



## PRESS RELEASE

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### **Attorney General Gansler, Secretary of State McDonough Join FTC in Announcing "Operation False Charity" Law Enforcement Sweep** *FTC and States Join to Fight Fundraising Fraud*

**BALTIMORE, MD (May 20, 2009)** – Attorney General Douglas F. Gansler and Secretary of State John P. McDonough today joined the Federal Trade Commission in announcing a nationwide crackdown on fraudulent charitable solicitors claiming to help police, firefighters, and veterans. “Operation False Charity” is a joint law enforcement and public education campaign by the FTC, Attorneys General and Secretaries of State from across the country to highlight fraudulent fundraising.

Fraudulent solicitors take advantage of the good will and generosity of donors by misrepresenting who they are and what they intend to do with the funds they raise, often picking the most popular charitable causes - support for police or firefighters and their families, veterans relief, terminally ill children - to most effectively obtain money from sympathetic individuals. The scam artists ultimately undermine the public’s confidence in legitimate charitable fundraising and injure those legitimate nonprofit organizations that compete for a depleted pool of charity dollars.

“There are many reliable charities that rely upon generous contributions from the public to carry out their work,” said Attorney General Gansler. “We all need to feel confident that our donations will be used for the intended charitable purpose. I encourage everyone to do their homework to ensure that the charities they choose to support are legitimate.”

In making today’s announcement, Attorney General Gansler announced a multi-state settlement with Community Support, Inc. (CSI), a national professional fundraiser. CSI solicits funds from consumers in nearly every state on behalf of over 35 charitable clients. CSI kept at least 83% of all money donated, and in some cases kept 90% of all donations, leaving just 10% for the charity. In addition, the multi-state investigation revealed that CSI often made statements that could mislead Maryland residents about how donations were spent, how much of each donation would go to the stated charitable purpose, and whether CSI’s employees were members of veterans, fire, or police officer groups. Under the terms of the settlement, CSI has agreed to halt its deceptive practices. Violations of the settlement may result in penalties of \$10,000 per violation. CSI also agreed to reimburse the participating states \$200,000 for the costs of the investigation.

With more information readily available over the Internet, consumers have the tools to check out a charity before they decide to donate. To make the best use of your charitable dollars, always follow these three rules:

- Check with the Maryland Secretary of State's Office at 1-800-825-4510 before donating to be sure the charity is registered.
- Never agree to give money over the phone. Ask the caller for written information about the charity and read it before making your decision.
- Find out what percentage of your donation actually goes to the charity's mission.

### **Don't Be Rushed**

These days, many charities solicit money by telephone. Telephone solicitations can be legitimate requests for money, but it is possible the caller does not represent a genuine charity.

Unscrupulous callers want to get your money fast. They often ask for a credit card number or offer to send a courier to pick up your check before you can change your mind. When solicited by phone, always ask the caller to send you written material about the charity. Even if the charity has an urgent need for money, the need will still exist after you read what they've sent. Before you give, make sure you know:

- The full name, address and phone number of the charity.
- If the charity (and paid fund-raiser, if one is used) is registered with the Maryland Secretary of State.
- How much of your donation goes to the charity and how much goes to the fund-raiser.
- For what purpose your contribution will be used.
- If your contribution is tax deductible.

### **How is Your Money Used?**

Some charities use paid fund-raisers to contact you for a donation. These fundraisers may keep a portion of your gift as their fee. Find out how much of your gift goes to the charity. You might be better off to send your check directly to the charity and by-pass the fundraisers. The Charitable Organizations Division of Maryland's Secretary of State's Office has a master list of 8,726 registered charities and can provide information about:

- The purpose of a charity.
- The amount of money a charity raises.
- The percentage of the money collected that is used for charitable program services.
- The percentage that is used for administrative costs and fundraising.

### **Warning Signs**

Some solicitations should raise immediate red flags. Be wary if:

- The organization refuses to send you written material or financial information.
- The solicitor offers to send a courier to collect your contribution.
- You receive an invoice or bill for a pledge you never made.
- The organization's name and logo closely resemble another charity with a similar purpose.

Bogus charities frequently use names that resemble those of well-known, legitimate organizations. The only way to be sure a charity is legitimate is to do some research before you give. Donors have the right to ask as many questions as necessary to make an informed decision

about whether or not to donate. If the charity you are considering resists answering your questions, don't give.

If you have any questions concerning a charity, call the Charitable Organizations Division of the Maryland Secretary of State's office at 1-800-825-4510 or the Attorney General's Consumer Protection Division at 1-888-743-0023.