Florida Charity to Pay Over $100k to Breast Cancer Research, and is Banned from Soliciting in Michigan for Ten Years Due to Deceptive Fundraising

LANESING - Michigan Attorney General Bill Schuette today announced a settlement with Florida nonprofit Breast Cancer Outreach Foundation, Inc. The settlement resolves the Attorney General’s claims that, in 2015, the group deceptively raised $1.4 million nationwide, including at least $36,372 in Michigan. The group’s solicitations told donors that funds raised would be used for breast cancer research grants. In reality, all the money raised, except for one $8,235 grant, went to professional fundraisers and other expenses—not breast cancer research.

"In recent years, my office has combatted deceptive solicitations for cancer, veterans, firefighters, and police. It’s sad to see these causes exploited," said Schuette. “Donors should remain vigilant during solicitations—especially regarding emotional appeals for sympathetic causes. And it bears repeating: research the charity before giving.”

In settlement, Breast Cancer Outreach Foundation will pay $150,000, with $125,000 paid for breast cancer research and the remaining $25,000 to recoup the State’s investigative costs. Breast Cancer Outreach Foundation will also withdraw its charitable solicitations registration and is banned from soliciting in Michigan for ten years.

Background

In January 2017, the Attorney General issued a Notice of Intended Action against Breast Cancer Outreach Foundation, alleging 14,542 civil violations of charitable solicitations fraud, with maximum penalties of $10,000 per violation. In 2015, Breast Cancer Outreach Foundation raised $1,425,201, telling donors that funds raised would be used for grants for breast cancer research in support of a breast cancer vaccine. However, the Foundation’s financials failed to disclose any breast cancer research grants in 2015. In response to the allegations, the Foundation amended its financials and documented one grant of $8,235 for breast cancer research. But all the other money Breast Cancer Outreach Foundation raised was used for other purposes: to pay its professional fundraisers, the company executive’s salary, or other expenses.

The Attorney General’s investigation into Breast Cancer Outreach Foundation stemmed from the Attorney General’s 2016 investigation into professional fundraiser Corporations for Character, an investigation which resulted in a monetary settlement and the fundraiser’s withdrawal from the state. Breast Cancer Outreach Foundation used Corporations for Character for some of its fundraising, a fact which led the Attorney General to scrutinize the charity’s own fundraising practices.
Utah Fundraiser to pay $90K and Cease Michigan Solicitations Through 2020 for Fundraising Misrepresentations

LANSONG – Michigan Attorney General Bill Schuette today announced a settlement was reached with Utah fundraiser Corporations for Character, resolving claims they violated the Public Safety Solicitation Act. Corporations for Character has agreed to pay a civil penalty of $90,000 to the State of Michigan and to withdraw from fundraising in Michigan for four years.

“If you want to raise charitable contributions in Michigan, you have to be honest. Deceptive fundraisers that prey on the elderly and vulnerable will not be tolerated,” Schuette said. “Donors should continue to educate themselves on fundraising scams and should research charities before donating. Don’t get pressured into a quick decision.”

In April, Schuette issued a Notice of Intended Action alleging that Corporations for Character was deceiving Michigan donors by sending pledge forms to those who had not pledged and taking advantage of elderly and vulnerable call recipients.

Schuette also once again reminded donors that some telemarketers, such as Corporations for Character, keep 80% or more of each donation, encouraging donors to research their own charities and to give directly to the selected charity. For more information on professional fundraising costs, see the Attorney General’s 2015 Professional Fundraising Charitable Solicitation Report.

Case Background

In September 2015, the Attorney General’s office received a complaint from a Michigan resident regarding a Corporations for Character solicitation. The complainant alleged that she had not agreed to pledge, yet received a pledge form in the mail requesting that she fulfill her “promised pledge” of $15 by a “due date.”

Corporations for Character responded to the complaint by producing the recording of the call conducted by its solicitor. The recording confirmed that the complainant never agreed to a pledge. Concerned that Corporations for Character’s misconduct may have extended beyond the complainant, the Attorney General’s office requested additional call recordings.

