

# REPORT ON PROFESSIONAL SOLICITATIONS FOR CHARITY IN 2010



OFFICE OF THE MASSACHUSETTS ATTORNEY GENERAL  
NON-PROFIT ORGANIZATIONS/PUBLIC CHARITIES DIVISION  
JANUARY 1, 2010 TO DECEMBER 31, 2010

DECEMBER 2011



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# REPORT HIGHLIGHTS

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## Registration and Reporting in 2010

- Number of professional solicitors registered: 97
- Solicitation campaign reports filed: 687
- Number of charities that used professional solicitors: 441

## Professional Solicitation: Results in 2010

- Total amounts raised by professional solicitors: \$367,289,574
- Net proceeds to charities from professional solicitors: \$165,586,095
- Percentage of proceeds to charities: 45%

## II. INTRODUCTION

The Office of the Attorney General (AGO) regulates over 23,000 public charities. Most charities rely on donations from the public to accomplish their goals. Some charities raise funds on their own, and some hire professional solicitors to raise funds on their behalf. Pursuant to M.G.L. c. 68, s. 24(c), professional solicitors must register with the 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. \$25,000 bond: Form 9 (RTF)
3. Filing fee of \$1,000, 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)
5. Form 11A (RTF), Financial Statement (to be filed by February 28 following the calendar year in which a charitable solicitation took place)

Each year, the AGO releases a report on the amount of charitable contributions raised by professional solicitors and the amount of those contributions that end up with the charity. The AGO does this 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 2010. As described under Findings, some campaigns may have begun prior to 2010 and others may be scheduled to continue beyond 2010.

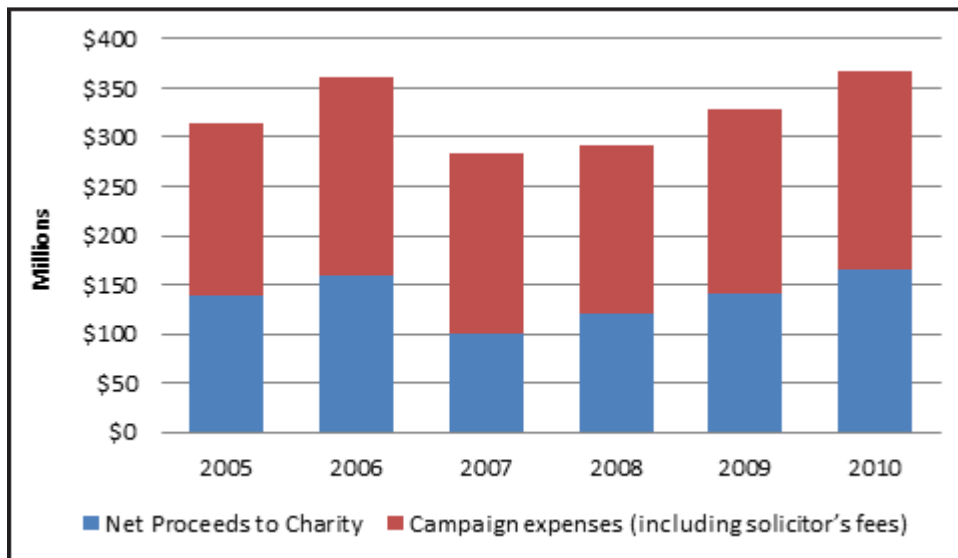
### III. FINDINGS

In 2010, 687 charitable fundraising campaigns conducted by 97 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.

#### A. PERCENTAGE TO CHARITY IN 2010

In 2010, professional solicitors raised over \$367 million, which was almost \$39 million more than in 2009. Of this amount nearly \$166 million or 45% 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 2010, only 45 cents went to the charity.**

