



NONPROFITS: FUNDRAISING & DEVELOPMENT

Recent Takedowns of Multi-State Charity Fraud Schemes

11.07.25 | Linda J. Rosenthal, JD



In the fog of federal-government chaos of 2025, “... the status quo can evaporate in a flash ...” by sudden and draconian funding cuts, by whiplash-inducing (180-degree) changes of national policy or priorities, by threatened or partially effected elimination or weakening of federal agencies including the IRS, and by targeting of large swathes of the 501(c)(3) community as “domestic threats” unworthy of tax-exempt status.

“That’s all the more reason that the ascendancy in recent years of the role in charity oversight by the attorneys general of the states, commonwealths, and territories has been a welcome development.” See our recent series beginning with [*State AGs As Sources of Exempt Organizations Guidance*](#) (September 20, 2025) up to and including last week’s [*Going After Charitable-Solicitation Violators: Then and Now*](#) (October 30, 2025).

For too long, the critical place of these officials in the complex, multi-level, regulatory scheme for the charitable sector in the United States has been misunderstood or ignored.

In early October 2025, the nation’s state-level regulators – members of the National Association of Attorneys General (NAAG) and of the National Association of State Charity Officials (NASCO) – gathered for their popular annual conference. At that time, NASCO released its [*Annual Report on State Regulation and Enforcement*](#) (Sept. 2024 – Sept. 2025). This 26-page online publication includes “examples of what charities regulators are prioritizing, the tools they are using in investigations and settlements, and the guidance they are providing.”

Solicitations Enforcement Actions



First up in the body of the Report is mention of the focus on “enforcement cases” in these areas: solicitations, governance, trusts, estates, and restricted funds.”

Our October 30th blog post discussed that first item: solicitations. The two representative examples we selected for highlighting were single-state cases from the files of the attorneys general of Maryland and Minnesota.

Let’s linger a bit longer on the “solicitations” category. Specifically, the “Multi-State Matter FTC-Matter” is too important to skip over without a brief mention. This listed case – *Cancer Recovery Foundation International, Inc. d/b/a Women’s Cancer Fund* (Women’s Cancer Fund) and *Gregory B. Anderson* (Anderson) – is a just-settled lawsuit brought in federal district court in Texas jointly by the Federal Trade Commission (FTC) and ten state charity regulatory offices.

There is a second – newly wrapped-up – action taking down a nationwide fraudulent-solicitations scheme (also related to cancer). It received widespread media attention but was likely not in time for the NASCO Report deadline. This lawsuit was brought jointly by the FTC and 19 attorneys general. It was filed in the Central District of California against *Kars-R-Us.com, Inc. (Kars)* and its operators, defendants *Michael Irwin* and *Lisa Frank*.

The FTC As Co-Sheriff

The Internal Revenue Service is *not* the only federal agency authorized to poke in and around in the nation’s charitable sector. The Federal Trade Commission also plays a role authorized by Congress with distinct national jurisdiction and authority; sometimes, it overlaps a bit, but not always.

Considering the relentless battering of the IRS over the last two decades by Congress (with some Oval Office cheerleading at times), having this additional federal-level “sheriff” for purposes of wrangling some of the wrongdoers is a helpful, though not complete, backup source of oversight in this era.

Alas, right now, both agencies are in a “lights out; nobody home” status. At the top of each entry on the Federal Trade Commission website is the notice: “The FTC is closed due to the lapse in funding.”

Happily, all is not halted if either set of defendants should decide to flout these court-approved orders. The states are co-plaintiffs, still very much on duty to supervise and take necessary action to stop wrongdoing that specifically violates their state laws. [As it happens, there appears already to be some brazen flouting in one of the two cases – posted online for all to see. Perhaps there’s a different – innocent – explanation....?]

The FTC Jurisdiction

A discussion of the Federal Trade Commission’s authority with regard to charitable- solicitations matters is important but will have to wait until a later – stand-alone – blog post.

In the meantime, here’s a “nutshell” summary.

The FTC was established in 2014 to protect “... the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research,



and education.”

