



Protecting Against Financial Fraud in Charitable Giving

Americans are very generous when it comes to charitable giving. In addition, lower earners give more proportionately than higher earners. Perhaps this is because lower earners understand how easily a family can slip into financial crisis through the loss of a job or medical expenses. The thought of “that could be me” makes people very sympathetic to helping others in need, and many cheerfully give their hard-earned money to try to help people. People of faith tend to be generous and faithful givers, and Americans, in general, are quick to help whenever tragedy or devastation strikes anywhere in the world.

Unfortunately, we have to be very careful about how we make charitable contributions in order to protect our hearts and our dollars from financial fraud.

The Key Takeaways

- Americans are very generous when it comes to charitable giving.
- We have to be careful in order to protect our contributions from financial fraud.

Recognize and Avoid Fraud

The elderly are especially susceptible to fraud, and their finances often need to be monitored to protect them. But many of us are taken advantage of simply because we don’t take the time to investigate where we donate money.

Before you give to a charity, find out how much of your money will actually go to the people you want to help. All too often, a high percentage of contributions goes to fundraising or “program costs” which are loosely defined. Larger charities

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Firm Announcement

Rodnunsky & Associates is proud to announce the addition of Roxanne T. Jen as a full time attorney in our Bay Area office.

Roxanne was recently featured as a contributor to an article in *California Lawyer!*



Upcoming Event Schedule:

April 30th, Thursday 6pm

Basic protection planning all families should have in place: trusts, wills, powers of attorney – who, what, why & how.

Please call or email us for more information and to RSVP. (650) 285-5400 ext. 103 or Hermelinda.lunardelli@rodnunskylaw.com

May 8th, Friday 9am-1pm

Senior Showcase – This event will be held in Belmont. It is full of resources and services for all of San Mateo County. For more information about this event [CLICK HERE!](#)

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often have high overhead. Even reputable ones often have trouble getting food, goods and services to those who need them, as funds are often misused by leaders and administrators who line their own pockets. Celebrity fundraisers and websites that raise huge amounts of money are often plagued with high expenses and rarely end up providing much relief to those for whom the money was raised.

Whenever a tragedy occurs, like the typhoon in the Philippines, scam websites pop up. Many of these will have a web address that is very similar to a legitimate one, and it is easy to be deceived.

Most of us are familiar now with the “Nigerian prince” emails, but many people lost a lot of money to them before they became widely recognized. There are many variations, with scam artists sometimes looking for donations, but more often offering large sums of money; what they are really seeking is your bank account and/or social security number. If you don’t recognize the sender, don’t open an attachment; it may contain a virus that will infect your computer and allow access to your information.

Most of these scam emails are easy to spot because the English is stilted and they often have a foreign origin. Variations include the English woman with cancer who has no one to leave her husband’s vast fortune to; the missionary who needs funds sent by wire transfer; even an American soldier who needs to transfer his funds to someone while he is serving abroad. Scam artists have also been known to hack email accounts of personal friends, claiming the friend is in dire need of immediate funds.

Actions to Consider

- Skip the telephone and door-to-door solicitations. Telemarketers often take up to 90% of donations and it’s next to impossible to verify who is at your door and what their real motive is.
- Give directly to local charitable organizations that help your community.
- Give to groups that you can monitor and observe the results.
- Participate with your local charities. Get to know the people who run them so you will know if they are honest and can be trusted with your donations.
- When disasters strike, many churches ask their members for donations, which are then sent to churches located in the affected areas. These local churches are often able to help those in need more quickly and more directly than larger organizations. Church members are often invited to go to the affected area to physically help with the distributions and work on recovery efforts.
- Research charities online. One such site is www.charitynavigators.org. Their mission is to “vet” charities and analyze how much of the donations are spent on fundraising and overhead and how much actually goes to the cause. It isn’t perfect because it relies on information provided to them by the charities and not every charity is listed, but it is a start.
- If values-based giving is important to you and you want to give large amounts, work

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with a trust attorney to structure a charitable trust with a layer of protection against fraud and financial risk.

- If you are concerned that an elderly relative might be taken advantage of, you can require that every check above a certain amount have two signatures or approval from a trustee or relative.
- For more information about charitable giving and avoiding fraud, visit the Federal Trade Commission's webpages titled, [Charity Scams](#) and [Before Giving to a Charity](#).

Estate and charitable planning can become complicated and should not be attempted without the assistance and counseling of an experienced attorney. We are here to answer your questions about trust-based asset protection strategies and advise you on planning options. Please feel free to call our office now.

Rodnunsky & Associates is well equipped and experienced in helping clients develop and execute charitable planning strategies. We are happy to discuss any of the strategies discussed in this newsletter and how they may be applicable to your situation. Please feel free to contact Hermelinda at (650) 285-5400 ext. 103 to schedule a time to speak with either Roxanne or Don. Roxanne is available to discuss your planning situation in English, Mandarin or Cantonese

This newsletter is for informational purposes only and is not intended to be construed as written advice about a Federal tax matter. Readers should consult with their own professional advisors to evaluate or pursue tax, accounting, financial, or legal planning strategies.

What We Do:

- ✓ Family Limited Partnerships (FLP)
- ✓ Legacy Trusts (ILIT)
- ✓ Intentionally Defective Grantors Trusts (IDGT)
- ✓ Qualified Personal Residence Trusts (QPRT)
- ✓ Charitable Remainder Trusts (CRUT, CRAT)
- ✓ Dynasty Trusts
- ✓ Asset Protection Trusts
- ✓ Business Succession Planning
- ✓ Buy/Sell Agreements
- ✓ Special Needs Trusts
- ✓ Other methods of advanced estate planning and document preparation

Financial Literacy Month:

- ✓ The U.S. Senate has designated April as Financial Literacy Month.
- ✓ It originated from the 2000 government initiative called Financial Literacy for Youth Month.
- ✓ Money Management International created a site, to aid Financial Literacy Month, which contains a 30 step process to improve financial wellbeing.
- ✓ For more information, or to access the 30 step process, visit www.financialliteracymonth.com.

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