

Think You've Heard Everything?: The Faux Donor

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In the nonprofit world, donors are the VIPs.

As a nonprofit leader, you're thrilled whenever a major prospect appears: It can mean great news for the success of your mission. There have been a "few recent incidents," though, where it was "just too good to be true."

Consider this scenario: A major gift arrives out of the blue from an unknown source. The donor isn't in your database or your paper files. No one on your staff has ever heard of the person who has come with a moving story about an experience with your organization – or perhaps a tale of a promise made to a dying aunt.

Sounds great so far, right? But what if the story or promise turns out to be dud? Or worse than a dud.

Welcome to the "faux donor": a weird duck who promises the world without any intention of following through. No one, except the weird duck himself (or herself), knows why.

Sometimes, a faux donor pulls off a "small scam with a discernible purpose"; others, not so much." Sometimes a faux donor is just plain odd; your time is wasted and you look ridiculous after you are drawn into the nuttiness.

But in some cases, the faux donor is scary and presents a real danger that costs your organization more than wasted time and energy: There may be significant money gone along with your hard-earned reputation and good will.

Faux Donor Sightings

In *“You’re Just Too Good To Be True”: The Many Odd Faces of the Faux Donor* (June 13, 2016) *The Nonprofit Quarterly*, contributor Robert L. Weiner tells of tales contributed by colleagues from online discussions of how people try to “scam colleges, schools, and nonprofits.” Here are a few from the not-too-distant past, ranging from the greedy to the truly odd.

The Grifter

Years before the internet (with its quick online searches), a hospital was scammed by a couple claiming to be big philanthropists from out-of-town, with stories about rich and famous friends.

The wife’s surgery meant an in-patient stay of at least a month. The “devoted” husband was so pleased with her care that he talked about donating “millions of dollars.” He also asked permission remain in her room to be close to her 24/7. “[H]e set up shop right in her hospital room – complete with a pullout bed, table for a desk, phone, even meals, all free of charge.” An alert employee sensed something was amiss, and her sleuthing eventually exposed the husband as a wanted fugitive, a career con artist.

The Grad

A university graduate contacted his alma mater with a (false) story about plans to donate his art collection to the institution. After stringing the college along for a while, he posted an article online that included email exchanges that made the college personnel look like ridiculous suckers.

The Stalker

A man visited the offices of local nonprofit, telling the receptionist he was opening a business in town and was looking to contribute philanthropically to the organization. He requested a tour. Accompanied by a major gift officer, the man again talked about making a major gift.

After further contacts, it became clear that he was not a donor, but a stalker. The organization’s IT department was able to track the email servers he used, eventually uncovering his creepy past of using aliases and being wanted by out-of-state officials. The police instructed the gift officer to set up an appointment; when he arrived, law enforcement arrested him.

The Classic

Despite scattered publicity about cases like these, they continue. See *Another Big Dollar Faux Donor Targets a Vets’ Nonprofit* (August 4, 2017) Sheela Nimishakavi, *The Nonprofit Quarterly* – reporting on yet another classic faux donor scam, involving “lies to a veterans service organization that caused deep disappointment and embarrassment.”

“It’s an odd tale that NPQ has seen time and again. A wealthy donor comes out of nowhere and promises a nonprofit oodles of money. It all seems too good to be true, and unfortunately for the nonprofit, that’s just the case. A Portland, Oregon nonprofit, Lift for the 22, is the latest victim of such a faux donor scam. The organization gives memberships in its gym to veterans who need help in the transition back to civilian life and may be at risk of suicide. There is a long waiting list.

A young businessman walked into the facility and began participating in the workout program with other veterans. He claimed to be wealthy and successful, had “...business cards, ... emails that worked,” and, after several workout sessions, he pledged a \$425,000 gift to the organization

along with promises of a matching gift from supplement retailer GNC.

Thrilled with this news, the “organization did not feel the need to dig into [his] credibility....It was believable. He had a good game.” They arranged an elaborate check presentation live-streamed on Facebook and praised him to the community.

Of course, the check never came. The group’s suspicion that “something was wrong” was confirmed when a participant’s wallet went missing, and this faux donor – caught on tape using the veteran’s stolen credit card – was exposed as a con artist.

Faux Donor Precautions

Certain steps can be taken to fend off disappointment and losses.

- With as-yet-unsecured-pledges, a nonprofit can reasonably ask for certain information before the gift is announced or celebrated. Blame it on your lawyer: “I didn’t want to insult you by asking any of these questions, but our lawyer insisted. You understand, of course?”
- Even in preliminary discussions about significant donations, a gift officer can do some online sleuthing which – if everything is on the up-and-up – will yield a goldmine of information, including what a background check would generally yield.
- There are wealth-screening and research tools (e.g., WealthEngine, Target Analytics, DonorSearch or LexisNexis for Development Professionals) you can use in appropriate cases of significant gift promises.
- Your board can adopt a formal, written gift-acceptance policy that requires donor information. “[I]nclude doing background checks on donors as well as taking the time to vet donors before publicly broadcasting large gifts.” You “can also mitigate risk by implementing a cash-on-hand policy for these unexpected large gifts, in which pledged dollars from new donors are not earmarked for expenses until the funds are received. Once a donor has proved their credibility, this policy can be waived.”

Conclusion

The “faux donor” scam presents a classic dilemma for a nonprofit: “On the one hand, there’s a feeling that donors are doing the nonprofit a favor by donating funds so asking too many questions can perhaps seem ungrateful. On the other, the nonprofit depends on those funds, so if they don’t come through, ... important services the nonprofit provides are impacted. Moreover, it is the nonprofit that often loses credibility in the public eye after these scams, adding further insult to injury.”

Some healthy skepticism and at least minimal precautions can often prevent a “faux donor” scam.

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