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Web site cuts out charity middlemen

Folks in need can post appeals, let donors decide whom to support



Paul Vernon / AP

AP Associated Press updated 9:41 p.m. ET, Mon., April 2, 2007

NEW YORK - Ken and Kristie Sigler have sold cookbooks and football tickets to raise \$16,000 for an adoption. For the final \$8,700, they are appealing directly to strangers — through a new online clearinghouse that bypasses traditional charities.

Reality Charity LLC's Web site, to be unveiled April 3, promises to be an eBay for fundraising. Those in need post appeals to pay off student loans, recover from a natural disaster or avoid a foreclosure. Those wishing to give respond to them directly.

The idea is to let donors choose their causes and beneficiaries and make sure their gifts aren't diverted for overhead costs that most charities incur.

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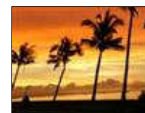
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"We should cut out the middlemen and let the people decide," said Alexander Blass, the site's founder. "If I want to help sponsor your high-definition television, why not? But I may see your listing and I may reserve my sympathy for the Katrina victim or wounded veteran or adoption couple."

The Siglers are hoping enough visitors will be moved by their financial plight to help them adopt a boy from Guatemala. The Hilliard, Ohio, couple say they are turning to the direct appeal after striking out with their church and traditional charities.

"There are a couple of places that provide grants for adoption, but they are few and far between and so many families are adopting," said Kristie Sigler. The couple has raised about \$200 of the \$8,700 from seven donors during a private testing period on the site.

Not a new idea

Using the Internet for direct appeals is hardly new. The practice, which skeptics have termed "cyberbegging," gained momentum in 2002 after a 29-year-old New Yorker claimed that strangers sent enough money to her Web site to help pay off more than \$20,000 in debt.

Scores of sites followed with pleas from single moms, recent college graduates with student loans and maxed-out credit cards and childless couples seeking treatment for infertility.

Reality Charity wants to be a centralized place for such appeals — the "matchmaker," in Blass' words. Otherwise, he said, donors might not know of giving opportunities, and those in need might not know where to plead their case.

Donors from around the world can browse listings by type or location, search by keyword or click on a direct link passed along by a relative or friend. They can respond with a credit card or [eBay Inc.](#)'s PayPal payment service, with any transaction fees deducted and disclosed. Recipients must live in one of about 50 countries served by PayPal.

Contributions won't be tax deductible because IRS rules prohibit earmarking of gifts to specific beneficiaries. Reality Charity is being run as a for-profit company, though it plans to make money from ads and groups that want to raise money — not from donors or individual recipients.

To give donors more confidence, would-be recipients who, for a small fee, submit to identity verification through credit-reporting agency Equifax Inc. will get a green check mark in their listings. Those in need may also post documents supporting their cause.

Relatives and friends who already have donated will be able to add words of support — similar to the comments section on social-networking sites like [News Corp.](#)'s MySpace.

Self-policing like eBay and Craigslist

But ultimately, Blass said, the site will be self-policing. Similar to policies at eBay's auction site or Craigslist's classified listings, users

will be the ones responsible for reporting suspicious appeals. Donors and recipients will also be allowed to withhold their full names.

Patrick Rooney, director of research at the Center on Philanthropy at Indiana University, warns donors against giving to strangers online, saying direct appeals work best when friends, neighbors and family are the ones in need.

An online clearinghouse wishing to eliminate fraud and abuse would need to vet potential recipients so thoroughly that it becomes its own charitable organization with overhead costs, not simply an enabler of direct appeals, Rooney said.

Steve Jones, a professor at the University of Illinois at Chicago, questioned whether anyone ever received much through cyberbegging, short of a few cases that had garnered media attention.


"One of the things that compel some people to give money in some cases is the uniqueness of the situation," he said. "If you're confronted with many dozens of such cases on one site, I don't know if people will find it as compelling to give to any one of those. It dilutes the impact of any individual story."

But Blass, 32, whose background is in technology and finance, said his approach should make credible appeals easier to find, and people more likely to give.

"We feel that by offering a central place where people in need and potential donors can meet each other, we are growing the philanthropic pie," he said. "We are engaging new donors who may feel there is little or no impact of their donations when they are giving to a large organization."

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