



OFFICE OF LEGAL AFFAIRS
EXTERNAL OPINION

External Opinion # EX-2001-1004

To: Norman P. Metzger, Esq.
Legal Services Organization of Indiana
Market Square Center, Suite 1640
151 North Delaware Street
Indianapolis, IN 46204-2517

Date: March 14, 2001

Subject: Release of Subgrant to Reinstated Non-profit Subrecipient

You have asked for an opinion from this office as to whether Legal Services Organization of Indiana (LSOI) may release a subgrant to Legal Services Program of Northern Indiana (LSPNI). As part of the acquisition of LSPNI by LSOI, it has come to light that LSPNI had been operating for a number of years without maintaining current corporate registration status with the Indiana Secretary of State. In light of this irregularity, LSOI has been withholding a subgrant payment to LSPNI. As of Monday, March 12, 2001, however, LSPNI has been restored to a position of good standing as a registered active non-profit domestic corporation by the Indiana Secretary of State.

In light of the fact that LSPNI has been restored to good standing as an Indiana corporation by the Indiana Secretary of State, LSOI may release the subgrant to LSPNI. LSOI should be careful to ensure that the funds released are not used for any purpose unrelated to the provision of legal services which may result from LSPNI's prior unregistered status (i.e., fines and/or interest payments, potential tax liability, etc.). As we understand, certain aspects of the acquisition may now need to be restructured. This may result in the need to extend the subgrant period pending the completion of the acquisition. LSOI may extend the subgrant period, and, if it chooses to do so, should take the opportunity to revise the subgrant conditions to expressly ensure that any subgrant funds are not used for any purpose unrelated to the provision of legal services which may result from LSPNI's prior unregistered status and to protect LSOI from assuming any liability which may result from LSPNI's prior unregistered status.

Very truly yours,

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