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ATTORNEY GENERAL SLATERY ANNOUNCES DISTRIBUTION OF RECOVERED FUNDS TO CANCER CENTERS AFTER LANDMARK LAWSUIT AGAINST SHAM CANCER CHARITIES

Nashville, TN- Attorney General Slatery and Secretary of State Hargett announced that \$2.5 million will be distributed to cancer centers across the country as a result of a multistate enforcement action against sham cancer charities. The \$2.5 million was recovered through settlements of a landmark lawsuit against four affiliated sham charities – the Cancer Fund of America, Inc., The Breast Cancer Society, Inc., Cancer Support Services, Inc., and the Children’s Cancer Fund of America – and their founder James Reynolds and other individuals. Through the settlements, each sham charity was shut down, the people responsible for fronting the false charities were banned from any charity or fundraising activities for the rest of their lives, and the federal and state plaintiffs received judgments for the full amount of the alleged fraud. The settlements also put in place a receiver who seized and liquidated all available corporate and personal assets to satisfy those judgments.

This distribution marks the conclusion of the lawsuit brought in May 2015. The suit was the first time all 50 States, the District of Columbia and the Federal Trade Commission joined together to shut down sham charities. Attorney General Slatery said, “We are proud of the work and cooperation that went into this action, and pleased that recovered money will be used to serve cancer patients as the donors intended. This case is not only an historic event in the charity regulation arena, but stands as a warning to those who steal from people donating to help a deserving cause.”

“I’m grateful we are finally at a point where some of the funds donated by kind-hearted Tennesseans and others across the country can be used to help people,” said Secretary Hargett. “The actions of those who prey on generous Tennesseans will not be tolerated and those responsible will be held accountable.”

The complaint alleged that the so-called charities, led by James Reynolds and his family members, bilked the public out of more than \$187 million dollars between 2008 and 2012. Most of the money collected was paid to professional fundraisers or squandered by the defendants. Of the money collected, the charities directed only 3% to cancer patients in the United States in the form of “care packages” containing religious DVDs, Moon Pies, random items of clothing, and various sundries. Cancer Fund of America also claimed to supply patients with pain medications and transportation to chemotherapy treatments, when it provided no such services. The charities



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also participated in a “gift-in-kind” program in which they sent drugs that had nothing to do with cancer to other countries. Additionally, the Complaint alleged the purpose of this program was to make the organizations appear larger than they were and to hide their high fundraising costs. The Complaint also alleged the leaders of these sham charities used donated funds to pay themselves exorbitant salaries and to go on trips to Thailand, Las Vegas and Disney World. The Reynolds also bought cars, boats, jet skis and houses, and used the charities’ credit cards to buy designer handbags, jewelry and clothing, and to pay for day-to-day expenses such as gas, groceries and utility bills.

The recovered money will be transferred to Rockefeller Philanthropy Advisors (RPA) who, under a services agreement with the plaintiffs, will distribute the funds to select health and medical programs targeting breast and pediatric cancer. Eligibility will be determined through an invitation-only application process and is limited to NCI-designated Cancer Care Centers, a designation bestowed by the National Cancer Institute on institutions and programs recognized for their scientific leadership, resources, and the depth and breadth of their research. RPA CEO Melissa Berman noted, “We are pleased to be part of this landmark process of ensuring that the philanthropic intent of donors is coming to fruition, despite the conduct of bad actors.” RPA will ensure that the funding will serve patients in all 50 states, and will monitor, ensure compliance and provide detailed reporting for all grants awarded.

People with questions about a charity or professional solicitor operating in the state of Tennessee should contact the Division of Charitable Solicitations and Gaming by calling (615) 741-2555 or going to sos.tn.gov/charitable.

