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Massive telemarketing scam deceives charity donors

by Tom Gallagher

NCR Today

Bloomberg News Magazine has uncovered a massive charity scam involving a major telemarketing company, InfoCision Management Corp.

According to Bloomberg, InfoCision partners with major charities -- including the American Diabetes Association and the American Cancer Society -- and solicits ordinary people to mail pre-printed fundraising letters to friends, families and neighbors.

The partnership is meant to aid charities in raising money, but the one-sided contracts (in InfoCision's favor) often mean that most of the money doesn't make it to the charity.

In examining a report InfoCision filed with North Carolina regulators, Bloomberg found only 22 percent of funds raised by the American Diabetes Association in a 2011 nationwide neighbor-to-neighbor program went to charity.

Of the \$5.3 million raised by the American Cancer Society in a similar campaign -- involving thousands of volunteers -- during the 2010 fiscal year, "none of that money -- not one penny -- went to fund cancer research or help patients, according to the society's filing with the U.S. Internal Revenue Service and the state of Maine," Bloomberg reported.

More from Bloomberg:

Major charities compound the deception by encouraging telephone solicitors to lie. InfoCision scripts approved by both the Diabetes Association and the Cancer Society for what the telemarketer calls neighbor-to-neighbor campaigns in 2010 instruct solicitors to say, when asked, that at least 70 percent of the money raised will be used for charitable purposes.

Yet in contracts with InfoCision in that very same year, the association and society said they expected that the telemarketing firm would keep more than 50 percent of all the funds it collected.

Altogether, more than 5 million Americans volunteered to raise money for these two groups -- and other charities that hired InfoCision -- from their neighbors since 2005 after being pitched by solicitors using charity-approved scripts, according to state regulatory filings.

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