

MARTHA COAKLEY
ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

(617) 727-2200
(617) 727-4765 TTY
www.mass.gov/ago

Report on Professional Solicitations for Charity in 2009

Office of Massachusetts Attorney General Martha Coakley
Non-Profit Organizations/Public Charities Division
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[Appendix I – Professional Solicitors](#)

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[Appendix II – Charitable Organizations](#)

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[General Laws Chapter 68: Solicitation of Funds for Charitable Purposes](#)

(Click Link to Access the Document)

[Complaint Form and Instructions](#)

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[Professional Fundraiser Forms and Instructions](#)

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REPORT HIGHLIGHTS

Registration and Reporting in 2009

- Annual reports (Forms PC) filed: 21,249
- Number of professional solicitors registered: 75
- Solicitation campaign reports filed: 666 total
- Number of charities that used professional solicitors: 393

Professional Solicitation: Results in 2009

- Total amounts raised by professional solicitors: \$328,439,877
- Net proceeds to charities from professional solicitors:
\$141,200,596
- Percentage of proceeds to charities: 43%

INTRODUCTION

Most charities rely on donations from the public to accomplish their goals. Some charities raise funds on their own, while others hire professional solicitors to raise funds on their behalf. Pursuant to [M.G.L. c. 68, § 24\(c\)](#), professional solicitors must register with the [Office of the Attorney General](#) (AGO).

Professional solicitors are individuals or businesses hired by a charitable organization to conduct a fundraising campaign on the charity's behalf, or by a non-charity to conduct a fundraising campaign that includes a charitable appeal. If an individual or business is working as a subcontractor for another registered professional solicitor, that individual or business must separately register with the AGO as a professional solicitor. A professional solicitor must file the following:

1. Registration Statement: [Form 10 \(RTF\)](#);
2. \$10,000 bond: [Form 9 \(RTF\)](#);
3. Filing fee of \$300, made payable to the Commonwealth of Massachusetts;
4. Copy of each fundraising contract along with [Form 10A \(RTF\)](#), Registration Addendum (to be filed with registration or within 10 days of signing and prior to the commencement of any solicitation); and
5. [Form 11A \(RTF\)](#), Financial Statement (to be filed by February 28 following the calendar year in which a charitable solicitation took place).

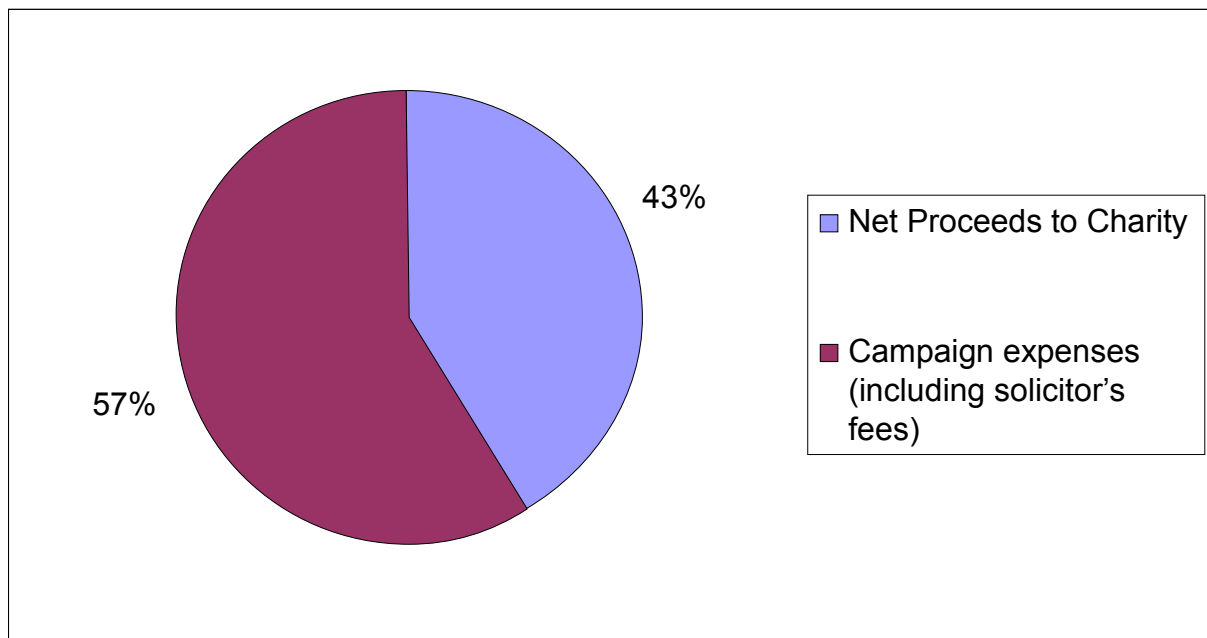
Pursuant to the provisions of Chapter 165 of the Acts of 2010, effective January 1, 2011, the amount of the bond has increased to \$25,000 and the annual filing fee has been increased to \$1,000.

