



PENNSYLVANIA ASSOCIATION OF COMMUNITY BANKERS

THE VOICE FOR COMMUNITY BANKING IN PENNSYLVANIA SINCE 1876

Consumer Tips October 2008 – Don't Be Taken in by Phony Charities



For all of our human foibles, Americans are a very generous people. Whenever we see or hear of someone in need, it is our instinct to help. There are no better examples of this American spirit than the recent hurricanes that have hit our shores. But before you write that check or charge your credit card for that donation, a little homework and investigation can ensure your generosity benefits a legitimate cause.

It would be advisable not to donate to a charitable cause over the phone. Request that the caller mail you literature about the charity so that you can read and investigate the organization before giving money. Many times these calls come from telemarketers who keep most of the donation while sending only pennies to the actual charity.

Give only to those charities you know to be reputable. If you receive a charitable solicitation by mail, make sure it includes specific details on exactly how the money will be used and what percent of donations actually go to the charity. You can also go to www.charitywatch.org, which rates more than 500 charities, to help you make an informed giving decision.

Checklist for giving:

- Reputable charities don't send unsolicited e-mails via SPAM.
- A reputable charity has a street address and a phone number.
- Reputable charities don't use PayPal and always provide an e-mail address that is part of their website. For example: donations@nameofcharity.com.
- Beware of scam artists who don't want your contribution, but want your personal and confidential information such as your name, address and credit card number.
- If the telemarketer pressures you to give immediately, be suspicious. A legitimate charity will give you all the information you request and all the time you need to make sure it is legitimate.
- Don't give cash. A legitimate charity will take a check.

Some charities hire professional fundraisers rather than use their own staff or volunteers. These people are in

business to make money and are entitled to keep a portion of the proceeds they collect. If you are approached by a professional fundraiser, you may want to ask what percentage of the donation they will keep. If you're uncomfortable with that amount, you may wish to give directly to the charity and bypass the professional fundraiser.

Know the difference between "tax exempt" and "tax deductible". "Tax exempt" means the organization doesn't have to pay taxes. "Tax deductible" means you can deduct your contribution on your federal income tax. If a tax deduction is important to you, ask for a receipt so you can file it with your year-end tax return.

The Federal Trade Commission has announced a new rule governing telemarketing calls that feature prerecorded messages. Beginning September 1, 2009, telemarketing companies must obtain the call recipient's written permission before contacting them with a prerecorded message. In the more immediate future, effective December 1, 2008, prerecorded telemarketing calls must have an opt-out mechanism so that a recipient can elect not to receive these unsolicited calls in the future.

With these new regulations, charitable organizations can continue contacting their members or previous donors, but will need to offer an opt-out mechanism once the new rule goes into effect.

If you believe an organization may not be operating for charitable purposes or making misleading solicitations, contact your state Attorney General, local consumer protection office or Federal Trade Commission.

Continue to give. There are great needs. Just give wisely.

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