Corporations for Character produced 850 call recordings. The office’s review of these recordings confirmed twenty-three violations. The violations fell in four categories: (1) the call recipient received a pledge form from Corporations for Character falsely stating that the call recipient had pledged, i.e., violations of the same sort made to the Attorney General’s complainant; (2) the call recipient did not pledge but was sent an informational pledge form with a form showing a pledge amount and a due date; (3) the call recipient’s spouse agreed to pledge, but the form was addressed to the non-pledging spouse stating falsely that that person had pledged; and (4) the call recipient was elderly or otherwise unable to understand and was taken advantage of by the professional fundraiser.
Michigan’s Public Safety Solicitation Act governs solicitations on behalf of public safety organizations and requires professional fundraisers to be licensed by the Attorney General. It prohibits misleading and deceptive acts and taking advantage of the vulnerable, and also requires licensed fundraisers to record their calls.

As part of the investigation into Corporations for Character, the Attorney General reviewed Corporations for Character’s solicitations on behalf other charitable organizations and also found violations.

**Listen to examples of phone solicitations under the Public Safety Solicitation Act**

- Phone call 1
- Phone call 2

In each call, the call recipient did not agree to a pledge; nevertheless, Corporations for Character followed the call by sending the call recipient a pledge form informing of his or her “promised pledge” and requesting payment by a “due date.” The call recordings also provide examples of charitable solicitations using pre-recorded audio. The calls are controlled by a live agent, but the voice heard is not live but is pre-recorded.

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The Attorney General’s January Notice of Intended Action ordered Breast Cancer Outreach Foundation to cease and desist the alleged violations, giving them twenty-one days to resolve the matter or face a civil action in court. In addition, the Attorney General also issued Breast Cancer Outreach Foundation a Notice of Intent to deny its charitable solicitations registration.

**Attorney General Resources for Charitable Giving**

To assist individuals in making wise decisions regarding which charitable donations to support, Attorney General Schuette established an online searchable database for charities. The Attorney General also publishes an annual professional fundraising charitable solicitation report. Through these resources, users have access to information to aid them in determining which charities are worth supporting—and which are not. The Attorney General's Charitable Trust Section is also available at 517-373-1152 to answer inquiries about a charity.

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Schuette: Deceptive Charity to Cease Operations after Misleading Donors

LANSING – Michigan Attorney General Bill Schuette today announced a settlement over claims against a charity known as Firefighters Support Services (FFS) of Wyandotte, Michigan. The group used deceptive phone calls to fundraise claiming that funds went to help firefighters and victims of fire but more than 90% went elsewhere. As part of the settlement FFS will dissolve their operations within 60 days.

Additionally as part of the settlement, Firefighters Support Services’ three directors have agreed to pay $144,000 over the next three years, and its directors have agreed to never again serve as directors or officers for a charitable entity. Three-quarters of the settlement amount will benefit the Southeast Michigan Chapter of the American Red Cross for the purpose of home fire relief. The remaining one-quarter will pay for the cost of the investigation.

“Michigan residents are very generous, but the unfortunate reality is that we all must be cautious of those that would exploit that generosity,” said Schuette. “The directors and officers of charities have a responsibility to the public to ensure that their organization’s solicitations are truthful. Today’s settlement protects the public by ensuring that the operators of this charity cannot deceive residents any longer. Donors should also remember to protect themselves by researching charities before donating.”

Where the Donations Went

During the period of these solicitations, Firefighters Support Services raised $4.2 million from donors throughout the nation, yet more than 90% of the charity’s expenditures went to fundraising costs, salaries and administrative costs, or to programs that were not disclosed in Firefighters Support Services’ solicitations.

Firefighters Support Services used a blanket donation program to exaggerate the extent of its charitable programs and its efficacy as a charity. Firefighters Support Services achieved this by obtaining donated blankets that were themselves purchased by Congress, i.e., the taxpayer, and intended to combat homelessness. Firefighters Support Services then included inflated values for the blankets on its public financial statements.

Case Background

In May, Schuette issued a Notice of Intended Action alleging that Firefighters Support Services was using a deceptive and misleading solicitation script and had filed deceptive financial statements with Schuette’s office.

