School Fundraising Scams on the Rise

John W. Garrigan, Assistant Attorney General, Consumer Protection and Antitrust Bureau, New Hampshire Department of Justice

The New Hampshire Attorney General’s Office has seen a sharp rise over the last few years in the number of instances of scams by out-of-state third-party companies that target local businesses under the guise of supporting local public schools and sports teams. These scams are difficult to prevent and even more difficult to address through state enforcement powers due to the logistical hurdles of engaging in legal process in other states.

Generally, the third-party solicitation company contacts a business through email or a phone call and claims to be working on behalf of a local school sports team to raise money or produce promotional items for the coming season. The company will ask the business to purchase advertising on promotional items, t-shirts, or banners that the company promises will be distributed in the school or displayed at school events or sports games. The companies may make specific promises about when, where, and how often these items will appear. Most school districts have an approval process to allow third-party companies to act as fundraising solicitors. However, in many cases, the school district has not authorized the company to solicit in its name and there is no legitimate connection between the company and the school. In many instances, the solicitation company simply keeps any money sent by the business. In some cases, the solicitation company may send a small box of a few items to the school, but those items may feature an incorrect school logo or express support for a sports team other than the one referenced by the company in their contact with the business.

This scam is particularly toxic because it abuses the longstanding trust between local schools and local businesses. The relationship between schools and businesses can be very close knit. Many small businesses have a long and proud history of supporting school sports teams. The scammers abuse that trust by exploiting the businesses’ willingness to support a local team and promote their business at the same time. A business may have no more money in their annual budget to support legitimate school fundraisers after they have been scammed.

It can be difficult for state attorneys general to investigate and pursue enforcement actions against these entities if they are in another state. The companies may ignore administrative subpoenas or civil investigative demands and pursuing local court orders to enforce those demands may be fruitless. Frankly, this problem affects all states. It is important for assistant attorneys general to work cooperatively with their counterparts in the state where the scammers are located to assist that state in taking their own enforcement action within their jurisdiction.
The most important prevention measure to combat this scam, as well as all scams, is to promote public awareness so that local business can recognize a potential scam before they send any money. The New Hampshire Attorney General’s Office issued a consumer alert in August 2019 about this very issue hoping to prevent future victimization. Businesses and individuals who receive fundraiser solicitations from third-party companies should be encouraged to contact the school directly to verify that the solicitation has been approved by the school. Before making any payments to third-party fundraising solicitors, businesses should make sure that any funds raised through the solicitation will benefit the school.

The author is an Assistant Attorney General in the Consumer Protection and Antitrust Bureau of the New Hampshire Department of Justice. This article represents the opinions and conclusions of its author and not necessarily those of the Attorney General. The material presented herein may not be understood to be an Opinion of the Attorney General, which are formal documents rendered pursuant to statutory authority, nor to express the views of the Attorney General.