

# How to Avoid Charitable Scams

Last year Americans gave nearly \$450 billion<sup>1</sup> to charitable organizations. That generosity supports approximately 1.54 million charitable organizations from diverse arenas including health care, education, environmental protection, the arts and numerous other causes. Unfortunately, it also opens the door to fraudsters who look to profit from donors' generosity.

Many scams focus on raising funds for veterans and disasters. Fraudsters realize how readily we open our wallets to those who served our country and those rebuilding their lives after hurricanes, earthquakes, wildfires or other natural disasters. Charity scammers are more active during the holidays, the biggest giving season of the year.

They also take advantage of current events. The coronavirus pandemic has generated a lot of fake appeals to contribute to both immediate relief needs and long-term recovery efforts.

Scam charities are successful because they mimic the real thing. Similar to genuine nonprofits, they reach out to consumers via telemarketing, direct mail, email and door-to-door solicitations. They also create

well-designed websites with deceptive names. So, how do you know if your donations are not going to organizations that are genuinely helping others?

## Here are a few red flags to watch out for:

- 1.** Pressure to give right now. A legitimate charity will welcome your donation whenever you choose to make it.
- 2.** A thank-you for a donation you don't recall making. Trying to make you think you've already given to the cause is a common trick that fraudsters use to lower your resistance.
- 3.** A request for payment by cash, gift card or wire transfer. Scammers favor these payment methods because the money is difficult to trace.



When considering a charitable donation there are some things that you can do to ensure the organization is legitimate.

- Check watchdog organizations like Charity Navigator, CharityWatch and the Better Business Bureau's Wise Giving Alliance for how they rate the organization.
- You can also visit <https://www.nasconet.org/resources/state-government/> to verify that the organization is registered to raise money in your state.
- Before you give, ask how much of your donation goes to overhead and fundraising. One rule of thumb, used by Wise Giving Alliance, is that at least 65 percent of a charity's total expenses should go directly to serving its mission.
- Always keep a record of all your charitable donations and regularly review your credit card account to ensure that you are not being charged for more than you agreed to give or unknowingly agreed to a recurring donation.

**When making a donation, there are some things that you should not do.**

- Don't give your personal and financial information such as your Social Security number, date of birth or bank account number to anyone soliciting a donation. Legitimate organizations will never ask for this information and scammers use it to steal your identity.
- Don't make your donation using cash or wire transfer, using a personal check or credit card is safer.
- If you receive unsolicited email, Facebook or Twitter fundraising messages; don't click on any links, they can unleash malware. Don't donate by text without first confirming the number on the charity's official website.

When in doubt, you can check the Internal Revenue Service online database <https://www.irs.gov/charities-non-profits/tax-exempt-organization-search> to determine whether an organization is a registered charity and if your donation will be tax-deductible. If you suspect that a charity is a scam, you can report it to the Federal Trade Commission <https://reportfraud.ftc.gov/#/> and to your local authorities.