Each year, the AGO releases a report on the amounts that professional solicitors raised and the amounts that the charity received using the annual financial data provided on [Form 11A](#). This report outlines the financial results of those individual campaigns conducted in Massachusetts during calendar year 2009. As described under Findings, some campaigns may have begun prior to 2009 and others may be scheduled to continue beyond 2009.

FINDINGS

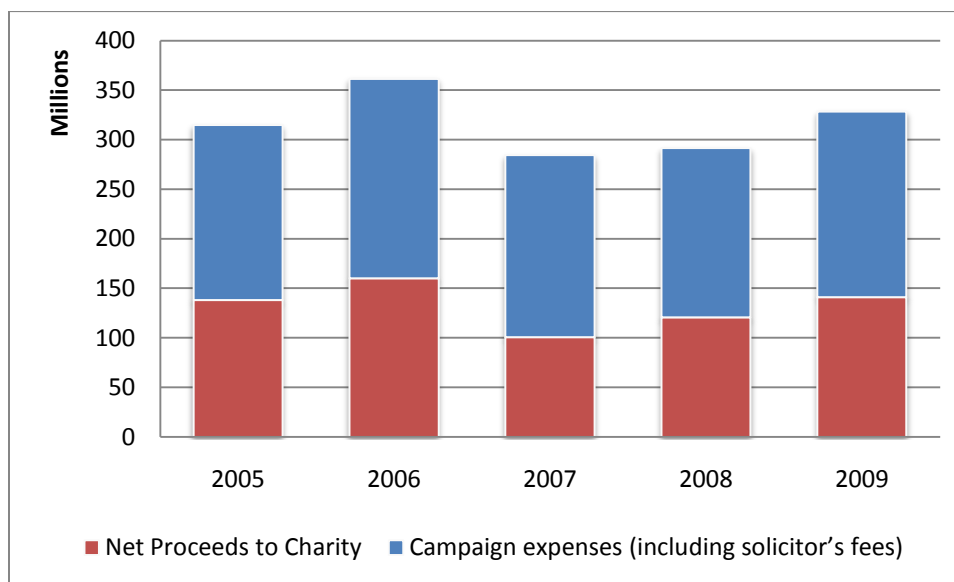
In 2009, 666 charitable fundraising campaigns conducted by 75 different professional solicitors, were registered in Massachusetts. [Appendix I](#) reports campaign results by the name of the professional solicitor. [Appendix II](#) reports results by the name of the charitable organization.

Percentage to Charity in 2009



In 2009, professional solicitors raised over \$328 million, which was \$37 million more than in 2008. Of this amount only \$141 million or 43% of the amount raised ended up with the charity. **This means that on average, of every dollar that a professional solicitor raised for a charity in 2009, only 43 cents went to the charity.**

