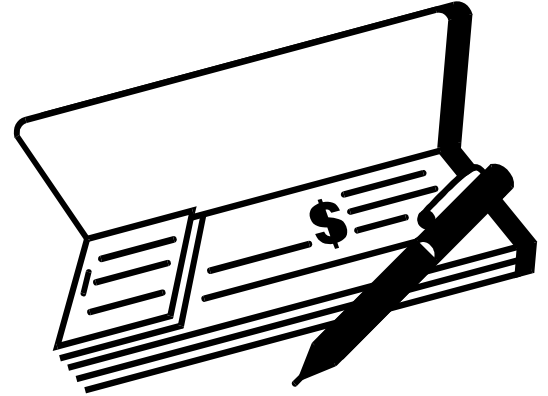


FTC FACTS for Business

Donating to Public Safety Fund-Raisers



As a businessperson, you may want to contribute to law enforcement or public safety groups in your community or buy advertising in publications that seem to be sponsored by nonprofit organizations.

While you give back to the community that supports your business, be sure to apply the same savvy you use to make your business decisions when you consider your response to a fund-raising appeal.

Support Through Advertising

You may be solicited to buy advertising in publications that look like they're sponsored by nonprofit groups, such as police or firefighter associations or child abuse prevention programs. The publication might be a journal, magazine, calendar, yearbook, or even a souvenir program for distribution at a circus, variety show or dance. But while the words "police" or "firefighter" may appear in the title, the publication may not have an official connection with a genuine public safety organization. It may not even be distributed locally.

Protect Yourself

If you're considering supporting a local charity by buying ad space from a nonprofit group, ask:

- How many copies of the publication will be printed?
- How often will it be published?
- Is there a charge for the publication?
- Who is the intended audience: police and fire departments, libraries, schools, paid subscribers?
- Where will the publication be distributed: locally, regionally, nationally?
- Have arrangements been made for dissemination?
- When will it be published?
- Can I see a copy of a previous edition?
- How much money has the publisher given to the charity in the past?
- What percentage of the proceeds goes to the charity's programs, rather than administration?

If you decide to purchase ad space, ask to review the draft before publication. In addition, ask to receive a free copy when it's published. Don't expect a large portion of your payment to support a charitable program; the costs associated with soliciting ads and printing a publication often take most of your payment.

Phony Invoices

Some fraudsters operate on the assumption that purchasing policies in many businesses are informal, at best. As a result, they may send invoices and expect you to pay them without a second thought. Be alert for invoices claiming you've purchased ad space, or unsolicited C.O.D. (Cash on Delivery) packages. It's illegal to mail a bill, invoice or "statement of account due" that's actually a solicitation for a donation. If the notice *is* a solicitation, a disclaimer, required by the U.S. Postal Service, should be visible. It states:

THIS IS NOT A BILL. THIS IS A SOLICITATION.
YOU ARE UNDER NO OBLIGATION TO PAY THE
AMOUNT STATED ABOVE UNLESS YOU ACCEPT
THIS OFFER.

If you receive a solicitation that looks like an invoice but lacks this disclaimer, contact your Postmaster or local Postal Inspector.

Public Safety Solicitations

Most police and fire departments are funded by your tax dollars. However, they may ask you to contribute to their professional associations or labor unions at local, state or national levels. These groups typically use paid fund-raisers to solicit donations. Be cautious; simply having the words "police" or "firefighter" in an organization's name doesn't necessarily mean that local police and firefighters belong to the group. **Call your local police or fire department to verify any fund-raiser's claims.**

There's no reason to be suspicious of *all* fund-raising by police and firefighter groups. Asking

questions is the best way to make sure your contribution supports activities that are important to you. If you're interested in making a donation, ask: how the group will use your money and what percentage will go to the local organization. Ask how your contribution will be allocated. Some fund-raisers may be soliciting funds for organizations that redistribute money to other organizations. If that's the case, a smaller portion of your donation may go to the organization in need. That's because your contribution may pay twice as much in solicitation and administration costs when it goes through one group to get to another.

One major tip-off to a rip-off is a suggestion that you'll receive special treatment for donating – for example, that you won't be stopped for speeding if you display a police organization's decal on your car window.

And keep in mind that donations to some police or firefighter groups may not be tax deductible. Many types of organizations are "tax exempt," including fraternal organizations, labor unions and trade associations, but that doesn't mean that donations to them are tax deductible.

