

- *Keep careful records of all your donations* so you can identify fraudulent scams that claim you made a pledge you don't remember making.
- *Ask for the charity's tax-exempt letter* indicating its IRS status. You can't claim a tax-deductible donation if the charity does not have one.
- *Never give cash.* Make your contribution in the form of a check payable to the full name of the charity.
- *Give out your credit card number only if you are certain that you are dealing with a legitimate charity;* then make sure that the numbers will be encrypted.
- *Don't give out your Social Security number.* A charity does not need it in order for you to claim a tax deduction.

How To Report Charity Fraud

It is a federal felony for anyone to engage in mail fraud, wire fraud, or credit-card fraud. Charity-related fraud should be reported to the following authorities:

- Local law enforcement agency
- Local postmaster if fraudulent solicitations or invoices arrive by mail
- State Attorney General's office: www.naag.org
- State charity office: www.nasconet.org
- Federal Trade Commission, online complaint form: www.ftc.gov
- Local Better Business Bureau, online complaint form: www.bbb.org
- BBB Wise Giving Alliance, online complaint form: www.give.org

- The Internet Crime Complaint Center, online complaint form: www.ic3.gov
- The National Fraud Information Center, online complaint form: www.fraud.org



Crime Prevention Tips From

NATIONAL CRIME PREVENTION COUNCIL

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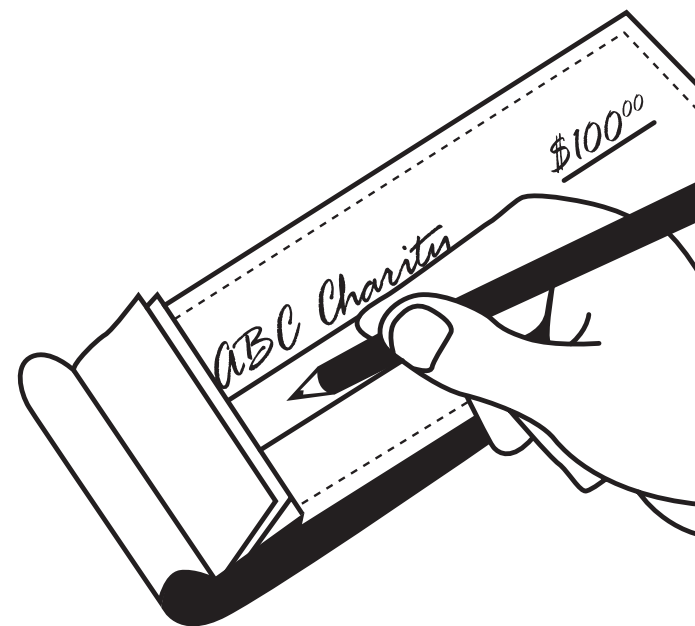
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Preventing Charity Fraud



**NATIONAL CRIME
PREVENTION COUNCIL**

Charitable giving has never been easier. With a few clicks of a computer mouse, you can connect with causes you care about, learn how your support will make a difference, and put your money where your heart is—by making an instant online donation or pledge on a charity’s website. But watch out! Fraudulent fundraisers know that “giving” is an emotional act, and they’re good at pulling heartstrings—and pocket strings too.

How Charities Operate

All charities begin with a cause or mission. Next, they develop a program or service to promote the cause. Then they solicit funds to cover administrative costs (salaries, rent, and supplies), program costs (all services they will provide), and fundraising costs (mailings, advertisements, etc.).

Fundraising is how most charities stay alive. Common fundraising techniques include mailing letters, calling potential donors, posting requests for donations on websites, using emails to solicit funds, going door-to-door, selling products, and conducting telethons.

“Red Flags” and Illegal Fundraising Techniques

Charity fraud occurs when an individual or group deliberately misrepresents its fundraising intentions or solicits funds for phony causes. Fraudulent fundraisers use many of the same techniques as reputable fundraisers, but they may do so in a questionable or illegal way (e.g., a telephone call with a high-pressure appeal, a mailing that promises special favors from local firefighters in exchange for a donation).

Some charities operate just inside the law but outside of ethical boundaries, spending an excessive amount on fundraising and administrative costs but still

contributing a legally acceptable percentage of donated funds to the programs. The following fundraising techniques are questionable and, in some cases, illegal:

- **Prize offers:** Potential donors are told that they have won a contest and are eligible for a prize (usually worthless) if they make a donation to a charity.
- **Donated-back tickets:** Potential donors are encouraged to buy tickets and then donate them back so that they can be passed on to those who could not otherwise attend the event. Often the tickets never reach the needy.
- **Chain letters:** Unsolicited appeals, usually in the form of emails, ask potential donors not only to contribute to an organization but also to forward the email to friends and family members.

- **Unsolicited gifts:** Usually just tokens, these “gifts” are enclosed in direct mail solicitations to make the recipient feel obligated to give something back.

- **Emotional appeals:** Either verbal or written, they often involve graphic descriptions of need to play on sympathy of potential donors.

- **High-pressure tactics:** A solicitor urges the potential donor to give money (usually cash) immediately, before he or she has a chance to review information.
- **Spam email:** These unsolicited emails are sent to many people at once and often contain an emotional appeal and links to a website where potential donors can make an instant online donation using a credit card.

- **Sound-alike names:** Fraudulent charities take names that are very similar to those of high-profile charities that are known and trusted by the public.

- **Hastily constructed website:** Often set up within hours of a large-scale tragedy, these websites claim to be collecting for victims or victims’ families.

- **Promises of special treatment by the local police or fire department:** Fundraisers claiming to be collecting on behalf of the police or fire department promise special treatment in return for a contribution.
- **Deceptive bills and invoices:** These claim that an amount is owed or promised to a particular charity when no such commitment was made.

How To Prevent Charity Fraud

- **Ask how your money will be used.** What percentage will go to the actual programs versus the administrative and fundraising costs?

- **Request written information** that gives the full name, address, and phone numbers of the organization as well as a description of the programs it supports.
- **Check out any charity** you don’t know with the local charity registration office, Better Business Bureau, or a charity watchdog group such as www.charitywatch.org, www.give.org, and www.guidestar.org.

- **Don’t give in to high pressure or emotional appeals** that urge you to donate on the spot. If you are unsure, don’t be afraid to ask for more information.
- **Don’t be fooled by a name** that closely resembles the name of a respected and well-known charity. Make sure you know who you are dealing with.

- **Give directly to the charity if possible,** rather than to an organization claiming it will forward your donation to the charity.