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March 30, 2016

ATTORNEY GENERAL MADIGAN SETTLES CLAIMS AGAINST SHAM CANCER CHARITIES***Settlement Concludes Action by Madigan, FTC & States Against Charities that Bilked More Than \$75 Million from Donors***

Chicago — Attorney General Madigan today joined with the Federal Trade Commission and state regulators from 49 states to announce a settlement with two sham cancer charities over allegations that the groups used millions of dollars in donations for personal use. The settlement concludes the largest joint charitable enforcement action by Madigan, the FTC and state regulators.

The settlement with Cancer Fund of America Inc. (CFA) and Cancer Support Services Inc. (CSS) will dissolve the national organizations and ban the head of the charities, James Reynolds II, from future charitable work. Madigan, the FTC and state regulators alleged CFA and CSS solicited donations under the guise that the funding would help cancer patients, but instead, the charities spent the overwhelming majority of donations for personal use, on their families and friends, and for fundraisers to raise more money for the organizations.

"This settlement puts an end to an egregious charitable deception," said Madigan. "These charities defrauded donors and spent millions of dollars that should have gone to support cancer patients."

The lawsuit was filed by Madigan, the FTC and state regulators in May 2015 and targeted [four sham charities](#) run by Reynolds and his family members that bilked more than \$187 million from donors, of which more than \$75 million was donated to CFA and CSS. The other two sham charities – Children's Cancer Fund of America Inc. (CCFOA) and The Breast Cancer Society Inc. (BCS) – settled in May 2015 for similar terms.

Under today's settlement order, CFA and CSS will be permanently closed and their assets liquidated. [Reynolds is banned](#) from profiting from charity fundraising and nonprofit work and from serving as a charity's director or trustee or otherwise managing charitable assets.

The order imposed a judgment against CFA, CSS, and Reynolds, jointly and severally, for \$75,825,653, which was the amount consumers donated to CFA and CSS between 2008 and 2012. The judgment against CFA and CSS will be partially satisfied through the liquidation of their assets. The judgment against Reynolds will be suspended upon surrender of certain artwork, two pistols and the sale of a pontoon boat. The full judgment will become due immediately if he is found to have misrepresented his financial condition.

The other defendants in the case were the organizations' chief financial officer and CSS's former president, Kyle Effler; CCFOA and its president and executive director, Rose Perkins; and BCS and its executive director and former president, James Reynolds II. Under settlement orders, Effler, Perkins and Reynolds II were banned from fundraising, charity management, and oversight of charitable assets, and CCFOA and BCS are in receivership and will be dissolved after their assets are liquidated.

In filing today's settlement, Attorney General Madigan urged consumers to review her office's tips on [Being an Informed Donor](#) before donating to a charity.

Bureau Chief Therese Harris and Assistant Bureau Chief Barry Goldberg handled the cases for Madigan's Charitable Trust Bureau.

-30-

[Return to March 2016 Press Releases](#)

