



PRESS RELEASE

AG Frosh Announces National Crackdown Against Bogus Cancer Charities

Baltimore, MD (May 19, 2015) - Attorney General Brian E. Frosh today announced an unprecedented multi-state crackdown against four sham charities accused of raising tens of millions of dollars to purportedly assist cancer victims that instead funded salaries, cruises and concert tickets.

Maryland is part of a group of all 50 states and the District of Columbia, as well as the Federal Trade Commission, filing a complaint in federal court against the Cancer Fund of America, the Children's Cancer Fund of America, Cancer Support Services and the Breast Cancer Society.

"This is the worst kind of deception. It amounts to preying on the good intentions of donors to a charity for personal gain," Frosh said. "We need to stop this kind of fraud and protect Marylanders who want to do the right thing, so they have confidence that their contributions will be used by legitimate organizations. All fifty states have united to say 'enough is enough.'"

According to the complaint, the result of a lengthy joint investigation, the charities raised a combined \$187.1 million between 2008 and 2012, using marketing calls and direct mail to portray themselves as national organizations on the front lines of care and assistance. But in fact, more than 85 percent of the money raised went to reimbursing fund raisers, and much of the rest paid for salaries, trips to Las Vegas and Disney World, Jet Ski outings, dating web site subscriptions and other personal expenses for founders, their family members and board members.

Less than 3 percent of donated money went to programs as claimed, despite solicitations that said, for example, that "the Breast Cancer Society is one of the few national breast cancer charities in the U.S. providing direct help and financial aid to those suffering from breast cancer today."

As part of Tuesday's announcement, Frosh announced the dissolution of two of the four charities -- the Children's Cancer Fund and the Breast Cancer Society -- through a settlement agreement. The founders and operators agreed to leave the charity business and halt fund-raising, and have agreed to judgments against them of \$137 million, although the total amount is unlikely to be repaid.

"The overwhelming majority of donations benefitted only the perpetrators, their families and friends and fundraisers," said Gov. Larry Hogan, who oversees the Office of the Secretary of State, which oversees charity registration and has participated in the investigation. "I will not allow hardworking Marylanders to be scammed, and these organizations will be brought to justice."

Named in the federal civil claim are James Reynolds Sr., founder of the Cancer Fund of America; his former wife, Rose Perkins, founder of the Children's Cancer Fund of America, and James Reynolds II, president of the Breast Cancer Society and the son of Reynolds Sr. The charities employed other members of the Reynolds family and friends, and were led by boards that rubber-stamped the expenses and lifestyles of the defendants, according to the complaint.

In addition, the four charities created a scheme to make it appear as if they were spending more on cancer programs, by recording and then distributing a total of \$223 million in in-kind gifts that created the illusion of giving, but were primarily prescription drugs with no relation to cancer treatment.

To see more about how these sham charities operated, view this infographic:
www.oag.state.md.us/Press/sham_cancer_charities_infographic.pdf

To read the complaint, go to: www.oag.state.md.us/Press/Cancer_Fund_Complaint.pdf