In the filing, Schuette alleged that Firefighters Support Services’ solicitations deceived call recipients by informing them that Firefighters Support Services helps firefighters get better equipment and helps “families that have been burned out of their homes by providing them with food, shelter, and clothing” or “financial support.”
The organization was unable to identify any grants of food, shelter, or clothing to families that have been burned out of their homes. Firefighters Support Services was able to identify three grants of money totaling $5,586.06 to individuals for the purpose of fire loss relief. Despite being a prominent part of its solicitations, these grants represented just one-tenth of one percent of the $4.2 million raised during this period.

**How to Avoid Scam Charities**

Schuette once again reminded donors that some telemarketers, such as Southfield-based Associated Community Services in the present case, keep 85% or more of each donation. Schuette encouraged donors to research their own charities and to give directly to the charity. For more information on professional fundraising costs, see the Attorney General's 2015 Professional Fundraising Charitable Solicitation Report.

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LANSING – Michigan Attorney General Bill Schuette today announced that professional fundraiser Golden Recyclers, Inc., of Dearborn, Michigan, has agreed to pay $35,000 for violating the Charitable Organizations and Solicitations Act. In addition, before operating any clothing donation bins in Michigan, Golden Recyclers will also revise the labels and disclosures on its bins to comply with state law.

“Whether soliciting by phone, by mail, on the internet, or on a clothing donation bin, charitable solicitors must tell the truth,” said Schuette. “Deceptive solicitations hurt donors, hurt the charities that follow the laws, and hurt those that depend on charitable donations for clothing and other necessities.”

The fine is a result of the group deceptively operating over 300 clothing donation bins throughout the Metro Detroit area. One-third of the deceptive bins were labeled with the logo “Mercy,” but were not operated for the benefit of any charity. The remaining bins were labeled with the name of Cancer Federation, Inc., a California-based charity; but most of the funds raised went to the fundraiser, and the bins failed to include the necessary legal disclosures.

Background

In December 2016, the Attorney General Issued a Notice of Intended Action against Golden Recyclers, alleging 2,594 violations of the Charitable Solicitations Act. The violations stemmed from an investigation by the Attorney General’s Charitable Trust Section into the clothing donation bin operator following a consumer complaint about the “Mercy” bins—bins that displayed neither the name of a charity nor the name of the bin operator. It was discovered that the bins were operated by Golden Recyclers—allegedly for the benefit of the charity, Cancer Federation, Inc. Both organizations were asked to explain the bins. Cancer Federation responded saying that the “Mercy” bins were unauthorized and that it was ordering Golden Recyclers to cease and desist its operation. Nevertheless, Golden Recyclers continued operating the bins, as confirmed by photographs from the Attorney General’s investigators.

The investigation also revealed that Golden Recyclers’ operation of bins labeled “Cancer Federation” violated Michigan’s Charitable Solicitations Act. Golden Recyclers pays $12,000 a year to Cancer Federation Inc. to use its name under their current contract. This means all donations placed in the bins go to Golden Recyclers—not Cancer Federation Inc., a fact not disclosed on the bins.
Golden Recyclers was given 21 days to resolve the matter or face a civil action in court. Concurrent with the Notice of Intended Action, Attorney General also issued a Notice of Intent to Deny Cancer Federation’s charitable solicitation registration.

Upon receipt of the Notice of Intended Action, Golden Recyclers complied with the cease and desist order and began cooperating with the Attorney General to resolve the matter. Cancer Federation did not respond to the Attorney General’s Notice of Intent to Deny Registration, so the Attorney General has since denied Cancer Federation’s registration, preventing Cancer Federation from soliciting in Michigan.

**Clothing Donation Bin Consumer Alert**

In December 2016, because of the complaint against Golden Recyclers and because of other recent complaints regarding clothing donation bins, the Attorney General issued a Consumer Alert cautioning donors about deceptive clothing donation bins. That alert will remain posted at www.mi.gov/charity.

