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AG Shapiro, FTC and 38 AGs Shut Down Massive Charity Telefunding Scam

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HARRISBURG – Attorney General Josh Shapiro today announced a settlement concerning a fraudulent telefunding operation that targeted 67 million consumers nationwide, with 1.3 billion [deceptive](#) charitable fundraising calls since 2008. Associated Community Foundation [placed](#) 61,526,158 calls to phone numbers in Pennsylvania from Jan. 1, 2016 through Aug. 31, 2019. In some instances, 47,562 phone numbers were called more than 10 times in a week, 81,200 were called more than three times a day, 271,417 were called twice a day, and 4,515 were called more than three times an hour.

“ACS duped millions of Americans and took advantage of their generosity for its own financial gain,” AG Shapiro said. “The settlement ensures that this scam gets hung up on permanently, that the recovered money gets properly allocated, and that the share companies are never able to prey on Pennsylvanians again.”

The Pennsylvania Office of Attorney General, along with the Federal Trade Commission and 46 agencies from 37 states and Columbia, has entered into a settlement with ACS and a number of related defendants in relation to the charges that they misled Americans into donating to charities that failed to provide the services they promised. ACS collected more than \$110 million using a deceptive method. Per the terms of the [settlement](#), the shareholders of ACS and its related corporations are permanently barred from telemarketing.

Senior managers of ACS, which shut down in September 2019, formed Directele and the Dale Corporation (Dale) and purchased assets from ACS, and all of ACS’s fundraising clients were shifted over to Directele and Dale.

The [settlement](#) requires both Directele and Dale to cease and dissolve operations. The shareholders of Directele and Dale are barred permanently from engaging in charitable fundraising or soliciting for causes related to the ones that they once represented.

“AARP applauds the action taken by Attorney General Shapiro and federal officials to stop a huge telephone charity scam that has plagued Pennsylvania residents for years,” said AARP Pennsylvania State Director Bill Johnston-Walsh. “Telemarketing charities often frequently target older adults and abuse the good will of donors to line their own pockets.”

The complaint alleges that ACS knew the organizations for which they were fundraising spent as little as 0.1% of the money on the causes they claimed to support, and that the defendants kept up to 85% of the money for themselves. ACS made their decisions on behalf of numerous organizations claiming to support breast cancer patients, victims of house fires, children with autism, and veterans, among other charitable causes.

Additionally, the complaint charges ACS with knowingly violating Telemarketing Sales Rules and with making harassing calls to 1.3 million phone numbers ten times in a single week, 7.8 million numbers more than twice an hour, and called more than 1.3 million numbers 10 times or more.

The individual shareholders of ACS are paying \$450,000 and the individual shareholders of Directele are paying \$50,000 for the funds being surrendered by the defendants. The funds being surrendered will be contributed to charities that operate in all 38 states, and the District of Columbia, affected by the telemarketing scams, and support causes similar to those for which the defendants solicited.

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