Specifically, it was needed to deal with the runaway growth of monopolies and other anticompetitive practices that the Justice Department didn’t have adequate tools to address under the Sherman Antitrust Act of 1890.

The Federal Trade Commission is “the only federal agency that deals with consumer protection and competition issues in broad sectors of the economy; that is, in the business sector. The FTC generally doesn’t have jurisdiction over most charities, which are typically non-profit organizations.

There have been developments over the years, however.

Fast forward to the turn of the 21st century. Congress enacted The Crimes Against Charitable Americans Act of 2001; that is, Section 1011 of the USA Patriot Act, Pub. L. No. 107-56, 115 Stat. 272, codified in relevant part at 15 U.S.C. § 6102 and § 6106.

This Act amended the earlier Telemarketing and Consumer Fraud and Abuse Prevention Act to now reach “charitable solicitations.” It requires the FTC to expand the scope of the Telemarketing Sales Rule to cover for-profit third parties that solicit charitable contributions on behalf of non-profit charities. That includes for-profit telemarketers, direct mail companies, and others who conduct fundraising on behalf of charities.

The Telemarketing Sales Rule (TSR) also requires these telemarketers to make clear disclosures, such as the name of the group making the request and that the call’s purpose is to ask for a donation.

The FTC’s jurisdiction also reaches any entity, including charities, that is run like a for-profit business or for the profit of its insiders: in other words, the ones that “are not operating as legitimate non-profits.” Therefore, the FTC can take enforcement action against charities that engage in unfair or deceptive practices, particularly when those practices are designed to enrich insiders.

The Recently Settled Cases

The gold standard of multi-level nationwide charity-fraud takedowns was in a 2016 case commonly identified as “Cancer Fund of America et al.” See 158-page Complaint for the long-form detailed version of “one of the largest actions brought to date by enforcers against charity fraud.”

More briefly, this is the story: “The Federal Trade Commission and 58 law enforcement partners from every state and the District of Columbia have charged four sham cancer charities and their operators with bilking more than \$187 million from consumers.” How did they do it? “The defendants told donors their money would help cancer patients, including children and women suffering from breast cancer, but the overwhelming majority of donations benefitted only the perpetrators, their families and friends, and fundraisers.”

Eventually, they were caught and stopped in a settlement that required the entities to be dissolved and imposed a judgment against them of more than \$75 million, which would be partially satisfied through asset liquidation.



Since then, other con artists using this general blueprint have also been stopped (albeit after years'-long fraud sprees nationwide). The most recent ones are:

- Women's Cancer Fund; and
- Kars-r-Kids

Women's Cancer Fund

Cancer Recovery Foundation International, Inc. d/b/a Women's Cancer Fund (Women's Cancer Fund) and *Gregory B. Anderson* (Anderson) is a just-settled lawsuit brought in federal district court in Texas jointly by the Federal Trade Commission (FTC) and ten state charity regulatory offices. See [*FTC, 10 States Take Action Against Operator of Sham Cancer Charity for Deceiving Donors*](#) (March 11, 2024) *Press Release*, Federal Trade Commission.

There are full details of the fraudulent scheme in the original, 34-page, [Complaint](#) filed in March 2024. See that document as well as press releases and news stories. NASCO's own summary last month in its [Annual Report](#) explains: "The FTC and the states alleged that, from 2017 to 2022, Women's Cancer Fund collected more than \$18 million from donors, claiming that it would use the donated funds to help women who were undergoing treatment for cancer and their families pay for basic needs. Instead, the complaint charged, only about a penny out of every dollar donated went to provide such support, while the overwhelming majority went to pay for-profit fundraisers and the charity's operator, Anderson."

Except for an occasional FTC update on its website – i.e., the case is "pending" – the information trail is sparse except for NASCO's reporting of a settlement reached recently: "The [settlement with Women's Cancer Fund](#) (Anderson died prior to settlement) provides for an \$18.25 million suspended judgement, requires the Women's Cancer Fund to permanently cease to conduct any business, and prohibits the organization from being reinstated. The settlement order also requires Women's Cancer Fund's fundraisers and other contractors to destroy all information about Women Cancer Fund's donors."