**Recent Charitable Solicitation Enforcement Actions**

In recent months, the Attorney General has brought enforcement actions against charities or their fundraisers regarding deceptive solicitations. In August 2016, Wyandotte-based Firefighters Support Services agreed to dissolve and to pay $144,000 to resolve the Attorney General’s allegations of deceptive solicitations. In September 2016, Utah-based professional fundraiser Corporations for Character agreed to withdraw from Michigan for four years and to pay a civil penalty of $90,000 to resolve the Attorney General’s allegations of solicitations fraud. In February 2017, Florida-based Breast Cancer Outreach Foundation agreed to a ten-year solicitations ban and to pay $150,000; likewise, in February, Florida-based Help the Vets agreed to a five-year solicitations ban.

**Charitable Solicitation Resources and Complaints**

To assist individuals in making wise decisions regarding which charitable donations to support, Attorney General Schuette established an online searchable database for charities. The Attorney General also publishes an annual professional fundraising charitable solicitation report. Through these resources, users have access to information to aid them in determining which charities are worth supporting—and which are not.

The Attorney General’s Charitable Trust Section is also available at 517-373-1152 to answer inquiries about a charity. Complaints regarding charitable solicitations may be filed through the Attorney General’s online complaint form, or by mailing the Charitable Trust Section at P.O. Box 30214, Lansing, MI 48909-7714, or by emailing the Charitable Trust Section at ct_email@mi.gov.

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Schuette Files Cease and Desist After Veterans Charity Admits to Lying to Donors about Helping Michigan Vets

Contact: Andrea Bitely, Megan Hawthorne; (517) 373-8060

March 9, 2017


Violations include deceptive solicitations and spending donations improperly. The Attorney General’s Charitable Trust Section investigated the truthfulness of VietNow’s solicitations which stated that money would benefit Michigan veterans and in response to the Attorney General’s inquiries, VietNow admitted that it had not funded any programs that assisted Michigan veterans. Other scripts claimed that VietNow provided “medical facilities and treatment” to veterans, but VietNow’s response identified no such programs.

“Deceptive charities tarnish the good name of the charitable sector,” said Schuette. “Charities that lie and thereby exploit the generosity of Michigan donors won’t do business here.”

The Notice of Intended Action alleges 16,422 violations, with maximum penalties of $10,000 per violation. It also orders VietNow to cease and desist these violations and gives VietNow twenty-one days to resolve the matter or face a civil action in court. Concurrent with the Notice of Intended Action, the Attorney General is also issuing VietNow a Notice of Intent to revoke its charitable solicitations registration.

Case Background

Since March 2015, VietNow—which also uses the name VeteransNow—has been raising money using deceptive telemarketing solicitation scripts authorized by VietNow’s President, Joseph Lewis. The scripts tell potential donors that VietNow gives a minimum of 12 percent after expenses back to veterans in the donors’ state; other scripts state that donations will help local Michigan veterans. Using these scripts, VietNow raised $1.93 million nationwide, including $53,414 in Michigan; but only .2%, or $3,923, went to veterans programs; and contrary to VietNow’s scripts, none of the money raised went to Michigan vets or provided “medical facilities or treatment.” Instead, most donations went to the charity’s professional fundraisers.

The Attorney General’s investigation into VietNow, like its recent enforcement actions against Breast Cancer Outreach Foundation and Help the Vets, stemmed from the Attorney General’s 2016 investigation into professional fundraiser Corporations for Character, which resulted in a monetary settlement and a four-year ban on soliciting in Michigan. VietNow also used Corporations for Character for some of its fundraising, a fact which led the Attorney General to scrutinize VietNow’s fundraising scripts in light of its purported charitable programs.
Charitable Solicitations Resources

Complaints regarding charitable solicitations may be filed through the Attorney General's online complaint form, or by mailing the Charitable Trust Section at P.O. Box 30214, Lansing, MI 48909-7714, or by emailing the Charitable Trust Section at ct_email@mi.gov.

To assist individuals in making wise decisions regarding which charitable donations to support, Attorney General Schuette established an online searchable database for charities, accessible at www.mi.gov/charitysearch. The Attorney General also publishes an annual professional fundraising charitable solicitation report, available at www.mi.gov/charity. Through these resources, users have access to information to aid them in determining which charities are worth supporting—and which are not. The Attorney General's Charitable Trust Section is also available at (517) 373-1152 to answer inquiries about a charity.

