



BRIAN E. FROSH, MARYLAND ATTORNEY GENERAL

PRESS RELEASE

**FOR IMMEDIATE RELEASE:
March 4, 2021**

Media Contacts:
press@oag.state.md.us
410-576-7009

Attorney General Frosh and Secretary of State Wobensmith Join 38 States, and District of Columbia to Shut Down Fraudulent Fundraising Operation

Defendants Placed More than 1.3 Million Deceptive Fundraising Calls

BALTIMORE, MD – Maryland Attorney General Brian E. Frosh and Secretary of State John C. Wobensmith, today announced 38 states and the District of Columbia, have shut down a massive telefunding operation that bombarded 67 million consumers with 1.3 billion deceptive charitable fundraising calls. The defendants collected more than \$110 million using their deceptive solicitations. Associated Community Services (ACS) and a number of related defendants agreed to settle charges by the FTC and state agencies that they duped consumers into donating to charities that failed to provide the services they promised.

“ACS solicitors showered Marylanders with illegal robocalls. They deceived consumers and pocketed millions of dollars that Marylanders believed would go to worthy causes,” said Attorney General Frosh. “The money ACS collected deprived legitimate charities of vital support.”

“Our office is committed to ending charity schemes that target Maryland’s citizens,” said Secretary Wobensmith. “I commend the dedication and commitment of our state and federal partners for the result in this case.”

According to the complaint, the defendants knew that the organizations for which they were fundraising spent little or no money on the charitable causes they claimed to support - in some cases as little as one-tenth of one percent. The defendants kept as much as 90 cents of every dollar they solicited from donors on behalf of the charities.

The complaint alleges that the defendants made their deceptive pitches since at least 2008 on behalf of numerous organizations that claimed to support homeless veterans, victims of house fires, breast cancer patients, children with autism, and other causes that well-meaning Americans were enticed to support through the defendants’ high-pressure tactics. ACS was also the major

fundraiser for the [sham Cancer Fund charities that were shut down by the FTC and states](#) in 2015.

In many instances, the complaint alleges, ACS, and later Directele, knowingly violated the Telemarketing Sales Rule (TSR) by using soundboard technology in telemarketing calls. With that technology, an operator plays pre-recorded messages to consumers instead of speaking with them naturally. Use of such pre-recorded messages in calls to first-time donors violates the TSR. Use of the technology in calls to prior donors also violates the TSR unless call recipients are affirmatively told about their ability to opt out of all future calls and provided a mechanism to do so; the defendants did not make that disclosure. Most of Directele's soundboard calls originated from call centers in the Philippines and India.

The complaint also charges ACS with making harassing calls, noting that ACS called more than 1.3 million phone numbers more than 10 times in a single week and 7.8 million numbers more than twice in an hour. More than 500 phone numbers were called 5,000 times or more. **ACS is alleged to have placed more than 45 million calls to Maryland residents between 2016 and 2019.**

The complaint names ACS and its sister companies Central Processing Services and Community Services Appeal; their owners, Dick Cole, Bill Burland, Barbara Cole, and Amy Burland; and ACS senior managers Nikole Gilstorf, Tony Lia, John Lucidi, and Scot Stepek. In addition, the complaint names two fundraising companies allegedly operated by Gilstorf and Lia as spin-offs of ACS, Directele, and The Dale Corporation.

The ACS defendants were the subject of 20 prior law enforcement actions for their fundraising practices. The ACS defendants stopped operating in September 2019. Gilstorf purchased Directele and Dale Corp in October 2019 and, with Lia, allegedly continued the deceptive fundraising and illegal telemarketing practices. The complaint alleges the defendants violated the Maryland Solicitations Act, the FTC Act, the TSR, and numerous other state laws.

The terms of the settlements, which are now pending court approval, are as follows:

Associated Community Services

Each of these defendants will be permanently prohibited from conducting or consulting on any fundraising activities and from conducting telemarketing of any kind to sell goods or services. In addition, they will be prohibited from using any existing donor lists and from further violations of state charitable giving laws, as well as from making any misrepresentation about a product or service. The defendants will be also be subject to the following monetary judgments:

- **Associated Community Services, Inc.; Community Services, Inc.; Central Processing Services, Inc.; and Richard "Dick" Cole** are subject to a monetary judgment of \$110,063,843, which is suspended due to an inability to pay.
- **Community Services Appeal, Inc. and Barbara Cole** are subject to a monetary judgment of \$110,063,843, which is partially suspended due to an inability to pay. Barbara Cole also will be required to turn over the proceeds of the sale of a vacation home in Michigan.
- **Robert W. "Bill" Burland and Amy J. Burland** are subject to a monetary judgment of \$110,063,843, which is partially suspended due to an inability to pay. Amy Burland will be required to turn over \$450,000.

Directele and ACS Senior Managers Scot Stepek and John Lucidi

Each of these defendants will be permanently prohibited from any fundraising work or consulting on behalf of any charitable organization or any nonprofit organization that claims to work on behalf of causes similar to those outlined in the complaint. They will also be prohibited from using robocalls for any form of telemarketing, using abusive calling practices, or making any misrepresentation about a product or service. The defendants will also be required to clearly and conspicuously disclose when a donation they are requesting is not tax deductible.

In addition, the two corporate defendants - Directele Inc. and The Dale Corporation will be required to cease operations and dissolve. The defendants will also be subject to the following monetary judgments:

- **Scot Stepek** will be subject to a monetary judgment of \$110,063,843, which is partially suspended due to an inability to pay. Stepek will be required to sell a ski boat in his possession and turn over the net proceeds from the sale.
- **Directele Inc., The Dale Corporation, Nikole Gilstorf, and Antonio Lia** will be subject to a monetary judgment of \$1.6 million. Gilstorf and Lia also will be subject to a judgment of \$110,063,843. The judgments are partially suspended due to an inability to pay. Gilstorf and Lia will each be required to turn over \$10,000.
- **John Lucidi** will be subject to a judgment of \$110,063,843, which is partially suspended due to an inability to pay. He will be required to turn over \$25,000.

Other state agencies joining in the case with Maryland's Attorney General include the attorneys general of Alabama, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming; the secretaries of state of Colorado, Georgia, North Carolina, and Tennessee; and the Florida Department of Agriculture and Consumer Services and the Utah Division of Consumer Protection. The case was filed in the U.S. District Court for the Eastern District of Michigan.

The Secretary of State (SOS) registers and regulates charitable organizations and professional solicitors who operate in Maryland. Together with the Maryland Attorney General, the SOS enforces Maryland's charitable giving laws. Maryland donors may visit <http://sos.maryland.gov/Charity/Pages/Giving-Wisely.aspx> on the Secretary of State's website for tips on how to give wisely to charities. Individuals who may have been a victim of deceptive or illegal charitable solicitations, may call the Charities and Legal Services Division, Secretary of State's Office at 410-974-5521 or 1-800-825-4510.

<http://sos.maryland.gov/Charity/Pages/Report-A-Charity.aspx>

www.marylandattorneygeneral.gov/press/2021/030421.pdf