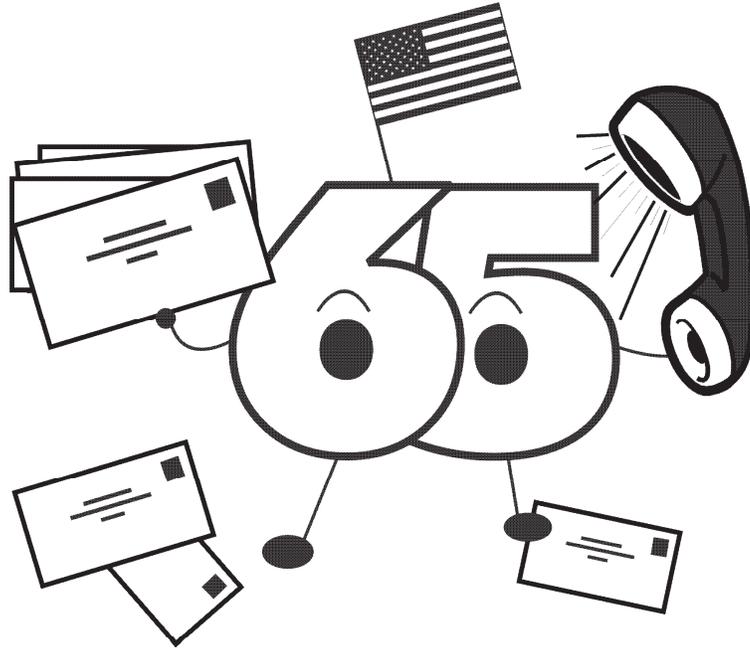


FTC FACTS for Consumers

Helping Older Consumers Avoid Charity Fraud



Charities perform a variety of valuable services in our society. Many are facing increases in costs and demands and decreases in funding. To meet these financial challenges, charities are asking for larger contributions from more donors — and they're asking more often than they used to, often using telemarketing and direct mail solicitations to raise funds for their causes, and often directing their pitches to older consumers. In fact, AARP research shows that Americans aged 65 and older receive more telephone and mail solicitations for charitable donations than any other age group. Fraudsters try to take advantage of this population on the theory that older adults may be more trusting and polite toward strangers, and that they're more likely to be home during the day to receive phone calls.

Facts for Consumers

Chances are you're in a good position to determine whether an older person you care for or about is vulnerable to, or has been victimized by, a charity scam. Here are some clues:

- Does the person get frequent calls or direct mail requesting donations? This may indicate that the person's name has been put on a list of willing donors.
- Does the person make lots of payments to charities that you haven't heard of?
- Is the person having trouble paying for regular expenses, even though there's been no change in income? This may indicate that too much money has gone to donations. Charitable-giving decisions should be one element of a person's overall financial plan.

If you find that the person you care for or about is a victim of fraud, carefully explain what has happened and that he or she is not at fault. Help the person file a complaint with the appropriate authorities. By filing a complaint, you may be helping stop the fraud.

The Warnings Signs of a Charity Scam

Donors should avoid any charity or fund-raiser 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 that the person doesn't remember making;

- asks a potential contributor for bank account or credit card information before the person has reviewed the solicitor'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.

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 fund-raisers, soliciting donations by phone, mail, or in person.

Be wary of appeals that tug at your heart strings, especially pleas involving patriotism and current events. Although the Department of Defense does not endorse any specific war-related charity, you can visit their website at www.army.mil/operations/oif/FAQ.html to find out about military relief societies that provide assistance to U.S. Servicemembers and their families.

- ✓ 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.

- ✓ Call the charity to find out whether it's aware of the solicitation and has authorized the use of its name.
- ✓ If the telemarketer claims that the charity will support local organizations, call the local groups to verify.
- ✓ Discuss the donation with a trusted family member or friend before committing the funds.
- ✓ Don't provide any credit card or bank account information until you have reviewed all information from the charity and made the decision to donate.
- ✓ Ask for a receipt showing the amount of the contribution and stating that it is tax deductible;
- ✓ Understand that contributions made to a "tax exempt" organization are not necessarily tax deductible.
- ✓ 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.

Fraud Protection Tips

You can help protect the person you care for or about by helping to locate legitimate charities. These organizations can be good sources of free information about the charities you'd like to support.

BBB Wise Giving Alliance

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

American Institute of Philanthropy
3450 N. Lake Shore Drive, Suite 2802 E
Chicago, IL 60657
(773) 529-2300
www.charitywatch.org

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

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

Where to Complain

If you believe an organization may not be operating for charitable purposes or is making misleading solicitations, contact your state Attorney General, your local consumer protection office, or 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

Facts for Consumers



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education
May 2003