#### B. MONIES RAISED BY SOLICITORS V. MONIES RECEIVED BY CHARITY

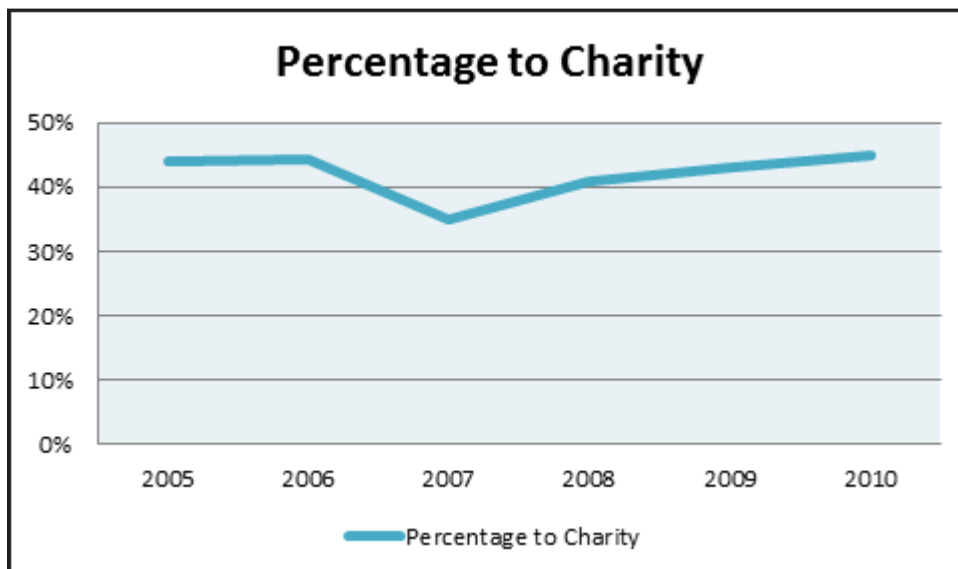


The percentage of monies raised that goes to the charity can vary widely. The terms of each campaign are agreed upon by both the solicitor AND the charitable organization. The percentage going to the charity may depend on the type of campaign the professional solicitors are hired to run. For example, telemarketing campaigns tend to incur lower expenses whereas big fundraising events that involve significant planning may cost much more to execute. 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. Ultimately, the percentage of

the funds raised that goes to the charity is a function of the expenses and of the agreement that the charity and the professional solicitor have made. There is no legally required minimum percentage of funds raised that must go to the charity. Donors who care about what percentage of their donation goes to the charity should ask about this before making a donation.

Another factor that potential donors should consider when looking at this report 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 every year the campaign is conducted and consider the results for the campaign as a whole.

### C. Percentage of Net Proceeds to Charity Over the Last Six Years



## IV. 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 from whom 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 considered a misrepresentation should the fundraiser claim to be a volunteer for the organization when he or she is a paid fundraiser.



The AGO has at its disposal a variety of tools to address these practices. The AGO can send the solicitor a “cease and desist” letter which often results in ending deceptive or marginal behavior. In cases in which there is sufficient evidence of unfair and deceptive conduct, the AGO can file enforcement actions which can result in settlement agreements and fines and collection on the surety bonds required of every solicitor.

Statutory changes which went into effect on January 1, 2011 have also given the AGO new tools to combat these practices. The AGO now has the authority to administratively assess civil penalties against professional solicitors and others (including commercial co-venturers) who violate certain sections of M.G.L. c. 68. When the AGO receives verifiable information that there are violations of those sections, the AGO may commence the civil penalty process by sending a warning letter to the person(s) engaging in solicitation fraud. If the solicitor fails to provide an appropriate response, civil penalties may be assessed against those persons individually. Under the statute, the civil penalties are \$500 per day (with a maximum of \$25,000). This new process does not require the AGO to seek court approval, though the AGO does have the authority to go to court in the event of a failure to pay assessed civil penalties. The AGO has begun using this authority.

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 or the commencement of a civil penalty process, and our receiving that information is crucial to our enforcement role. To report any material misrepresentations or deceptive practices please contact the AGO at 617-963-2315 or by emailing [Charities@state.ma.us](mailto:Charities@state.ma.us). Please see the Professional Fundraiser Guide for more information on unfair or deceptive practices.

## V. IMPORTANT INFORMATION ON GIVING

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. Likewise, potential donors should ask how much of the donation will actually go to 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. Before donating, donors should review this report to determine in prior campaigns, how much money ended up with a charity.

Potential donors can call the Attorney General's Office 617-963-2315 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.

## VI. 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 2010 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](http://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 617-963-2315. 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.



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