



Don't Be Taken in by Charity Scams

When it comes to protection, few people are more appreciated in a community than law enforcement personnel, firefighters, and the military. We all recognize that people who serve in these organizations sometimes face threatening criminals and dangerous circumstances while they try to protect us. Some have even given their lives for us. That's why we are often easily convinced to donate to a charity claiming to support these deserving public servants.

Two or three times a year, your phone might ring and the person on the other end of the line thanks you for your support and asks you to once again donate to a "nonprofit" fund that provides some kind of financial support to one or more of the above-mentioned groups of public servants. Even though economic times are difficult, many generous Americans are still willing to donate to one of these charities.

Unfortunately, there are dishonest people who take advantage of this generosity and turn it into a way to make some fast money. This often takes the form of telemarketing by

people using legitimate-sounding charity names and describing sympathetic causes to give their scam organizations a feeling of credibility. For example, the caller may claim that your donation will support police or firefighters disabled in the line of duty, often right in your community, or that your donation will assist military families in need, or they mislead you about how much of the money you donate will go to the cause they claim to be calling for. Their real goal, however, is to convince you to contribute money that doesn't go to a charity at all but is used by the scammers to support themselves and their fund raisers.

Family Financial Education Foundation is happy to let you know that, in order to try and prevent honest citizens like you from being taken advantage of, the Federal Trade Commission (FTC) has initiated "Operation False Charity" to crack down on the telemarketers who make these false charitable claims. The FTC encourages all consumers to get basic financial information about an organization before donating money. By

Charitable Donations: Are You Giving or Are They Taking?

Money you donate to charity is an investment in your community, your country, and your world. That's why it's smart to be careful about deciding which charities deserve your donation. Family Financial Education Foundation wants to help you avoid scam artists who try to make money by taking advantage of your generosity. In this newsletter, we'll talk about things you should watch out for and ways to give so that your donation has the impact you intended. ■

doing a little research and asking some basic questions of the caller, you can help ensure your donations have the impact you intended.

Here are some tips provided by the FTC to help you make sure the donations you make really are going to the purpose you intended:

- Recognize that the words "veterans," "military families," "police," "firefighters," or "sheriffs" in an organization's name don't necessarily mean that veterans or the families of any of these groups will benefit from your donation.
- Check out an organization before donating. Some phony charities use names, seals, and logos that look or sound like those of

(Continued on page 3)

Make sure your money gets to the people you want to help

As pictures of devastated areas from the newest national or world disaster start to hit our local media outlets it usually doesn't take long before aid organizations begin their plea for donations. Some of these organizations have been in place for years. Others are created, sometimes haphazardly, to provide for a specific area or need. Still others are opportunist groups who gear up to take full advantage of the tragedy—and your open wallet. How do you make sure that your donation is going to make the greatest impact? Below are some ideas that will help you.

lion. It is estimated that most individuals made donations averaging about \$219 each.

The above organizations are just some of the “big boys” and they have many things in common. The first is that they have been around for a while. They have demonstrated their credibility through multiple responses and situations. They also have strong leadership, and money management skills in addition to strong local organization, crisis training, and resources. These organizations usually boast extensive coverage with staff

Helpful Websites

The following Web sites are available to help you check out a charity:

www.nasconet.org - National Association of State Charity Officials

www.guidestar.org - Guidestar

www.bbb.org/charity - Better Business Bureau Wise Giving Alliance

www.charitynavigator.org - CharityNavigator

www.charitywatch.org - American Institute of Philanthropy

www.ftc.gov - Federal Trade Commission

First, lets take a look at the recent disaster in Haiti and the organizations that most of the donation money went to. According to CNN Money, AmeriCares estimates that people contributed \$2.5 million dollars to their organization. Catholic Relief Services claims donations of \$4.9 million. Oxfam reports receiving \$3.2 million, while the Red Cross raised \$7 million and Unicef received \$6 million from individual donors.

Other organizations also raised large sums including Mercy Corp., \$2.5 million and World Vision, \$4.34 mil-

or trained volunteers on the ground in the areas that are in need of support.

Most of these large organizations have websites and phone numbers where you can research their operation and areas of focus as well as make direct donations.

Be wary of groups which claim that 100% of donations will assist victims. Despite what an organization might claim, charities have fund raising and administrative costs and some of your donation will go to fund their

operations. Most of the legitimate organizations will list how much of your donation will go to their overhead costs and how much will go toward victims.

Be especially wary of any organization that represents themselves as surviving victims or “officials” soliciting donations via e-mail or social networking sites. Often these scammers will insert keywords, like Haiti, disaster, or earthquake into their sites to trick you into thinking they're legitimate.

You should also be cautious of any e-mails that claim to show pictures of the disaster areas in attached files because the files could contain viruses, even if those emails come from known senders.

Watch out for phone solicitation scams that will try to get your credit card numbers and other identifying information while promising money will go directly to help victims.

One of the newest trends in giving is through use of a text number. You simply use your cell phone to send a text to an advertised number. The donation amount of \$5 or \$10 is added to your phone bill for easy payment. The Red Cross used this method to collect over \$7 million dollars for the Haiti Relief in just the first few days of response.

This method of donating can be relatively secure as most major phone companies regulate who they will work with. It is still a good idea to find out all you can about the organization asking for the donation before you hit the “send” button. If you are asked to send a text donation during a concert or television show you may never know where your money is going or how much of it will make it to the real victims.

There are many groups that review charities and can help you decide on the best charity to make your donations to. See the list of helpful websites listed on this page. ■

The Benefits of Giving

While the biggest beneficiaries of your charitable donations are the organizations to whom you donate, there are benefits you can receive as well. Following are ways that you may benefit from your donations. As always, it is wise to consult a trusted financial advisor to be sure of your individual situation.

