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**NEWS RELEASE**



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## FTC AND STATES UNITE TO THWART FUNDRAISING FRAUD

In the latest efforts to thwart fundraising fraud, the Federal Trade Commission and Attorney General Gregg Renkes today announced "Operation Phoney Philanthropy" – a joint law enforcement and public education campaign by the FTC, state Attorneys General, and state charities regulators to highlight fraudulent fundraising. Fraudulent solicitors preying upon the good will of donors misrepresent who they are and what they do with the funds they raise, often picking the most popular charitable causes - support for police of firefighters and their families, veterans' relief, terminally ill children – to most effectively tug dollars from sympathetic and community-minded individuals. The scam artists ultimately derail donors' charitable intentions, undermine the public's confidence in legitimate charitable fundraising, and, in turn, injure those legitimate nonprofit organizations that compete for a depleted pool of charity dollars.

Alaska joins the FTC and 34 states in a coordinated education campaign to promote wise giving choices by consumers. Commonsense and a little care can ensure that donated funds go to support the causes that consumers believe in, and not for the private benefit of unscrupulous individuals. With more information available on the Internet, consumers have the tools to check out a charity before they give. More than ever before, such research is important to ensure that contributions will support charitable endeavors.

"Donating to a charity is an important way for many of us to give something back to our communities," said Alaska Attorney General Gregg Renkes. "Unfortunately, some scammers try to take advantage of citizens' willingness to help those in need. Each of us needs to take the steps necessary to become wise givers and to keep a vigilant eye out for these shameless scammers."

Phony fundraising appeals – often made over the telephone – target both consumers and individual business donors. Deceptive badge-related fundraising is an example of shameless scamming. In this type of deceptive fundraising, telemarketers for groups with names related to law enforcement or fire fighters play on the natural impulse of concerned citizens to support their local protectors. Sometimes telemarketers misrepresent affiliation with local or county police or some other local institution, which the telemarketers falsely claim will benefit from a donation. In one case announced

today, the individual defendant is alleged to have created and controlled sham nonprofit corporations with names like “Firefighters’ Assistance Foundation” and “Police and Sheriffs’ Support Fund” and used those entities to collect millions of dollars in donations from unwitting, generous consumers.

Whether it’s a badge-related appeal or a solicitation for a children’s charity or a veteran’s group, phony fundraisers often misrepresent that donations will go to benefit the donor’s local community, or that donations will support particular programs, such as helping homeless veterans. Businesses are often targeted to support worthy-sounding causes, like buying ads in law enforcement journals or purchasing items such as children’s activity books to be donated to local hospitals for use by sick children.

According to the FTC and Attorney General Renkes, consumers and businesses that hear such promises of local benefit or particular program support, especially in a telephone solicitation or other high-pressure donation situation, should take the time to verify the claims. Ask the solicitor how much of the donation will go to support the described programs. Call the local police or other group to make sure that they will really benefit from a donation. Check up on the charity at [www.guidestar.org](http://www.guidestar.org) or at the BBB, [www.give.org](http://www.give.org)

#### **Additional wise giving tips for consumers and businesses include:**

- Be wary of appeals that tug at your heart strings, especially pleas involving patriotism and current events. Check to make sure the donation will support the described program.
- Ask for the name of the charity if the telemarketer does not provide it promptly.
- Ask what percentage of the donation is used to support the causes described in the solicitation, and what percentage is used for administrative costs.
- Verify that the charity and the entity soliciting on behalf of the charity are registered with the Alaska Department of Law by visiting the Department of Law website at [www.law.state.ak.us/consumer/](http://www.law.state.ak.us/consumer/).
- Avoid cash gifts. They can be lost or stolen. For security and tax record purposes, it’s best to pay by check, made payable to the beneficiary, not the solicitor.
- If you do not wish to be called again by a fundraiser, ask to be placed on that fundraiser’s “do not call” list. The FTC’s Telemarketing Sales Rule requires professional fundraisers to establish an in-house list of individuals who do not wish to be called again. If the fundraiser ignores

your request, report the problem to the Alaska Attorney General Office and the FTC.

- Report any deceptive solicitations to the Alaska Attorney General Office, (907) 269-5100, and/or the FTC at 1-877-382-4357.

For more information on wise giving, visit [www.ftc.gov/charityfraud](http://www.ftc.gov/charityfraud) .

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