

State Attorneys General Continue the Multistate Fight Against Veterans' Fundraising Fraud

WRITTEN BY

Christopher Carlson | Nicholas A. Ramos

Since 2018, attorneys general in every state, D.C., and several U.S. territories have coordinated with the Federal Trade Commission and the National Association of State Charities Officials to combat veterans' fundraising fraud. The joint initiative — [Operation Donate with Honor](#) — targets fraudulent charities that claim to use their donations to help America's veterans and groups, but in actuality enrich the charities' founders and professional fundraisers. Consequently, the joint initiative has resulted in over 100 enforcement actions.

As part of this larger joint effort with federal regulators, Washington Attorney General Bob Ferguson led 11 state attorneys general earlier this month to reached a [settlement](#) with Florida-based nonprofit Healing Heroes Network and its former directors for allegedly misrepresenting that consumers' donations would provide medical care for wounded veterans, when in fact little of these monies were used for this purpose.

Background Facts

According to the Washington attorney general's [press release](#), the multistate investigation revealed that Healing Heroes promised to use donations to help wounded Iraq and Afghanistan war veterans receive medical treatment. In 2016 and 2017, the charity also falsely claimed on social media that it dedicated 100% of its proceeds to wounded veterans.

However, the states asserted that Healing Heroes spent less than 1% of individual donations on medical care for veterans. Specifically, in 2016, the charity spent only \$1,128 to fund veterans' medical care out of the \$2.7 million in donations received nationwide. In doing so, only .04% of the donations were directly used for medical care for veterans. Instead, as Attorney General Ferguson stated, "Healing Heroes spent the vast majority of its revenue on fundraisers, advertising, salaries, rent, insurance, t-shirts and decals to sell, office expenses, and accounting services."

The resolution resolves the multistate investigation and a separate [lawsuit](#) filed by the Washington attorney general in July 2018, alleging that the business' activities violated the Washington Charitable Solicitations Act and the Consumer Protection Act by misleading donors with claims that donations or purchases would finance the treatment of wounded veterans, when very little actually did.

Settlement Terms

As such, the resulting [consent decree](#) required Healing Heroes to pay \$95,000 to a tax-exempt charitable

organization in the discretion of the state attorneys general, as well as to permanently stop soliciting donations. While Healing Heroes ceased its operations in 2018 after the states' investigation, this judgment ensures the charity will remain closed. Further, Healing Heroes owners Stacy and Allan Spiegel were subject to a five-year ban from overseeing, managing, or soliciting charitable contributions for any nonprofit organization. Also, in the future, if one of the signatory attorneys general proves that a defendant violated the terms of the consent decree, that defendant must pay an additional \$400,000 in monetary relief.

Operation Donate with Honor May Inspire Future Joint Initiatives Under the Biden Administration

While Operation Donate with Honor narrowly focuses on combating veterans' fundraising fraud, the institutional memory that this type of joint initiative created between state attorneys general and federal regulators can easily be used to establish joint efforts in other contexts. As we have written [elsewhere](#), state attorneys general and federal regulators likely will increase their efforts under the Biden administration to address consumer harms.

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