Monies Raised by Solicitors v. Monies Received by Charity



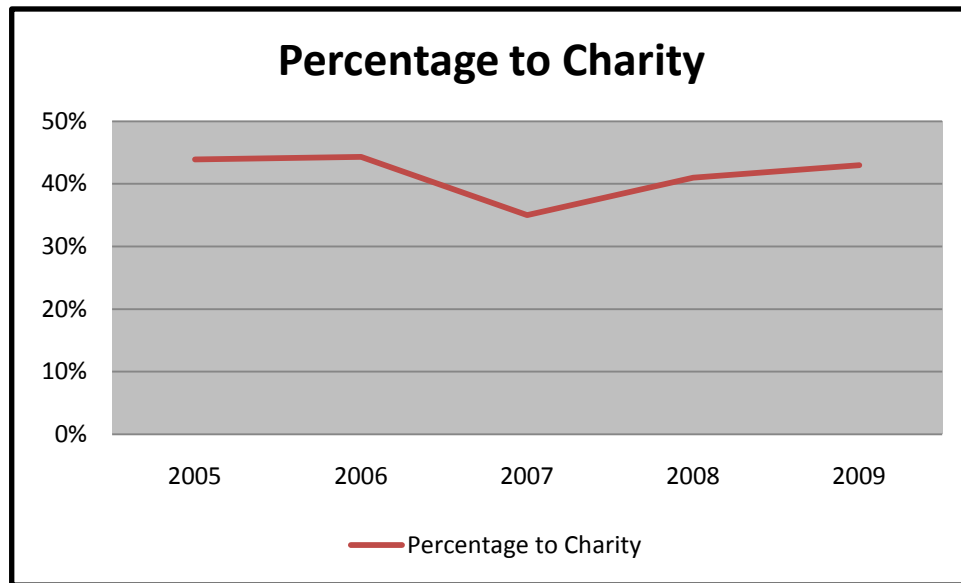
The percentage to charity is dependent not only upon the success of the campaign as a whole, but also on the costs incurred by the professional solicitor to run the campaign. Potential expenses include merchandise (storage and distribution costs), publications (design, layout and reproduction costs), event costs (insurance, show fees, entertainment taxes), and other general business expenses. Additionally, professional solicitors generally take a percentage of the money raised for campaign management, payroll and promotional fees.

The percentage of monies raised that goes to the charity can vary widely. The percentage to charity depends in part on the type of campaign the professional solicitors are hired to run. For example, telemarketing campaigns tend to incur lower expenses and thus may have more money available to distribute to charities, whereas big fundraising events that involve significant planning may cost much more to execute, thus lowering the percentage of funds available to be given to charity from the revenue generated.

Another factor which may influence the percentage the charity receives is the length of the campaign. Financial reports filed with the AGO contain financial information for a single calendar year. However, many solicitors conduct campaigns that span multiple years. If either the expenses or the income from a campaign are not evenly distributed over all years of the campaign, a single financial report may indicate a misleadingly high, or low, percentage to the charity. In order to get a clearer sense of what portion of the campaign funds are ending up with the charity, donors may wish to view the financial information for each year the campaign is conducted.

While it is tempting to draw the conclusion that solicitors whose campaigns result in a high percentage to the charity are “good” and those whose campaigns result in a lower percentage to the charity are “bad,” donors should consider that the terms of each campaign are agreed upon by both the solicitor AND the charitable organization.

Percentage of Net Proceeds to Charity Over the Last Five Years



DECEPTIVE PRACTICES IN SOLICITATION

Residents of Massachusetts are known for their generosity and willingness to give to worthwhile causes and neighbors in need. Unfortunately this all too often makes them susceptible to fraudulent and deceptive solicitation practices. Pursuant to [M.G.L. c. 68 § 28](#), professional solicitors are required to disclose certain information to those that they are requesting a charitable donation. When considering donating to a charity through a professional solicitor is it important to consider the following:

A professional solicitor is required to give the name, address and telephone number of the charitable organization at the time of solicitation and to disclose that he or she is a “paid fundraiser.” It is a common deceptive practice for a professional solicitor to lead potential donors to believe that the benefitting organization is a *local* charity, that a donation will benefit *local* individuals, and that he or she is a *volunteer* for the organization.

It is a prohibited deceptive practice for a professional solicitor to reference

registration with the Attorney General's Office so as to lead the public to believe that such registration in any manner constitutes an endorsement or approval by the Commonwealth.

A professional solicitor is not permitted to use the name of any charitable organization during the course of solicitation unless that charitable organization has given permission for the use of its name.

"False pledges" are also a common deceptive practice. In response to a solicitation pitch a potential donor may respond by saying "I'm not sure. Send me something in the mail." The professional solicitor may follow-up by sending that person a pledge card. A pledge card sent by a professional solicitor for a donation is deemed to be a deceptive practice when an individual has not made the pledge or agreed to a donation.

