GOVERNMENT OF THE DISTRICT OF COLUMBIA
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Two Sham Cancer Charities Dissolved, Their Leader Banned from Charity Management in Settlement with D.C., 50 States and FTC

Settlement is Largest Joint Enforcement Action Ever Brought by FTC & State Charity Regulators

WASHINGTON, D.C. – Attorney General Karl A. Racine today joined the Federal Trade Commission (FTC) and law-enforcement partners from every other state in the nation in announcing a settlement with two bogus charities, which scammed donors in the District and around the country out of millions of dollars in contributions they thought would go to help cancer patients. The settlement shuts down the Cancer Fund of America Inc. (CFA) and Cancer Support Services Inc. (CSS) permanently and bans their leader, James Reynolds, Sr., from managing charitable assets. It also provides restitution for donations to the charities.

"These sham charities promised to help cancer patients, but used most of the contributed funds to benefit the charities' operators, their families and friends, and professional fundraisers," Attorney General Racine said. **"We stand ready to pursue others who use fraudulent solicitations to divert charitable donation dollars from legitimate charities."**

A federal-state complaint filed in federal court in Arizona in May 2015 charged four sham charities with bilking more than $187 million from donors across the United States. Defendants or their telemarketers often told donors that their contributions would be used to provide pain medication to children suffering from cancer, transport cancer patients to chemotherapy appointments, and/or pay for hospice care for cancer patients. However, the defendants did not operate programs that provided these services. In fact, the overwhelming majority of consumers' contributions benefitted only the perpetrators, their close associates, and fundraisers, who often received 85 percent or more of the donated funds.

In support of claims brought under the FTC's Telemarketing Sales Rule, which the state attorneys general are authorized to enforce, the FTC and the states alleged that the charities portrayed themselves as operating substantial nationwide programs whose primary purposes were to provide direct support to cancer patients in the United States when, in fact, they were largely sham operations.

Two of the charities, which together were responsible for more than $100 million in donor losses, settled when the case was filed. The settlement announced today marks the conclusion of this federal-state enforcement action, subject to court approval.

A stipulated final order imposes a monetary judgment of $75,825,653 against CFA, CSS, and Reynolds. This monetary judgment jointly and severally equals the amount that consumers – including more than 30 donors in the District – gave to CFA and CSS between 2008 and 2012.