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AG / CONSUMER PROTECTION / CHARITIES

Schuette Issues Cease and Desist to Charity that Lied to Donors about Phone Card Program for Wounded Military

Contact: Andrea Bitely, Megan Hawthorne; (517) 373-8060

July 25, 2017

LANSING - Michigan Attorney General Bill Schuette today announced a Notice of Intended Action and Cease and Desist Order against Healing American Heroes, Inc. of Round Rock, Texas and its professional fundraiser Jeremy Squire & Associates for over a million violations of the Charitable Organizations and Solicitations Act. Violations included deceptive solicitations and diversion of funds raised to other purposes. Over 10,000 donations – totaling more than $200,000 – were received from Michigan donors.

"This group systematically exploited thousands in Michigan and hundreds of thousands nationwide who wanted to help wounded service members," said Schuette. "Our troops deserve better; our citizens deserve better."

Case Background

Healing American Heroes came to the attention of the Attorney General's Charitable Trust Section through an audit of its charitable solicitation registration and IRS Form 990. The Charitable Trust Section questioned certain statements on the IRS Form 990, requesting Healing American Heroes' solicitation materials for review, and requested information regarding its supposed charitable activities. The charity's responses revealed numerous violations.

In 2015, Healing American Heroes, fundraising under the name Help Our Wounded, raised $2.6 million by sending nearly five million deceptive mailings nationwide. The mailings included between one and three phone cards and made statements such as the following:

- Stated the “urgent” need for phone cards for wounded service members deployed in the Middle East;
- Claimed that “EVERY one of the 50,000 soldiers STILL stationed in Afghanistan and the Middle East wants [a phone card] – and I believe they deserve them”;
- Told individuals that Healing American Heroes’ network of military individuals would distribute the cards;
- Asked donors to "sponsor one, two, or even three Emergency Phone Cards for as little as $10 . . .";
- Asked donors to return the mailed phone cards with their contribution to “sponsor” the cards.

The Notice of Intended Action alleges 1,127,590 violations against Healing American Heroes and 1,116,538 violations against professional fundraiser Jeremy Squire & Associates. It also orders the charity and the fundraiser to cease and desist these violations, giving them 21 days to resolve the matter or face a civil action in court. Concurrent with the Notice of Intended Action, the Attorney General is also issuing a Notice of Intent to Deny Healing American Heroes’ fundraising registration.

http://www.michigan.gov/ag/0,4534,7-164-17337_80762_80765-427273--,00.html
The Notice of Intended Action exhibits are available in their entirety at the following links: Exhibits A - E, Exhibits F.1 - F.5, Exhibits F.6 - F.10 and Exhibits G - L.

**Michigan a Leading State in Fighting Charitable Solicitation Fraud**

Over the last year, Attorney General Schuette’s Charitable Trust Section has ramped up its enforcement of Michigan’s law prohibiting deceptive charitable solicitations.

Below are Michigan’s six charitable solicitations fraud actions within the past year:

1. Florida Charity to Pay Over $100K to Breast Cancer Research, and is Banned From Soliciting in Michigan for Ten Years Due to Deceptive Fundraising
2. Utah Fundraiser to Pay $90K and Cease Michigan Solicitations Through 2020 for Fundraising Misrepresentations
3. Schuette: Deceptive Charity to Cease Operation after Misleading Donors
4. Schuette Files Cease and Desist Against Dearborn-based Fundraiser for Illegally Operating Clothing Donation Bins
5. Schuette: Texas-based Fundraiser Faces 319,000 Civil Violations for Deceptively Operating Michigan Humane Society Clothing Bins
6. Schuette Files Cease and Desist After Veterans Charity Admits to Lying to Donors Helping Michigan Vets

**Charitable Solicitations Resources**

Complaints regarding charitable solicitations may be filed through the Attorney General’s online complaint form, or by mailing the Charitable Trust Section at P.O. Box 30214, Lansing, MI 48909-7714, or by emailing the Charitable Trust Section.

To assist individuals in making wise decisions regarding which charitable donations to support, Attorney General Schuette established an online searchable database for charities. The Attorney General also publishes an annual professional fundraising charitable solicitation report, available on the Attorney General website. The Attorney General’s Charitable Trust Section is also available at 517-373-1152 to answer inquiries about a charity.

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