is a fragile concept that is only as good as our weakest program. A program that is improperly managed puts all of us at risk. As they say, "Bad arrests make bad laws." Well, so do Crime Stoppers programs that operate outside the proper guidelines.

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Crime Stoppers Conference
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Reasons to Not Give Crime Stoppers Funds Away

By: Judge Richard Carter (Ret.); Director of Legal Services of Crime Stoppers USA

While it may be ostensibly "legal", if the Bylaws and Charter of the corporation allow for such donations or expenditures, it is definitely NOT within the purposes or intent of Crime Stoppers when Greg MacAleese created "Crime Stoppers" for funds to be spent on anything other than the payment of rewards and the administrative costs of operating the anonymous cash reward program. Crime Stoppers was never intended to be a "foundation", grant agency, or the like.

Expenditures on law enforcement equipment, while it may be well-intended, is not appropriate. The primary problem with such expenditures, among others, are:

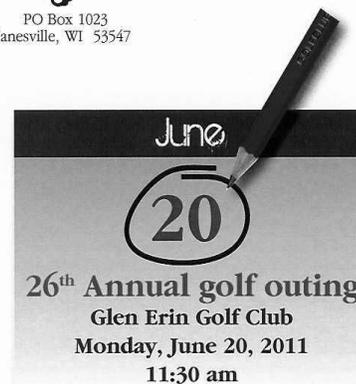
1. If the funds were donated to Crime Stoppers by donors who believed the gift was going to be used to pay Crime Stoppers rewards or support the operations costs, then such re-gifting to law enforcement agencies and others is a fundamental violation of "donor intent". Such disrespect is frowned upon, and in some cases has resulted in claims and litigation by donors. If the donor had wanted to give money to the law enforcement agency, they would have done so. They gave the money to Crime Stoppers. In some jurisdictions, this can even rise to a criminal law violation for deceptive advertising and trade practices.
2. If people think that Crime Stoppers has so much money that it is giving it away, would-be donors will not give to Crime Stoppers.
3. Such a mindset can cause a Crime Stoppers organization to actually believe that they are operating at 100% and that there is nothing better that they could do with their excess funds. In 99% of the cases, there is MUCH more that the Crime Stoppers organization could do to improve their program and its success.
4. Giving back to the government will often create a dependency that costs the law enforcement department in the future when funding is cut because of the expectation that the Crime Stoppers gifts will continue.
5. Other charities who hear about the Crime Stoppers money giveaway will make requests to Crime Stoppers for their worthwhile causes. There is simply not enough money to share with them all, but the one's you turn down will come away with negative feelings towards Crime Stoppers.
6. Additionally, the precious time of your volunteers who serve on the Crime Stoppers board of directors may find that the length of the meetings increases due to the reading and discussion and voting upon requests for Crime Stoppers dollars (or Crime Stoppers board business does not get taken care of due to the time running out).

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JANESVILLE AREA
CRIME STOPPERS
PO Box 1023
Janesville, WI 53547



- Watch your mail for more golf outing details.
- For sponsorship information, call Gary Rau at (608) 756-1979 or Jim Conley at (608) 295-8477 .

WISCONSIN STATE CRIME STOPPERS, INC.

WISCONSIN STATE CRIME STOPPERS BOARD OF DIRECTORS

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Wisconsin State Crime Stoppers
 P.O. Box 964
 Madison, WI 53701-0964