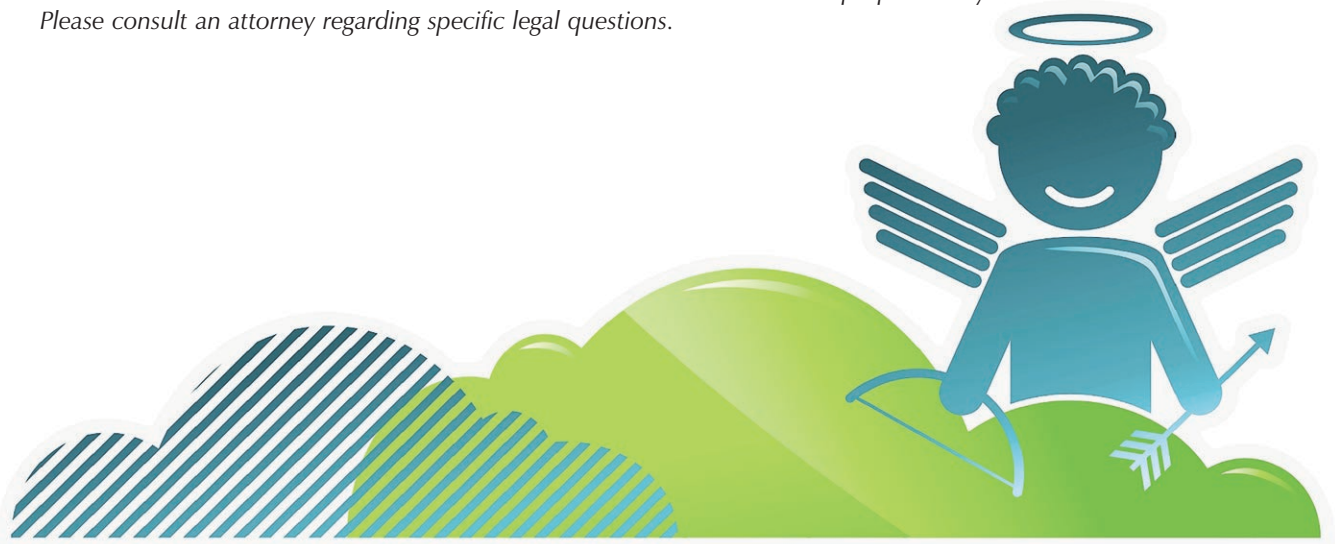




## INFORMATION FOR CLIENTS OF TEXAS ATTORNEYS

The information included in this column is for educational and informational purposes only. Please consult an attorney regarding specific legal questions.



# Nonprofit Demons Disguised as Angels *How to Protect Yourself*

BY LAURA S. FOWLER AND JOHN G. PEARCE

An outpouring of sympathy and support has followed the earthquake and tsunami that devastated Japan in March. Americans donated more than \$47 million for relief efforts in the four days following the disaster, according to the *Chronicle of Philanthropy*. However, that does not include the amount donated by well-intentioned Americans who were tricked into donating to less-than-credible organizations.

Those organizations that cheat donors do much greater damage than just their individual acts of fraud and deceit — they make it that much harder for organizations and individuals that try so hard to persuade others to give generously to foundations and charities in these challenging times.

What can you do to protect yourself and your most cherished civic and charitable endeavors? Well, the simplicity of this may surprise you, and if you follow this strategy every time, you will certainly slow down to a crawl those who engage in this particularly insidious form of conduct.

1. Whenever you are asked to contribute, insist upon a written request or proposal. Legitimate solicitors have a simple letter with all of the identifying details that can be emailed or faxed to you in a matter of seconds. Professional fundraisers expect this type of request and know what to do.

2. Never give money or release sensitive personal information to anyone until you have compared the information you have been given about a charity, professional, or civic organization to the address and other identifying details found on the Texas Secretary of State's (SOS) website (<https://direct.sos.state.tx.us/home/home-corp.asp>).

3. If the name of the organization whose agents are asking you to contribute is not designated as a domestic or foreign nonprofit corporation on the SOS website, something is wrong. Organizations such as the Salvation Army and the Red Cross are qualified charitable corporations with federal tax exemptions, such as 501(c)(3) or (c)(6), but they appear on the SOS website designated as a nonprofit corporation in a manner that is very similar to the other business entities listed.

4. Be particularly wary of people who give the names of associations that are slightly different than a traditional well-recognized association. Even if the name



is the same, the address you are given may be a post office box. Checking with the SOS for the registered agent of the charity takes seconds and can save you from embarrassment and loss. If the registered address and the payment instructions you have received don't match up, call the headquarters of the association before you make a donation.

5. If you do decide to make a contribution, within a brief period of time you should receive a written confirmation that states the exact amount you gave and what portion of the gift is tax deductible. If you do not promptly receive such a statement, contact the organization and inform them that you have not received confirmation. Sometimes the failure to receive this statement is an innocent mistake; sometimes it is evidence of misap-

propriation of contributions by internal accounting staff members.

6. The U.S. Federal Trade Commission (FTC) has issued a consumer alert (<http://ftc.gov/opa/2011/03/earthquake.shtm>) reminding donors to "carefully consider urgent appeals for aid" that they receive in person, by phone, mail, or email and on websites or social networking sites. The alert advises donors to ask

what percentage of the donation will support the cause described in the solicitation and to avoid cash gifts. It's best to pay by credit card or by a check made payable to the beneficiary, not the solicitor.

7. If you are considering donating online, check to see if the site is secure. The FTC suggests looking for a URL that starts with "https" — the "s" stands for secure. ❖



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