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Press Releases



OFFICE OF THE ATTORNEY GENERAL CONNECTICUT

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Attorney General Tong Joins FTC, Multistate Coalition Shutting Down Massive Charity Fraud Robocall Operation

(Hartford, CT) — Attorney General William Tong along with the Federal Trade Commission (FTC) and 46 agencies from 38 states and the District of Columbia, has stopped a massive telefunding operation that bombarded 67 million consumers with 1.3 billion deceptive fundraising calls—most of them illegal robocalls. The defendants deceptively collected more than \$110 million falsely claiming to support veterans, children, firefighters and other causes.

Associated Community Services (ACS) and related defendants have agreed to settle charges by the FTC and state agencies that they duped generous Americans into donating to charities that failed to provide the services they promised. The complaint names ACS and its sister companies Central Processing Services and Community Services Appeal; the owners, Dick Cole, Bill Burland, Barbara Cole, and Amy Burland; and ACS senior managers Nikole Gilstorf, Tony Lia, John Lucidi, and Scot Stepek. In addition, the complaint names two fundraising companies allegedly operated by Gilstorf and Lia as spin-offs of ACS: Directele and The Dale Corporation.

Between January 2016 and August 31, 2019, ACS made over 34 million calls to Connecticut numbers alone—in some cases bombarding families with multiple calls per hour.

"These fake fundraisers bombarded millions of consumers with well over a billion deceptive robocalls—swindling generous families and robbing legitimate charities of support. Our enforcement action holds senior leadership personally accountable for this egregious fraud, and directs penalties collected into a fund for real non-profits to provide the services ACS and their related entities falsely promised," **said Attorney General Tong**. "Robocalls are more than just a nuisance, they are a real consumer protection and public safety threat. We are continuing to work closely with our partners in the telecom industry to develop and deploy technology to track and trace these calls and to bring scammers to justice."

"Deceptive charitable fundraising can be big business for scammers, especially when they use illegal robocalls," **said Daniel Kaufman, Acting Director of the FTC's Bureau of Consumer Protection**. "The FTC and our state partners are prepared to hold fraudsters accountable when they target generous consumers with lies."

The complaint alleges the defendants violated Conn. Gen. Stat. §§ 21a-175 through 21a-190l and 42-110a through 42-110q, the FTC Act, the Telemarketing Sales Rule (TSR), and other state laws. According to the complaint, the defendants knew that the organizations for which they were fundraising spent little or no money on the charitable causes they claimed to support—in some cases as little as one-tenth of one percent. Moreover, the defendants kept as much 90 cents of every dollar they solicited from generous donors on behalf of the charities.

The complaint alleges that the defendants made their deceptive pitches since at least 2008 on behalf of numerous organizations that claimed to support homeless veterans, victims of house fires, breast cancer patients, children with autism, and other causes that well-meaning Americans were enticed to support through the defendants' high-pressure tactics. ACS was also the major fundraiser for the **[sham Cancer Fund charities that were shut down by the FTC and states](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ftc.gov%2Fnews-events%2Fpress-releases%2F2015%2F05%2Fftc-all-50-states-dc-charge-four-cancer-charities-bilking-over&data=04%7C01%7CKathleen.McWilliams%40ct.gov%7C72fc9ac5829e4eca972e08d8df1e57e5%7C118b7cfaa3dd48b9b02631ff69bb738b%7C0%7C6375046687464)** (<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.ftc.gov%2Fnews-events%2Fpress-releases%2F2015%2F05%2Fftc-all-50-states-dc-charge-four-cancer-charities-bilking-over&data=04%7C01%7CKathleen.McWilliams%40ct.gov%7C72fc9ac5829e4eca972e08d8df1e57e5%7C118b7cfaa3dd48b9b02631ff69bb738b%7C0%7C6375046687464>) in 2015, and was the subject of 20 prior law enforcement actions for their illegal fundraising practices.

The terms of the settlements with the defendants, which are now pending court approval, are as follows:

Associated Community Services Defendants

Each of these defendants will be permanently prohibited from conducting or consulting on any fundraising activities and from conducting telemarketing of any kind to sell goods or services. In addition, they will be prohibited from using any existing donor lists and from further violations of state charitable giving laws, as well as from making any misrepresentation about a product or service. The defendants will be also be subject to the following monetary judgments:

- **Associated Community Services, Inc.; Community Services, Inc.; Central Processing Services, Inc.; and Richard "Dick" Cole** are subject to a monetary judgment of \$110,063,843, which is suspended due to an inability to pay.
- **Community Services Appeal, Inc. and Barbara Cole** are subject to a monetary judgment of \$110,063,843, which is partially suspended due to an inability to pay. Barbara Cole also will be required to turn over the proceeds of the sale of a vacation home in Michigan.
- **Robert W. "Bill" Burland and Amy J. Burland** are subject to a monetary judgment of \$110,063,843, which is partially suspended due to an inability to pay. Amy Burland will be required to turn over \$450,000.

Directele Defendants and ACS Senior Managers Scot Stepek and John Lucidi

Each of these defendants will be permanently prohibited from any fundraising work or consulting on behalf of any charitable organization or any nonprofit organization that claims to work on behalf of causes similar to those outlined in the complaint. They will also be prohibited from using robocalls for any form of telemarketing, using abusive calling practices, or making any misrepresentation about a product or service. In addition, the defendants will be required to clearly and conspicuously disclose when a donation they are requesting is not tax deductible.

In addition, the two corporate defendants—Directele Inc. and The Dale Corporation—will be required to cease operations and dissolve.

The defendants will also be subject to the following monetary judgments:

- **Scot Stepek** will be subject to a monetary judgment of \$110,063,843, which is partially suspended due to an inability to pay. Stepek will be required to sell a ski boat in his possession and turn over the net proceeds from the sale.
- **Directele Inc., The Dale Corporation, Nikole Gilstorf, and Antonio Lia** will be subject to a monetary judgment of \$1.6 million. Gilstorf and Lia also will be subject to a judgment of \$110,063,843. The judgments are partially suspended due to an inability to pay. Gilstorf and Lia will each be required to turn over \$10,000.
- **John Lucidi** will be subject to a judgment of \$110,063,843, which is partially suspended due to an inability to pay. He will be required to turn over \$25,000.

The funds being surrendered by the defendants will be paid to an escrow fund held by the State of Florida and, following a motion by the participating states and approval by the court, will be contributed to one or more legitimate charities that support causes similar to those for which the defendants solicited.

The Office of the Connecticut Attorney General and the FTC were joined by the attorneys general of Alabama, California, Colorado, Delaware, the District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, and Wyoming; the secretaries of state of Colorado, Georgia, Maryland, North Carolina, and Tennessee; and the Florida Department of Agriculture and Consumer Services and the Utah Division of Consumer Protection.

Consumer Protection Department Head Michael Wertheimer and Assistant Attorney General Kim Carlson McGee assisted the Attorney General with this matter.

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