



PRESS RELEASE

Colorado Department of Law
Attorney General Cynthia H. Coffman

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CONTACT

Roger Hudson

720-508-6553

Roger.Hudson@CoAG.gov

Colorado Attorney General Cynthia H. Coffman Successfully Shuts Down Sham Charity “Cancer Fund of America” that Bilked More than \$75 Million from Big-Hearted Donors

Only 3 cents out of every dollar actually made it to the needy

DENVER -- Colorado Attorney General Cynthia H. Coffman, along with the Federal Trade Commission and charity regulators from all 50 states and Washington D.C., have obtained a permanent injunction dissolving two nationwide sham cancer charities and banning their president from all future charitable work. The settlement announced today 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. are being called one of the worst “families” of charities ever prosecuted in the United States. Investigators believe more than \$187 million was fraudulently raised by a total of four sham charities with only 3 cents of every dollar going to cancer patients and survivors.

“This is about as bad as it gets,” said Colorado Attorney General Cynthia H. Coffman. “This extended family of crooks promised to help those struggling to overcome a catastrophic illness but instead pocketed six figure salaries. Though we will probably never recover the millions in stolen donations or in levied fines, we have been successful in

shutting them down and preventing their theft of any more money from generous Coloradans.”

James Reynolds and members of his family solicited millions in donations by promising the contributions would help pay for chemotherapy, hospice care, and other services for cancer patients. Instead, donations were used for the family's lavish lifestyle including luxury cars, boats, plane tickets, cruises and a family trip to Disneyland. Reynolds and his cohorts have been accused of faulty recordkeeping, making fake donations and publishing false statements concerning assistance given to people suffering from cancer.

Today's action is historic because for the first time the federal government and all 50 states have mounted a nationwide action against a fraudulent charity. The Complaint, filed in May 2015, targeted [four sham charities](#) run by Reynolds and his family members that bilked 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.

The settlement order imposes a judgment on CFA, CSS, and Reynolds, jointly and severally, for \$75,825,653. CFA and CSS will be shut down and their assets liquidated. Reynolds is permanently banned from charity fundraising and nonprofit work, and from serving as a charity's director or trustee or otherwise managing charitable assets.

“Coloradans have big hearts and open up their wallets to help others in need. It is extremely important that their generosity not be taken advantage of by con artists posing as charities,” said Attorney General Coffman. “Because of the harm these criminals do to both legitimate charities and to those in need, I am advocating for changes to Colorado's Charitable Solicitations Act this session.”

If signed into law, HB 1129 would strengthen the ability of the Attorney General's Office to bring enforcement actions against charities and third-party paid solicitors who commit fraud through the following:

- Creating enhanced penalties for charitable fraud,
- Holding charities accountable when they knew or should have known that their paid solicitors were committing fraud, and
- Clarifying that it is charitable fraud to intentionally misrepresent or mislead with regard to a membership-based nonprofit, like law enforcement associations, in the course of soliciting charitable donations.

Other defendants in this case 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 are banned from fundraising, charity management, and oversight of charitable assets. CCFOA and BCS are in receivership and will be dissolved after their assets are liquidated.

Whether donations include food, clothing, shelter, volunteer work, or monetary gifts, do your research before you donate to make sure your charitable contributions are assisting those intended. To find out more about a specific charity please visit the [Colorado Secretary of State's website](#) or to report charity fraud, visit the [Colorado Attorney General's website](#).

NOTE: Stipulated orders have the force of law when approved and signed by the District Court judge.

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