

Donation-Refund Scam Alert

07.09.24 | Linda J. Rosenthal, JD



The person at the center of the recent hoax at Florida A&M University apparently had no mercenary motive in perpetrating it – or any other discernible purpose. See [The Faux-Donor Curiosity, Revisited](#) (June 30, 2024) *FPLG Blog*.

That’s typical, according to leading faux-donor-sightings expert, Robert L. Weiner, seasoned educational-fundraising consultant. In [“You’re Just Too Good To Be True”: The Many Odd Faces of the Faux Donor](#) (June 13, 2016) *The Nonprofit Quarterly*, Mr. Weiner relays tales contributed by colleagues about the many ways people try to “scam colleges, schools, and nonprofits” for reasons known or unknown.

“Why do faux donors do what they do? Who knows? Their motives may make no sense to us, but you should always proceed with caution when it’s ‘just too good to be true,’” he advises.

An exception is “The Grifter” example that Mr. Weiner observed first-hand: The husband of a woman requiring a month-long hospital stay announced his intention to make a multi-million donation to the institution in order to extract free food, lodging, and other comp amenities. It was suspicious, but no one took action until it was too late. There was never any such donation; indeed, the couple had no such wealth. See Tale #1.

Another exception is a fraudulent scheme growing in popularity among con artists nationwide. Called the “Charitable Donation Refund Scam,” it has caught the attention of state regulators. See, for example: [Charitable Donation Refund Scam](#) (2024) State of Michigan, Consumer Protection, [michigan.gov](#) and [SCAM ALERT – Watch Out for Phony Donors!](#) Ellen Rosenblum, Oregon Attorney General, Department of Justice, [c.i.florence.or.us](#).

What Is This Scam?

“One of the main scams out there is the Donation Refund Scam,” explains Alison Hawkinson, Controller, Community Foundation of Lorain County in [Beware of Fraudulent Donors and Donation Scams, peoplewhocare.org](#). It’s a “...’fake-check overpayment’ scam” which also occurs with credit-card transactions.

A person “... sends a communication expressing interest, then sends a 5 or 6-figure donation via overnight mail using a fake check. The donor then tells the organization there was a mistake and asks for a partial refund. The scam artist then collects the partial refund while the original check bounces. The organization is out the refund plus any bank fees for the check that bounced.” Or, in other cases, the “... fraudulent donor makes an online donation and then files a chargeback with the credit card company and a refund request from the organization. The organization could be out the chargeback and the refund.”

Michigan consumer-protection regulators also discuss this scam that “has been occurring since at least 2012” as a stolen credit-card laundering operation. A new donor makes a substantial credit card donation, using a stolen card before the account can be closed by the true card holder. The “amount varies, but typically it’s several hundred dollars.” The person explains in an email that there’s been a mistake, the intended amount was \$X instead of \$10X, and asks the charity to refund the difference” but to a different card (on a variety of pretenses.)

The perpetrator frequently tells a sob story about the recent death of a spouse, “thus increasing the drama,” according to Michigan officials. “And if the charity responds that it can only refund to the original card, the ‘donor’ often escalates his or her tone – or even makes threats – in an attempt to scare the charity into making an immediate refund.”

In [Creative credit card donation scam](#), (March 14, 2012) [rlweiner.com](#), Robert Weiner, himself, warns about this emerging scam. In the comments from colleagues to this blog post, it was clear that certain perpetrators were making the rounds of known higher-education targets.

See also: [Protecting Nonprofits from Spam Donations & Carding Attacks | Donorbox Security](#) (December 5, 2023) Chirasree Bose, [donorbox.org](#) and [How to Spot and Stop Donation Scams](#), Patrick O’Keefe, [anedot.com](#).

Conclusion

The Oregon Attorney General, Ellen Rosenblum, offers helpful information on warning signs of this scam and advice on prevention efforts. She also urges affected charities to report each incident to government officials to help them catch the perpetrators and warn other potential targets.

– Linda J. Rosenthal, J.D., FPLG Information & Research Director