

Helping Family and Friends Avoid Charity Fraud

Charities perform so many vital services in our communities. And in today's tough economy, many charities are dealing with a variety of ups and downs: increases in the demand for service, and decreases in funding, to name just two. To meet their challenges, many are asking for bigger contributions, asking for contributions more often, and looking for a bigger pool of donors. In addition, legitimate charities are facing competition from fraudsters who either solicit for bogus charities or aren't entirely honest about how the so-called charity will use contributions.

THE WARNING SIGNS OF A CHARITY SCAM

How can you tell whether someone you care about is the target of a charity scam — or whether you are yourself? The Federal Trade Commission, the nation's consumer protection agency, suggests that donors should avoid any charity or fundraiser that:

- refuses to provide written information about its identity, its mission, its costs, and how the donation will be used;
- will not provide proof that a contribution is tax deductible;
- uses a name that closely resembles that of a better-known, reputable organization;
- thanks a potential donor for a pledge the person doesn't remember making;
- asks a potential contributor for bank account or credit card information before the person has reviewed the organization's information and agreed to contribute;
- uses high-pressure tactics to secure a donation before the potential donor has had a chance to make an informed decision about giving;
- asks for donations in cash;
- offers to send a courier or overnight delivery service to collect the donation immediately;
- guarantees sweepstakes winnings in exchange for a contribution.

Facts for Consumers

CHARITY CHECKLIST

Consider the following precautions to ensure that your donation dollars benefit the people and organizations you want to help. They're good practices — whether you're contacted by an organization's employees, volunteers or professional fundraisers — and whether they solicit donations by phone, mail, online, or in person.

- q ***Be wary of charities that spring up overnight in connection with current events and natural disasters.*** They may make a compelling case for your money, but as a practical matter, they probably don't have the infrastructure to get the donations to the affected area or people.
- q ***Ask for written information*** about the charity, including name, address, and telephone number.
- q ***Check to see if the charity or fundraiser must be registered in your state*** by contacting the office that regulates charitable organizations and charitable solicitations. If so, check to see if the company you're talking to is registered. For a list of state offices, visit the National Association of State Charity Officials at www.nasconet.org/agencies. Your state office also can verify how much of your donation goes to the charity, and how much goes to fundraising and management expenses. You also can check out charities with the Better Business Bureau's (BBB) Wise Giving Alliance (www.bbb.org/charity) and GuideStar (www.guidestar.org).
- q ***Don't be shy about asking who wants your money.*** Some charities hire professional fundraisers for large-scale mailings, telephone drives, and other solicitations, rather than their own staff or volunteers. They use a portion of the donations to pay

the fundraiser's fees. If you're solicited for a donation, ask if the caller is a paid fundraiser, who they work for, and the percentage of your donation that will go to the charity and to the fundraiser. If you don't get a clear answer — or if you don't like the answer you get — consider donating to a different organization.

- q ***Call the charity.*** Find out if the organization is aware of the solicitation and has authorized the use of its name. If not, you may be dealing with a scam artist.
- q ***Watch out for similar sounding names.*** Some phony charities use names that closely resemble those of respected, legitimate organizations. If you notice a small difference from the name of the charity you intend to deal with, call the organization you know to check it out.
- q ***Make a note on your desk or wall calendar when you donate.*** That way, when a fundraiser contacts you again, you'll have easy access to the date of your last donation.
- q ***Trust your gut — and check your records — if you have any doubt about whether you've made a pledge or a contribution.*** Callers may try to trick you by thanking you for a pledge you didn't make. If you don't remember making the donation or don't have a record of your pledge, resist the pressure to give.
- q ***Be cautious of promises of guaranteed sweepstakes winnings in exchange for a contribution.*** According to U.S. law, you never have to give a donation to be eligible to win a sweepstakes.
- q ***Be wary of charities offering to send a courier or overnight delivery service*** to collect your donation immediately.
- q ***Discuss the donation with a trusted family member or friend*** before committing the funds.

- q *Know the difference between “tax exempt” and “tax deductible.”* Tax exempt means the organization doesn’t have to pay taxes. Tax deductible means you can deduct your contribution on your federal income tax return.
- q *Do not send or give cash donations.* Cash can be lost or stolen. For security and tax record purposes, it’s best to pay by check — made payable to the charity, not the solicitor.

CHECKING UP

You can help a friend or family member locate legitimate charities by checking out the following organizations. They are good sources of free information about charities you may want to support.

BBB Wise Giving Alliance

4200 Wilson Boulevard, Suite 800
Arlington, VA 22203
(703) 276-0100
www.bbb.org/charity

American Institute of Philanthropy

P.O. Box 578460
Chicago, IL 60657
(773) 529-2300
www.charitywatch.org

Charity Navigator

1200 MacArthur Boulevard
Mahwah, NJ 07430
(201) 818-1288
www.charitynavigator.org

GuideStar

4801 Courthouse Street, Suite 220
Williamsburg, VA 23188
(757) 229-4631
www.guidestar.org

FOR MORE INFORMATION AND COMPLAINTS

To learn more about making charitable donations count, visit www.ftc.gov/charityfraud.

If you believe an organization may not be operating for charitable purposes, or is making misleading solicitations, contact your state Attorney General (www.naag.org) or your local consumer protection agency (www.consumeraction.gov). You can get the phone numbers for these organizations in your phone book, through directory assistance, or through Web directories.

You also may file a complaint with the Federal Trade Commission. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Facts for Consumers

The Federal Trade Commission (FTC) is the nation's consumer protection agency.

Here are some tips from the FTC to help you be a more savvy consumer.

1. **Know who you're dealing with.** Do business only with companies that clearly provide their name, street address, and phone number.
2. **Protect your personal information.** Share credit card or other personal information only when buying from a company you know and trust.
3. **Take your time.** Resist the urge to "act now." Most any offer that's good today will be good tomorrow, too.
4. **Rate the risks.** Every potentially high-profit investment is a high-risk investment. That means you could lose your investment — all of it.
5. **Read the small print.** Get all promises in writing and read all paperwork before making any payments or signing any contracts. Pay special attention to the small print.
6. **"Free" means free.** Throw out any offer that says you have to pay to get a gift or a "free" gift. If something is free or a gift, you don't have to pay for it. Period.
7. **Report fraud.** If you think you've been a victim of fraud, report it. It's one way to get even with a scam artist who cheated you. By reporting your complaint to 1-877-FTC-HELP or ftc.gov, you are providing important information to help law enforcement officials track down scam artists and stop them!

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER

Federal Trade Commission
Bureau of Consumer Protection
Division of Consumer and Business Education

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