

## GoFundMe scams: 'I don't think anyone's got their arms around it'

October 30 2018, by John Reinan, Star Tribune (Minneapolis)

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A Faribault, Minn., man has admitted faking cancer and spending the money raised for medical bills on marijuana, liquor, video games and dart tournaments.

Jeremiah Jon Smith, 38, pleaded guilty Oct. 17 in Rice County District Court to theft by swindle, a felony. He admitted spending more than \$23,000 raised for his [medical bills](#) through GoFundMe, an online fundraising platform, and benefit events.

Swindles like the one Smith pulled raise the question of whether online fundraising is safe, [consumer advocates](#) said.

"I don't think anyone's got their arms around it," said Ira Rheingold, executive director of the National Association of Consumer Advocates in Washington. "And the GoFundMes of the world pooh-pooh it."

GoFundMe claims to have raised more than \$5 billion since 2010 and says fraud on its website is minuscule. The company warns potential donors to give only to people they know.

"GoFundMe is dedicated to empowering people to help people, and an overwhelming majority of campaigns on our platform are safe and legitimate," the company said in a statement. "Fraudulent campaigns make up less than one-tenth of 1 percent of all campaigns.

"In the rare instances where people create campaigns with the intention

of taking advantage of others' generosity, GoFundMe takes swift action to resolve the issue."

A GoFundMe spokeswoman said the company will refund donations if a [campaign](#) organizer or beneficiary is charged with a crime. The company also may refund donations of up to \$1,000 if its own investigation finds "misuses" of donations.

Scams have always been with us, said Christina Tetreault a staff attorney with Consumers Union, a nonprofit based in Yonkers, N.Y.

"I would say that the mode is new, but the scams are old," Tetreault said during a panel discussion on peer-to-peer payments sponsored by the Federal Trade Commission.

But the fact that fraud is taking place on the internet doesn't make it any less prosecutable, said Prentiss Cox, an associate professor at the University of Minnesota Law School and the former head of consumer protection with the Minnesota attorney general's office.

"There are three kinds of consumer protection cases: scum, scam and skim. And this is scum," Cox said of the cancer swindle. "If someone lies about cancer to take money from people, that's just scum.

"And the most effective way to stop it is to make sure people know that if they're going to do this, they're going to jail."

That apparently won't happen in Smith's cases. He's scheduled to be sentenced Jan. 9 in Rice County District Court. His plea agreement calls for no jail time, 10 years of probation, full restitution to identifiable victims and 480 hours of community service.

Rheingold said GoFundMe and other fundraising platforms have a duty

to ensure their campaigns are legitimate, because the platforms make money from them.

"What level of duty do they have to the consumers who use it?" he said. "I would argue pretty strenuously that if somebody is using their platform and committing fraud, they need to demonstrate that they have engaged in some level of due diligence."

Adrienne Gonzalez runs a site called GoFraudMe that tracks GoFundMe scams. Gonzalez, of Richmond, Va., said she's uncovered more than 220 scams in just over three years. GoFundMe has been better at taking down fraudulent campaigns, she said, but the site still relies on users to report suspected fraud.

"GoFundMe says they're the safest fundraising platform," Gonzalez said. "I'm just over here on the other side, saying, 'Look, these things happen.'?"

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Citation: GoFundMe scams: 'I don't think anyone's got their arms around it' (2018, October 30) retrieved 24 May 2024 from <https://phys.org/news/2018-10-gofundme-scams-dont-arms.html>

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