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CHARITY TRIES KISSING UP TO CROSS DONORS

By SUSAN EDELMAN

The Red Cross admits it has a black eye, but vows to repair its tarnished image and "make America proud."

The embattled charity is defending its controversial plan to withhold millions of dollars in Sept. 11 donations for future terrorist attacks, but promises a top-to-bottom review of its performance "to see how we can do better."

"We're a patient and very, very strong organization, and we're going to make America proud," said spokesman Bill Blaul.

The 120-year-old charity — one of the most trusted and respected in the world — has come under harsh attack for deciding to reserve nearly half of the $564 million it has raised through its Liberty Fund.

Critics say the policy betrays the spirit in which the money was collected.

"They played on the heels of Sept. 11 to get people to open their hearts and wallets," said Rep. Bart Stupak, a Michigan Democrat who sits on a House subcommittee that last week began a review of charitable fund-raising connected to Sept. 11.

"I've heard a lot from donors, and they're angry. People feel like they've been hoodwinked."

The course chosen by the Red Cross has created a public-relations nightmare that could end up, at worst, with lawmakers stripping the organization of its federal charter.

"If Congress got really upset, just abolish 'em," said Stupak, adding, "No one wants it to come to that."

State Attorney General Eliot Spitzer has also threatened action against the Red Cross, saying donors intended their money for Sept. 11 victims — not for future victims of unspecified attacks.

The small print of one advertisement for the Liberty Fund said the money was "for this tragedy and the emerging needs from this event."

"We are waiting to see whether the Red Cross is going to follow the will of the American people," Spitzer's spokesman Scott Brown said.

If the charity does not change its plans, Spitzer could sue it for "deceptive advertising" or other violations, officials said.

State Assembly Speaker Sheldon Silver (D-Manhattan) said any suggestion by the Red Cross that it won't honor its original fund-raising promise was "outrageous."

But the Red Cross appears ready to ride out the storm, with Blaul calling critics "shortsighted."

"God forbid there's a truck bombing in Albany next week," he said.

"The American Red Cross has to be prepared, and anything less in this environment is playing a risky game."

The charity is pleading its case on several fronts. It has put information on its Web site, www.redcross.org, about how donations are being spent, including one posting outlining "myths and facts."

Blaul says one of the biggest misconceptions is the Red Cross is using Sept. 11 money to build its empire.

About 9 cents of each dollar will go for overhead costs, such as transportation, housing and food for volunteers, hot lines for victims, computers and phone lines for relief workers, and auditing services to keep track of the avalanche of donations, he said.

The charity is also using its public-relations staff — and some Sept. 11 victims — to plug its successes.

A grateful James Choe, whose dry-cleaning business in TriBeCa was closed for weeks after the attacks, was recruited when he called to thank the Red Cross for the $1,850 it gave him to pay for rent on his house, buy groceries and pay other bills.

"They called me the next day and asked me if I was comfortable talking about it," Choe said.

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