

CONSUMER'S NOTEBOOK

Charity Fraud

What is Charity Fraud?

Helping less fortunate people through charitable giving is an admirable endeavor. But it pays to be careful. Unscrupulous groups often prey on the giving nature of people. It's bad enough when your contribution goes to a well intentioned charity that inefficiently spends its funds or primarily uses its money on more fundraising appeals. But it's worse when you contribute to a group that misrepresents its fundraising intentions or solicits charitable funds for phony causes. Here are a few tips that can help you make sure your contribution is well spent!

Telephone, Door-to-Door, Street and Mail Solicitations

- **DEMAND IDENTIFICATION:** Ask for the charity's full name and address. Also, ask if the charity is licensed by state and local authorities. Keep in mind that registration does not imply endorsement of the charity.
- **DON'T SUCCUMB TO PRESSURE:** A charity that needs your money today will welcome it just as much tomorrow. Don't give in to pressure to give money on the spot or give money "right away."
- **CHECK IT OUT:** Be wary of charities that harass you to contribute or use strong emotional appeals that may distort the charity's purpose. Ask for printed material, so you can carefully evaluate any requests for money.
- **BEWARE OF FALSE BILLS OR INVOICES:** Watch for any appeal for contributions which resembles a bill, invoice or statement of account due. Any such appeal must bear a clear and noticeable disclaimer stating that it is an appeal and that you are under no obligation to pay unless you accept the offer.

Before You Donate...

- **ASK QUESTIONS:** Ask what percentage of the proceeds are deposited with the charity. Ask if your contribution is tax deductible. Ask for IRS Form 990, which provides detailed breakdowns on charities' expenses and costs. Ask if professional solicitors are hired and, if so, what percentage of the donations solicitors receive.

If You Decide to Donate...

- **DON'T GIVE CASH:** Always make contributions by check and make the check out to charity, not to the individual collecting the donation. Don't give your credit card number over the telephone to anyone soliciting your contribution. Keep records of your donations (receipts, canceled checks and bank statements) so you can document your charitable giving at tax time.
- **DON'T BE FOOLED:** Be wary of names that look impressive or that closely resemble the name of a well-known organization. Don't give money to charities in order to receive "free" prizes. Check out the organization with the local charity registration office and with your Better Business Bureau before you donate.