

NEWS RELEASE

Luther Strange

Alabama Attorney General



FOR IMMEDIATE RELEASE

March 30, 2016

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AG STRANGE SETTLES CLAIMS AGAINST TWO SHAM CANCER CHARITIES CHARGED WITH BILKING OVER \$75 MILLION FROM DONORS NATIONWIDE

(MONTGOMERY) — In a settlement filed yesterday, Alabama Attorney General Luther Strange, along with the Federal Trade Commission and agencies from all 50 states, has obtained a permanent injunction to dissolve two nationwide sham cancer charities and to ban their president from profiting from any charity fundraising in the future.

Tuesday's settlement, filed in the U.S. District Court of Arizona, concludes the largest joint enforcement action ever undertaken by the FTC and state charity regulators.

Cancer Fund of America Inc. (CFA), Cancer Support Services Inc. (CSS), and their leader, James Reynolds Sr., have agreed to settle charges that CFA and CSS claimed to help cancer patients, but instead spent the overwhelming majority of donations on their operators, families and friends, and fundraisers.

The agencies' complaint, filed in May 2015, targeted these and two additional sham charities run by Reynolds and his family members that allegedly bilked a total of more than \$187 million from donors. CFA and CSS were responsible for more than \$75 million of that amount. The other two sham charities settled in May 2015.

Under the settlement order, CFA and CSS will be permanently closed and their assets liquidated. Reynolds is banned from profiting from charity fundraising and nonprofit work, and from serving as a charity's director or trustee or otherwise managing charitable assets. He is also prohibited from making misrepresentations about goods or services, and violating the FTC's Telemarketing Sales Rule and state laws.

"The claims defendants made to consumers were lies. Quite simply, they did not operate programs that provided these services," said Attorney General Strange. "I am pleased that this action presents a united front to combat this shameful charity fraud. Working together, we have stopped these deceptive solicitations throughout Alabama and all states in the nation, which falsely claimed to help those who suffer from cancer."

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The order imposes a judgment against CFA, CSS, and Reynolds, jointly and severally, of \$75,825,653, the amount consumers donated to CFA and CSS between 2008 and 2012. The judgment against CFA and CSS will be partially satisfied by liquidation of their assets. The judgment against Reynolds will be suspended upon surrender of certain artwork, two pistols, and the sale of a pontoon boat. The full judgment will become due immediately if he is found to have misrepresented his financial condition.

The other defendants in the case, who settled previously, were CFA's and CSS's chief financial officer and CSS's former president, Kyle Effler; Children's Cancer Fund of America Inc. (CCFOA) and its president and executive director, Rose Perkins; and The Breast Cancer Society Inc. (BCS) and its executive director and former president, James Reynolds II. Under settlement orders, Effler, Perkins and Reynolds II were banned from fundraising, charity management, and the oversight of charitable assets, and CCFOA and BCS are in receivership and will be dissolved after their assets are liquidated.

The settlements are stipulated orders, which have the force of law when approved and signed by a U.S. district court judge.

"These aggressive enforcement actions are necessary to protect consumers, so that they may have confidence in donating to true and worthy charities," said Attorney General Strange. "This case is a sad example, however, of how important it is to be aware of where your contributions are going and to research to ensure the integrity of charities."

The Attorney General's Office advises that consumers check whether a charity is registered before making a donation, specifically ask how the money you give will be used and request written information regarding the charity's operation. Alabama state law provides certain exemptions for the registration of charities.

For more information, consumers may contact Attorney General Strange's Consumer Interest Division by calling toll-free 1-800-392-5658 or through the office's website at <http://ago.alabama.gov/Page-Consumer-Protection>.