



Republic of Namibia

Financial Intelligence Centre

P.O.BOX 2882, Windhoek
Tel: + 264 61 2835100, Fax +264 61 2835259

Web address: www.fic.na
E-mail address: helpdesk@fic.na

FOREWARNING REPORT: CHARITY SCAMS

ISSUED: OCTOBER 2019

1. Background

Charity organizations are bodies set up to act in the interest of humanity, drive social/environmental causes or simply help those in need. Depending on the nature of challenges we face, there are often a variety of charity organizations committed to helping those affected.

Amongst others, charity includes the voluntary giving of money, food, or any type of aid for free to those who are in need because they are unable to help themselves. Organizations involved in such charitable acts are often referred to as charity organizations. Most charity organizations raise funds from good Samaritans or those who merely want to make donations to their operations.

Regrettably, the FIC has seen an emergence of persons who attempt to take advantage of donors' goodwill by setting up illegitimate charity organizations or entities to be used in illicit activities. These are often referred to as charity scams, characterized by acts of deceiving parties or persons who are willing to donate to charity organizations or any charitable causes. Not only do these scams result in huge financial losses for donors, but they also divert much-needed donations away from legitimate charities and causes. The losses as well as the potential laundering activity of such funds by perpetrators, are the reasons for the need to join hands and combat such activities. It is against this background that the Financial Intelligence Centre (FIC) is sharing this publication to help contribute to such efforts.

2. How do these Scams operate?

Charity scams come in many shapes and sizes, they often take the form of a response to real disasters and emergencies, taking advantage of legitimate donors' sympathy and their generosity. Often, scammers will exploit prevailing or recent disasters such as floods etc. to illicitly solicit funds from the public, in the name of charity. They may also target private individuals by claiming to collect for a cause that will secure their compassion, for example, to help sick children.

Perpetrators may reach their potential targets via social media platforms, newspapers, television, radio, email or door-to-door solicitations. They also set up illegitimate (fake) websites, which sometimes look similar to those operated by legitimate charity organizations. Below are some tips on how to avoid becoming a victim of charity scams:



Do not judge a charity organization solely on a legitimate sounding name. Many organizations have names similar to well-known organizations.



Always search the charity's website to validate their work. Most of the charity organizations have a .org website instead of a .com's. e.g. www.happykidz.org



Ask the charity organization why it is asking for donations from you. What purpose will be served? Ask questions and do not donate until you have satisfactory answers.



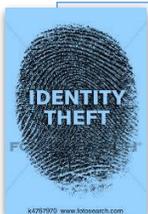
Some solicitors use pressure tactics and may even offer to send someone to pick up your donation. Reputable charities do not employ tactics that will rush you to make a contribution.



If you decide to make a donation online, look for indicators that the website is secure. A web address that begins with "https:" (the "s" stands for secure).



Do pay attention to the charity's name and web address. Scammers often mimic the names of a familiar, trusted organization to deceive donors.



Do not give personal and financial information like your Social Security number, date of birth or banking details to anyone soliciting a donation. Scammers use that data in identity theft and similar crimes.



Do not make a donation with cash or by gift card or wire transfers. Credit cards are safer.



Do not click on links in an unsolicited email, Facebook or Twitter fundraising messages; they can unleash malware.



Do keep a record of your donations and regularly review your credit card account to make sure you are not charged more than you agreed to give or unknowingly signed up for a recurring donation.

Section 21 of the Companies Act No. 28 of 2004 makes provision for a non-profit type of business such as a charity organization to operate, this type of business is referred to as a Section 21 Company. This company serves a purpose of promoting religion, art, science, education, charity, recreation or any other cultural or social activity or communal group interests. It can make profit, but such profit is strictly for furtherance of its objectives. By law, Section 21 companies are regarded as public companies but holds no share capital¹. This company needs to be registered with the Business and Intellectual Property Authority (BIPA). However, one needs to keep in mind that some organizations may be operating legitimate charity operations but may not have the necessary licensing or registration with relevant bodies.

Case Study 1: The dying widow charity scam

Person-X contacts **Person-Y** via email or on social media platforms claiming to be a very wealthy person dying of cancer, with no heirs to her fortune. **Person-X** pleads for assistance from **Person-Y** to help distribute her fortune to a charity of his/her choice, whereby the victim is promised 40% of the total amount as commission, while 60% of this amount goes to the charity organization. However, **Person-X** will request **Person-Y** to pay in advance a certain amount that will cover for the “transfer fees” and “bank charges” before the purported amount is transferred into his/her accounts to be transferred further to the charity organization. However, when **Person-Y** transfers the specified amount, **Person-X** will most likely not send through the agreed funds and will most likely not be reachable.

Case Study 2: Doorstep charity scam

Scammers walk from house to house asking for donations in the form of money. The scammers play on their victims’ emotions by claiming that the money will be used to help poor children who are very ill. Sometimes these scammers claim that the children are in urgent need of help to get an open-heart surgery or kidney transplant etc., that costs a significant amount of money. Doorstep scammers are very polite and friendly.

¹ There are no shareholders however, there are members who act as guarantors.

3. What to do if you become a victim of a Charity Scam?

Report the fraud immediately to the Namibia Financial Institutions Supervisory Authority (NAMFISA), Bank of Namibia, the FIC or the nearest police station;

If you think you are actively participating in a Charity Scam, break off all contact with the scheme immediately and report same to the authorities cited above. Do not invest any more funds until you have received guidance from such authorities;

If you have provided the fraudsters with your bank account details, alert your bank immediately. If any, instruct the bank to stop facilitating any direct payments/deductions from your account to such schemes;

Keep any written communications you have received from the perpetrators. They may help law enforcement authorities; and

Be aware that you will likely be a target for other frauds as scammers often share details about their victims to other fraudulent schemes.

REMEMBER

Criminals' prey on the generosity and desire of members of the public to help others, therefore, one should guard against making donations to entities without verifying their legitimacy. It is against this background that FIC presents this guidance to caution and urge members of the public to be mindful and to avoid participating in these illicit financial activities.