In general, any material misrepresentations made during the course of solicitation are prohibited deceptive practices. While it is not necessarily a material misrepresentation for the fundraiser to provide a false name when identifying him or herself, it is, however, considered a misrepresentation should the fundraiser claim to be a volunteer for the organization when he or she is a paid fundraiser.

The AGO uses a variety of tools to combat these fraudulent and deceptive practices including cease and desist letters, settlement agreements and fines, collections on surety bonds and enforcement actions. In May, 2009, the AGO, working with charities regulators across the country and with the Federal Trade Commission, participated in a nation-wide effort to target solicitation fraud commonly occurring on behalf of "badge" charities, i.e. organizations with the words "police," "firefighter," and "veterans" in their names. One of the suits filed by the AGO at that time was recently concluded, with significant monetary penalties being assessed against three professional solicitors.

The AGO alleged in the suit that the professional solicitors (1) misled potential donors to believe that local police would benefit from a donation to an out-of-state badge charity; (2) failed to disclose to potential donors that they were paid fundraisers, as required by Massachusetts law; and (3) failed to disclose the out-of-state badge charity's address and telephone number, as required by Massachusetts law. The AGO had earlier obtained a judgment against the charity, in which it agreed not to fundraise in Massachusetts for four years, and not to engage in any business with the professional solicitors named in the suit for ten years. The AGO recently obtained judgments against the three professional solicitors in amounts of \$10,000, \$16,000, and \$101,725, for their unfair and deceptive acts and practices. While these actions are appropriate and necessary, the most effective tool to combat solicitation fraud is an educated donor community.

The AGO is always interested in receiving reports from the public about seemingly deceptive solicitation calls and what was said during those calls. Instances of deceptive practices may form the basis of a lawsuit, and our receiving that information is crucial to our enforcement role. To report any material misrepresentations or deceptive practices please contact the AGO at 617-727-2200 x2101 or by emailing Charities@state.ma.us. Please see the [Professional Fundraiser Guide](#) for more information on unfair or deceptive practices.

IMPORTANT INFORMATION ON GIVING

Before donating, donors should review this report to determine in prior campaigns, how much money ended up with a charity. Likewise, potential donors should ask how much of the donation will actually go the charity and how much is going to the professional fundraiser. Potential donors should ask for the exact name of the charity and for a precise description of what the charity does. Often, charities have similar names and potential donors should clarify if there is any relationship between charities that have similar names.

Potential donors should call the Attorney General's Office (617) 727-2200, ext. 2101, to find out if the charity and its fundraiser are registered to operate in the Commonwealth. The Attorney General does not endorse specific charities but does collect financial information which is available for public inspection. There are other issues that potential donors should consider when making charitable donations. Potential donors should review the Attorney General's reports, [Donating Dos and Don'ts: A Guide to Charitable Giving](#) and [The Attorney General's Guide for Donors](#), which provide more information.

NOTES ON APPENDIX I AND II

[Appendix I](#) reports campaign results by the name of the professional solicitor; [Appendix II](#) reports results alphabetically by the name of the charitable organization.

- The first column on the left lists the professional solicitors alphabetically by name, and then lists alphabetically the charitable campaigns they conducted. In [Appendix II](#), the first column lists the names of all the charitable organizations alphabetically, and the second column notes the solicitor responsible for each campaign.
- The “Interim” column notes whether or not the filing covers an entire campaign. If checked, the report covers only the 2009 portion of a multiyear campaign.
- The next column states the total amount of money raised during each of the charitable solicitation campaigns. Please note that this amount often reflects the results of a regional or national solicitation effort and not just the results of activity conducted in Massachusetts.
- The final two columns list the amount the charity received at the end of the campaign both as a dollar amount as a percentage of the total generated revenue.

The financial reports filed for each solicitation campaign are available for public inspection via the Annual Filing Document Search Website located at: www.mass.gov/ago/charitiesreports. Professional fundraising annual financial reports (Form [11A](#) and [11B](#)) and the registration documents (Form [10A](#) and [10B](#)) are listed as an “Other/Misc.” document type under the applicable charity for which the fundraising campaign is held. Information regarding solicitation campaigns can also be obtained by calling (617) 727-2200, ext. 2101. Please be aware that only recent documents are available online; older filings may be available by contacting the AGO. Forms [10A](#) and [10B](#) for multi-year campaigns will generally be listed under the year the campaign commenced.