

Charitable Fraud

Written by Nick Sanders
Monday, 03 December 2018 00:00

My parents were the victims of a fraudster, somebody who took advantage of a position of trust to take money that was rightfully theirs. I found out about it and pursued the individual all the way to the California Supreme Court. (It wasn't my decision to take it there; the individual kept losing and appealing. He lost at the California Supreme Court as well. The decisions/opinions are a matter of public record.)

Do you know a victim of fraud? Was it you, or perhaps somebody close to you? Somebody you cared about? Then you know how it feels to be betrayed. And even if you don't know somebody who was scammed, I'm pretty sure you've read about scams in the news. How did the reports of fraud make you feel?

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Scammers who conned people into contributing to GoFundMe campaigns and then spent the proceeds on themselves

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Fraudsters who looted funds held in trust

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Fake charities

And among the lowest form of fraud I can write about are the charities established in the name of military veterans, the ones that turn out to be opportunities to skim donated funds for the personal expenses of the people running the ostensible charity.

Most of us—I daresay *all* of us—know that our military veterans aren't treated the way they should be. Their healthcare isn't what was promised to them when they enlisted. The news has recently been filled with reports of a Department of Veterans Affairs policy that would deny veterans their full GI Bill benefits—benefits that were guaranteed by law. That policy was established by the “top benefits official” of the VA (according to [this](#)

report

) but it may have been “overruled” by the Department’s Secretary. Things are a bit unclear at the moment. The report stated:

The VA was supposed to begin granting expanded benefits in August under a law passed last year known as the Forever GI Bill. The law required the VA to change the way it calculated housing stipends, among other changes. But the agency blew through that deadline because it couldn’t get software in place to make the calculations and said this week it wouldn’t be up and running for another year.

Thus, even if the Department Secretary directs that his Department follow the law, it’s not clear that the Department actually can do so.

But what about a charity, a certified non-profit entity with the expressed mission “to protect and promote the physical, mental, and emotional wellness of military service members, veterans, and their families.” How would you feel if you knew that charity wasn’t fulfilling its expressed mission, or if you knew that some of the contributions from people such as yourself were being siphoned-off by at least one organization leader?

Would it make you sad, or would it *piss you off*?

Anyway: [this](#) Department of Justice press release.

Patricia Pauline Driscoll, the former executive director of the Armed Forces Foundation, was found guilty by a jury today of charges stemming from a scheme in which she stole from the non-profit charity, defrauded donors, and lied to the Internal Revenue Service and the public about her salary and benefits. ... Driscoll, 40, of Ellicott City, Maryland, was found guilty of two counts of wire fraud and two counts of tax evasion, all federal offenses, and one count of first-degree fraud, a District of Columbia offense. The verdict followed a trial in the U.S. District Court for the District of Columbia.

Here are some of the details:

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According to the evidence, Driscoll caused false reports to be filed on the Form 990s in a number of ways. For example, she failed to include the fact that she received commissions from fundraising, the amounts of commissions that she received from fundraising, and the other benefits that she received. Driscoll also falsely categorized and *caused others to falsely categorize expenses in the Armed Forces Foundation's books and records as being for the benefit of the veterans, troops, and their families, when, in fact, they were for her own private benefit.* Driscoll also concealed from the foundation's accountants the money she took from the charity, such as rent that was paid for the use of office space in a building that she co-owned.

Additionally, Driscoll falsely reported and caused others to falsely report the amount of donations received by the foundation on Forms 990, by inflating the amounts of donations and incorrectly listing the types of donations. According to the evidence, she sent false and fraudulent Forms 990 to members of the foundation's Board of Directors and to the IRS, and caused to be published Forms 990, containing false and fraudulent information.

The jury found that Driscoll took the foundation's money for her own personal use and to pay her for-profit business expenses.

(Emphasis added.)

A story from the San Diego Union-Tribune had this quote from Driscoll's attorney:

"The jury did not get it right — Patricia Driscoll is innocent," attorney Brian W. Stolarz said in a statement. "We are very disappointed by the verdict and the government's misconduct in this case. We will appeal. This is not the final chapter to this story."

That same Union-Tribune story, written by Morgan Cook, also added some details not found in the DoJ press release. It reported—

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The charity was established in 2001 to promote veterans' emotional and physical health through outdoor activities and small grants to help needy military families pay bills. On its 2015 federal tax filing, it disclosed that it had found evidence that Driscoll had misspent more than \$900,000 for personal purposes, starting in 2006. ... Some of [Driscoll's] suspect spending included a trip to a jewelry store, a grocery, a dermatologist and more than \$65,000 in legal fees related to her accusations of domestic violence against her ex-boyfriend ... according to court records.

Shortly after Driscoll was indicted, the Armed Forces Foundation announced it was suspending operations and planned to shut down.

According to the Union-Tribune story, the charity was "co-founded by former Rep. Hunter, R-Alpine, who helped recruit Driscoll to run day-to-day operations. The mission was to support veterans by hosting events and awarding grants to needy servicemembers. Hunter was succeeded in the House by his son, Rep. Duncan D. Hunter, R-Alpine, who promoted the organization and attended charity events after he was elected to Congress in 2008." Importantly, there is no evidence that either of the two Hunters benefited from—or were even aware of—Driscoll's fraud.

That said, the Union-Tribune story also noted that the younger Hunter has his own legal problems. It reported—

In an unrelated criminal proceeding, the younger Hunter and his wife and former campaign manager, Margaret, were indicted in August on 60 counts of felony crimes stemming from their alleged personal use of more than \$250,000 from the coffers of Hunter's political campaign. Both Duncan and Margaret Hunter have pleaded not guilty to all charges. Duncan Hunter was re-elected to a sixth term earlier this month and faces trial next year.

So, while we continue to hear and read about contractor fraud, let's not forget that fraud can be found anywhere. There is no evidence that shows fraud is any more prevalent in government contracting than, say, in the world of not-for-profit charitable organizations.

All we can do is be on the lookout for fraudsters and, when we catch them, prosecute the hell out of 'em.

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