Special Events

Sometimes, police or firefighter groups hire professional fund-raisers that produce traveling circuses or variety shows as special fund-raising events. The fund-raiser usually sells tickets for the show on the phone or in person. In many cases, the solicitor says that if you're not interested in attending the show, your tickets can be given to handicapped or underprivileged children. If that's the claim, ask how many children will benefit and how they're selected; how many tickets have to be sold and how they will be distributed; and whether transportation for the children is included. In some communities, the number of children "eligible" to receive free tickets is limited and transportation may not be provided.

In addition, depending on the terms of the agreement between the public safety group and the promoter, the group may receive only a small portion of the total money raised once the promoter recoups the costs associated with producing the event and its fees.

If you decide to purchase tickets, write a check payable to the nonprofit organization, not the person collecting the money or the company running the event. If you get unsolicited tickets in the mail, you have no obligation to pay for them or return them to the promoter.

Vending Machine and Donation Canisters

Businesses often are asked to donate retail space to owners of vending machines or donation canisters, with a portion of the proceeds going to charity. Iron out the terms of the agreement before you donate any space. Three arrangements are common:

- Employees or volunteers of a nonprofit or charitable organization own and service the collection device. Net profits go to the organization.
- A private vending machine operator owns and services the device. The operator contracts with a nonprofit organization to use its name and remits a portion of the funds collected to the organization. Review a copy of the contract or letter of agreement between the machine operator and the nonprofit before you allow a device to be placed at your business.
- A commercial operator has a contract to use an organization's name, but doesn't remit any proceeds from the device. Instead, the beneficiary organization receives a one-time or periodic "royalty," and sometimes has the opportunity to place a service message on the device. In this situation, the operators may not be required to register as commercial fund-raisers if the device displays a prominent statement like "all proceeds go to the owner of this device," and the owner is identified as someone other than the charity. It depends on state law. Some states require commercial operators to register with the state Attorney General or Secretary of State and prominently display the percentage of monies collected that go to the nonprofit group on the device.

Donation Do's

Take the following precautions to help ensure that your donation dollars benefit the organizations and people you want to help.

- *Request written information.* Ask for the name of the organization, its mission, plans for achieving its objectives, and how much of every dollar collected is used for charitable purposes.
- *Call the beneficiary organization.* Find out whether they're aware of the solicitation and have authorized the use of their name. If the answer is no, you may be dealing with a scam artist.
- *Find out how your donation will be distributed.* How much will go to the program you want to support, and how much will cover the charity's administrative fund-raising costs?
- *Refuse high pressure appeals.* Legitimate fund-raisers don't push you to give on the spot. They take the time to explain the purpose of their solicitation and the goals of the beneficiaries.
- *Research claims of local support.* If a charity tells you that your donation will support a local organization, call the organization to verify the claim.
- *Consider the costs.* When you buy merchandise or tickets for special events, or when you receive "free" goods in exchange for a donation, remember that these items have costs and that a portion of your contribution is being used to pay for them. That leaves less for the beneficiary.
- *Avoid cash gifts because they can be lost or stolen.* For security and record-keeping pur-

poses, it's best to pay by check. Make it payable to the beneficiary, not the solicitor. Avoid solicitors who want to send a courier or use an overnight delivery service to pick up your donation.

Charity Check-Up

Before you write your check, check out the organization with one of these groups:

BBB Wise Giving Alliance

4200 Wilson Boulevard, Suite 800
Arlington, VA 22203-1838
(703) 276-0100
www.give.org

American Institute of Philanthropy

3450 Lake Shore Dr., Suite 2802 E
Chicago, IL 60657
(773) 529-2300
www.charitywatch.org

GuideStar

427 Scotland Street
Williamsburg, VA 23185
(757) 229-4631
www.guidestar.org

Your Local Charity Registration Office

Most states require charities to be registered or licensed by the state. Contact your state Attorney General's office or Secretary of State. Links to state charity regulators also can be found at the National Association of State Charity Officials Web site — www.nasconet.org.

Many smaller, newer or local charities may not be rated by these organizations. Some fraternal organizations, such as police and fire groups may not be rated at all.

Where to Complain

If you believe a particular organization may not be operating for charitable purposes or is making misleading solicitations, contact your state Attorney General or the Federal Trade Commission.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to www.sba.gov/ombudsman.



Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education