Perhaps when the FTC's doors open again, we can fill in the blanks with official documentation and more details about this settlement and the wrap-of this litigation.

Kars-4-Kids

There is much more detail available about the Kars-4-Kids scheme: how it began and lasted for many years, and how the Federal Trade Commission along with 19 state attorneys general finally stopped it.

All of the official action in this case takes place in September 2025. The Complaint was filed in district court in the Central District of California. Concurrently, the parties filed a proposed Stipulated Order settling the case without going to trial. [This is not an uncommon procedural situation when negotiations are successful and the government needs to get the settlement signed by the parties – especially the defendants! – and approved by the court. Then it's all on the record for purposes of public notice and for enforcement.] See [Complaint](#) [just 51 pages!] and (proposed) [Stipulated Order](#) for Permanent Injunction, Monetary Judgment, and Other Relief.



For a helpful summary of the details, see the Press Release by the California Attorney General: [*Attorney General Bonta Announces Settlement with Kars for Deceptive Cancer Charity Fundraising Scheme*](#) (September 25, 2025) *Press Release, Office of the Attorney General of California* [Each of the other state AGs will have also made a similar official announcement.]

“Between 2017 and 2022, Kars raised more than \$45.5 million, including approximately \$16.7 million from California donors, through vehicle donations on behalf of the United Breast Cancer Foundation, Inc. The solicitation scheme claimed that funds raised from vehicle donations would ‘save lives’ by providing free and low-cost breast cancer screenings, but \$34.9 million of the \$45.5 million raised went to Kars, its operators and vendors and not towards breast cancer screenings.”

More particularly: “Kars and its operators solicited vehicle donations through national and local TV, radio, and online ads in English and Spanish. The Spanish ads were specifically placed in Spanish-speaking concentrated markets in Arizona, California, Florida, New Mexico, and Texas. More than 84,000 well-intentioned people donated their vehicles to Kars, but only \$126,815 or 0.28% of the more than \$45.5 million that Kars raised was used to provide breast cancer screenings.”

Elaborating, AG Bonta added: “Instead of using the funds to help those in need of breast cancer screenings, Kars engaged in a deceptive cancer charity fundraising scheme – a scheme that deliberately misled the public, exploited compassion, and diverted charitable donations to enrich themselves,”

Continuing, he explained: “Under the stipulated judgment, Kars, Irwin, and Frank face restrictions on future fundraising activities, and Irwin will be permanently banned from fundraising.” The terms are:

- “Permanently banning Irwin from fundraising or providing fundraising services to any person, directly or indirectly. He is also prohibited from making misrepresentations in connection with the marketing or sale of any product and service;
- Prohibiting Frank, Kars’s current president and sole owner, from making misrepresentations associated with fundraising, or in the marketing or sale of any other product or service;
- Prohibiting Kars, its employees, and anyone actively working for or engaged with the company from making misrepresentations associated with fundraising, or in the marketing or sale of any other product or service; and
- Requiring Kars and Frank to substantiate fundraising or marketing claims.”

“Irwin, Frank, and Kars also face a total monetary judgment of \$3,882,091, which is partially suspended based on their inability to pay the full amount. If Kars, Frank, and Irwin are found to have lied to the FTC and state partners about their financial status, the full judgment will be immediately payable.”

See also, for instance: [*Car donation charity fined millions, accepts fundraising restrictions in Colorado and 18 other states*](#) (October 1, 2025) Logan Smith, *CBS Colorado*.

Conclusion

Certain charitable causes are common targets of fraudsters. The appeals for money for cancer research or relief, or in connection with a myriad of other medical conditions, are all-too-common.



Similarly, purported solicitations for anything related to veterans' assistance or for the rescue and relief of animals are often successful because the donors are moved by the cause and rarely ask too many questions. Of course, a key factor in all of these fraudulent solicitations is that they use names similar to (or sometimes identical with) established cancer, veterans, or animal-relief charities.

– Linda J. Rosenthal, J.D., FPLG Information & Research Director