

# California to Require Registration for Cause Marketing Campaigns

## The Bottom Line

- Cause marketing was already a highly regulated area, and the new California regulations create new requirements that will impact the vast majority of cause marketing activities.
- Brands and marketers that seek to partner with charities will need to be careful to ensure that their activities are compliant with California's laws, in addition to the handful of other states that already require registration.
- The new regulations take effect June 12.

New state regulations will dramatically overhaul the way retailers and advertisers must approach cause marketing activities in California starting June 12, 2024. Previously, California did not require registration for such activities, but under the new regulations, businesses who solicit charitable contributions – including “round up” or donate-at-checkout programs – will need to register. Businesses that promise donations based on user purchases or activities may also need to register.

The statute and regulations were drafted to address “charitable fundraising platforms.” Traditional charitable fundraising platforms enable users to make donations to a variety of charitable causes or organizations represented on the platform. The new rules go a step further and address several different activities common among marketers:

1. The rules apply to any website that collects donations from consumers online. This would include “donate-at-checkout” and a “round-up” functionality that enables users to add a charitable donation at checkout. Where other states typically require registration only when the platform retains a portion of the donations, California will require registration even if 100% of the funds are sent to the charity.

2. The rules apply to what are commonly referred to as “commercial co-venturers” – or brands advertising that a portion of receipts from the sale of goods or services will go toward a charitable cause. Some states require registration but, until now, California did not require registration provided that certain contracting formalities were followed. Under the new rules, brands that conduct such promotions online for seven or more brands in a calendar year will need to register.
3. The rules apply to any promotion where funds are sent to an organization of a user’s choice, based on purchasing or other activity. This wording is quite broad and, among other things, could apply where a brand makes a donation to a charity selected by a user when the user shares on social media. In addition, unlike with registration for traditional commercial co-venturers, platforms must register even if fewer than seven organizations are involved.

In addition to registration requirements, the regulations require a number of different disclosures to be made to both charities and users. Among other things, platforms must now disclose to users the length of time it will take to send the donated funds and must provide an accounting of donations made, as well as a description of all activity that resulted in donation.

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## For More Information

Please contact the attorneys listed below or the Davis+Gilbert attorney with whom you have regular contact.

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