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# Cancer charities defrauded donors out of $187 million, feds allege

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Four cancer charities bilked $187 million from donors who thought their money was going to help patients, but instead went for personal amenities such as cruises, jet ski outings and luxury cars, federal authorities said in a lawsuit filed Tuesday.

The suit is one of the largest actions ever brought by enforcers alleging charity fraud, according to the Federal Trade Commission. Regulators from all 50 states and the District of Columbia joined the FTC in filing the suit.

"These are among the most appalling cases of charitable fraud that my office has prosecuted," Illinois Attorney General Lisa Madigan said in a statement Tuesday announcing her office's participation in the suit.

Named in the complaint are the Cancer Fund of America, Cancer Support Services, Children's Cancer Fund of America and The Breast Cancer Society, as well as several current and former executives, according to the FTC.

The charities told donors their money would help pay for patients' pain medication, transportation to chemotherapy sessions, and for hospice care, authorities allege.

Instead, the defendants spent the donations on cars, trips, luxury cruises, college tuition, jet ski outings, tickets to sporting events and concerts, and dating website subscriptions, as well as creating lucrative jobs for friends and relatives, the FTC claims.

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According to the suit, the charities "operated as personal fiefdoms characterized by rampant nepotism, flagrant conflicts of interest, and excessive insider compensation, with none of the financial and governance controls that any bona fide charity would have adopted."

Some hired professional fundraisers who kept 85 percent or more of every donation, authorities said.

The charities hid their high fundraising and administrative costs from donors by falsely inflating revenues with donated "gifts in kind," authorities said.

Several defendants have agreed to settle the charges, the FTC said. The Children's Cancer Fund of America (CCFOA) and The Breast Cancer Society (BCS) will both be dissolved and their assets liquidated.

CCFOA President Rose Perkins and BCS Executive Director James Reynolds II will be banned from fundraising and charity management, as will Kyle Effler, CFO of Cancer Support Services. All three face significant monetary judgments.

The litigation, filed in federal court in Arizona, continues against Cancer Support Services, Cancer Fund of America and executive James Reynolds Sr., according to the FTC.

"These operators played on the heartstrings of well-intentioned donors, diverting what could have been significant funds for legitimate charities that instead were used by the defendants for their personal benefit," Madigan's office said.

Meanwhile, the Better Business Bureau is recommending anyone who wants to donate to a charity should research the organization first. Donors should be cautious if pressured to make an immediate decision to contribute, especially over the phone, and should seek out experts like the BBB's Give.org to verify whether charities are trustworthy.

"We believe that charity financial ratios should not be the sole basis for a giving decision," said H. Art Taylor, president and CEO of Give.org. "But today's government action does show that a charity's fundraising ratio can be a good initial marker to root out fraud and poor financial management."