

# State of Maryland

## Agency News



For immediate release:  
July 19, 2018  
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### **Maryland Joins Federal Trade Commission in “Operation Donate with Honor”**

*Leader in Nationwide Effort to Combat Fraudulent Charities That Falsely Claim to Help Veterans and Service Members*

**BALTIMORE, MD** - Maryland Attorney General Brian E. Frosh and Maryland Secretary of State John C. Wobensmith, in coordination with the [Federal Trade Commission](#) (FTC), today announced enforcement actions taken against four sham charities operating in Maryland as part of a nationwide sweep and education initiative - “Operation Donate with Honor.”

The FTC, along with Attorneys General and charity regulators from 70 offices in every state, the District of Columbia, American Samoa, Guam, and Puerto Rico, announced more than 100 actions against fraudulent charities that con consumers by falsely promising their donations will help veterans and servicemembers. In the state actions [announced](#) today, charities and fundraisers sought donations online and via telemarketing, direct mail, door-to-door contacts, and at retail stores, falsely promising to help homeless and disabled veterans, to provide veterans with employment counseling, mental health counseling or other assistance, and to send care packages to deployed service members.

"Sham charities steal from consumers," said Attorney General Frosh. "They rely on our noble instincts - to help veterans and other worthy causes - but they use the money they collect to enrich themselves. They hurt legitimate charitable organizations by siphoning off support from their good work. We are committed to putting these fraudsters out of business."

"Scam artists are on the prowl, ready to take advantage of generous donors who want to help veterans, said Maryland Secretary of State Wobensmith. "Make sure your donations go to reputable, well-established charities."

The FTC launched this ongoing effort with the National Association of State Charity Officials (NASCO). The initiative includes an education campaign, in English and Spanish, to help

consumers recognize charitable solicitation fraud and identify legitimate charities. The FTC has new educational materials, including a video on how to research charities. Donors and business owners can find information to help them donate wisely and make their donations count at [FTC.gov/Charity](http://FTC.gov/Charity).

#### Enforcement Actions Announced Today:

- **Help the Vets, Inc. and Neil G. Paulson, Sr.** - The Maryland Attorney General and Secretary of State, along with the Federal Trade Commission and five other state Attorneys General, filed a complaint and settlement in federal court against Help the Vets, Inc., a sham veterans charity in Orlando, Florida, and its founder, Neil Paulson Sr. The complaint charges Help the Vets took in approximately \$20 million between 2014 and 2017 from donors nationwide based on misleading promises to assist veterans with grants, medical care, a suicide prevention program, therapeutic family retreats, and similar programs. Instead, donations almost entirely benefited the private interests of Paulson and the professional fundraisers he authorized to perform the deceptive solicitations. Help the Vets and Paulson have signed a Stipulated Final Judgment and Permanent Injunction, in which Help the Vets will pay its remaining assets, at least \$72,122.36, and Paulson will pay \$1.75 million to be distributed to one or more legitimate veterans charities, subject to court approval. Injunctive relief against Help the Vets and Paulson includes a ban against soliciting charitable contributions. Paulson is further banned from charity management and oversight of charitable assets.
- **Operation Troop Aid - Consent Agreement** - Consent agreement reached following multistate investigation of Operation Troop Air (OTA) by 16 states. OTA, a Tennessee-based charity with a stated purpose that included sending care packages to deployed service members. OTA participated in an unlawful charity co-venture with nationwide retailer, Harris Originals of New York and its related incorporated stores. Harris Jewelry would publicly advertise that when consumers purchased one of its teddy bears dressed in military uniforms, it would donate a specific amount of money, depending on the bear's size, to OTA. OTA has acknowledged, among other things, that it failed to ensure that donated monies were expended for its stated charitable purpose, and it failed to request or receive periodic accountings from Harris of sales made. OTA has agreed to cease operating, wind down and enter into an agreement which includes dissolution, penalties, an injunction barring its chief executive from serving as a fiduciary, or soliciting for, any nonprofit, and assistance in the States' continued investigation into Harris Jewelry. (see full description of OTA action in New York's listing)
- **Southern Maryland Veterans Association/Daniel Brashear** - Administrative Cease and Desist Order against the organization, its founder, and assistant director, and following new complaints that Daniel Brashear continued to solicit even after the final agency order, the Attorney General and Secretary of State referred the matter to the State's Attorney of Prince George's County, Maryland for criminal prosecution.
- **Soliciting in Front of Retail Storefronts** - Solicitors for the Southern Maryland Veterans Association had been a visible presence at several retail and grocery stores throughout Calvert County and elsewhere in Southern Maryland. Fundraisers for the charity would get permission from the large retail stores, stand outside, and ask for donations for homeless veterans programs from customers going inside and outside the stores. The solicitors would distribute false registration documents to customers that claimed to show that the organization was registered with the Secretary of State, when in fact it was

not. Solicitation materials included misrepresentations about a homeless shelter for veterans in Calvert County that did not exist.

- Vietnow - Multistate settlement with Illinois-based VietNow following allegations of deceptive solicitations, including that VietNow raised nearly \$2 million annually using professional telemarketers that exaggerated or misrepresented VietNow's charitable activities or otherwise deceived donors. Twenty-four states participated in a multi-state resolution with VietNow. In November 2017, the settlement was finalized and a receiver appointed to dissolve VietNow and distribute its remaining assets to two national and well-respected veterans charities, Fisher House Foundation and Operation Homefront.

To find out whether a particular charity is authorized to solicit in Maryland, the Secretary of State's Office maintains a [public registry](#) of charitable organizations authorized to solicit in Maryland. The Attorney General's Consumer Protection Division offers tips on giving wisely and can be found [here](#).

If you believe you may have been a victim of a deceptive or illegal charitable solicitation, contact the Charities and Legal Services Division of the Secretary of State's Office at 410-260-3859 or 1-800-825-4510.

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