

ADVERTISING, MARKETING & PROMOTIONS

>>ALERT

CAUSE MARKETING TARGETED BY NEW YORK ATTORNEY GENERAL

This past June, New York State Attorney General Eric Schneiderman went to court to shut down the “Coalition Against Breast Cancer,” which he characterized as a “sham charity that fraudulently raised millions of dollars under the guise of fighting breast cancer, only to funnel the money to organization insiders and fundraisers.”

The Attorney General contended that David and Mindy Winston, the husband and wife who operated the Coalition, had “deceive[d] donors” into believing that their donations would help eradicate breast cancer through research, mammogram screening, and other programs but that in reality the Coalition had “squandered and misused” virtually all of the \$9.1 million it had raised in the name of breast cancer. Although the status of the guilty pleas entered by the defendants is in some doubt, the significance of

the Attorney General’s action against the couple should be noted by all cause marketers.

In fact, as National Breast Cancer Awareness Month comes to a close, the New York Attorney General has announced that his office is conducting a review of cause marketing campaigns that promise to benefit breast cancer charities with the sale of certain products and services.

Toward that end, the Attorney General’s Charities Bureau has sent

questionnaires to companies and charities engaged in breast cancer cause marketing to solicit information about their campaigns. In a statement, Attorney General Schneiderman declared that his office’s review “will help ensure that cause marketing campaigns provide the benefit that’s expected, and that we protect consumers, charities, and above all, the women and families affected by this devastating disease.”

THE BOTTOM LINE

As cause marketing campaigns continue to develop as important fundraising tools for charities, and as effective marketing tools for advertisers, it is important to remember that almost every state has laws and regulations governing charitable solicitations, some of which require registration and bonding, as well as very specific disclosures in marketing materials. While sham charities deserve the opprobrium and legal problems they bring on themselves, even legitimate cause marketers should make sure that they meet all applicable legal requirements to lower their risks. Legal actions stemming from cause marketing can lead to fines, penalties and possible irreparable harm to a marketer’s reputation.

FOR MORE INFORMATION

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