A charitable contribution deduction for your income tax. You'll want to consult someone knowledgeable in the tax laws for this one because the amount you can deduct is in proportion to the 'cost' of the deduction. The 'cost' is determined as a percentage based on your annual income. Your contribution is tax deductible in the year in which it is paid. A contribution made on a credit card is deductible in the year it is charged to your credit card, even if payment to the credit card company is made in a later year.

There are limits to how much you can deduct, but only if you contribute more than 20% of your adjusted gross income to charity. Most of us don't have to worry about that limit. If the contribution is made to a public charity, the deduction limit is 50%. For example, if your adjusted gross income is \$100,000, your deduction limit for that year is \$50,000.

In-kind donations If you donate rather than throw out old clothes, furniture, and equipment that you no longer use, you can take a tax deduction for the "fair market value" of your donation. This means you can deduct what the items would realistically sell for. However, the IRS only permits deductions for donations of clothing and household items that are in "good condition or better" so don't think you can give away your junk and take a deduction for it. When you make these in-kind donations, make sure that you get a receipt. No deduction is allowed for a contribution of \$250 or more unless you have a written confirmation from

the charity. A canceled check alone is not enough.

Types of Organizations to Which You Can Donate and Get a Tax Deduction

- Churches and other religious organizations
- Tax-exempt educational organizations
- Tax-exempt hospitals and certain medical research organizations
- A government unit, such as a state or a political subdivision of a state
- Publicly supported organizations such as a community chest
- Certain private foundations that distribute contributions they receive to public charities
- Private operating foundation which pool their donations in a common fund
- Membership organizations that rely on the general public for more than a third of their contributions

For more information about tax deductions for your charitable contributions, talk to your FFEF counselor. ■

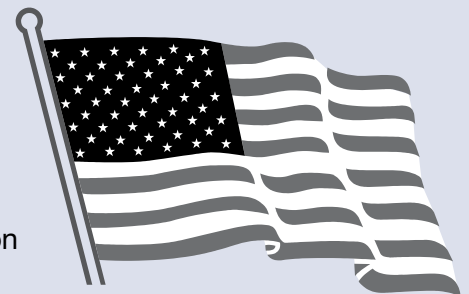
Don't Be Taken in

(continued from page 1)

- respected, legitimate organizations.
- Donate to charities with a track record and a history. Charities that spring up overnight may disappear just as quickly.
 - If you have any doubt about whether you've made a pledge or a contribution the caller claims you've made in the past, check your records. If you don't remember making the donation or pledge, resist the pressure to give.
 - Call the office in your state that regulates charitable organizations to see whether the charity or fund raising organization has to be registered.
 - Do not send or give cash donations. For security and tax-record purposes, it's best to pay with a check made payable to the charity.
 - Ask for a receipt showing the amount of your contribution.
 - Be wary of promises of guaranteed sweepstakes winnings in exchange for a contribution. You never have to give a donation to be eligible to win a sweepstakes. ■

Safe Programs For Donations To Our Troops

- Disabled American Veterans Charitable Service Trust
- Fisher House Foundation
- Homes for Our Troops
- Army Emergency Relief
- Operation Homefront
- National Military Family Association
- Armed Services YMCA
- Special Operations Warrior Foundation
- Navy-Marine Corps Relief Society



ARTICLES

TIPS & TRICKS

Examples of Charity Scams

The following are examples of charity scams to watch out for:

American Veterans Relief Foundation, Inc. (AVRF): The Federal Trade Commission contends that solicitors calling on behalf of AVRF falsely claimed that the money they were raising would support the families of soldiers fighting overseas through a program it called “Operation Home Front.” The truth is, AVRF spent virtually no money assisting military families. It is important to recognize that “Operation Home Front” has no connection to the genuine nonprofit known as “Operation Homefront, Inc.,” which is a national organization with 30 chapters across the country that provides real support to the families of troops and gets high ratings

from watchdog groups. Because the two names would sound the same over the telephone, people were easily convinced to donate to the scam callers.

Coalition of Police and Sheriffs, Inc. (COPS): The Federal Trade Commission alleges that COPS misrepresents its affiliation with police officers and sheriffs, and charged the defendants with assisting others to commit deceptive acts and practices.

Disabled Firefighters Fund (DFF): Similarly, this scam claimed that the donated funds would go to helping disabled firefighters, which of course they didn’t.

All three of the above charity scams were based at the same address in Santa Ana, California, and were created almost entirely to provide profits for the individuals running the scams and the fundraisers they hired.

Jedi Investments, LLC; Impact Fundraising, LLC; Millenium Fundraising, LLC; and PC Marl, Inc.: These organizations were “owned” by one man and solicited money on behalf of sham police, fire, and veterans’ nonprofit charitable organizations. Callers misrepresented the programs for which funds were solicited, misrepresented that donations would benefit the donor’s local community, mailed notices to consumers stating they had made a pledge when they had not even been called, and misrepresented their affiliation with sheriffs and police. The companies often targeted seniors, sometimes debiting their accounts for donations without permission. ■

Quick-check Warning Signs of a Charity Scam

- High-pressure pitches
- A “thank you” for a pledge you don’t remember making.
- Requests that donations be made in cash.
- Charities that offer to send a courier or overnight delivery service to collect your money.
- Charities that guarantee sweepstakes winnings in exchange for a contribution.
- Charities that spring up quickly, especially after events like natural disasters.

The more you know the more you can improve your financial health

Knowledge is power and knowledge of financial matters also leads to personal success! Visit our website for more information and tips on working toward a successful future.

Don’t forget to share your wealth of knowledge with friends and family. Our budget planning programs and credit counseling is available to everyone. Call today for more information and let us help you clean up your financial life a little this season!

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