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Nonprofit Ethics Case

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Betraying the Trust of SDWR Clients

Summary

This case study examines the Services Dogs by Warren Retrievers Nonprofit organization controversy and lawsuit that emerged in May 2018. SDWR was sued by Virginia Attorney General Mark R. Herring. SDWR and Warren (founder & ED) have violated the VCPA (virginia consumer protection act) and the VSOC (Virginia Solicitation of Contributions) law, by misrepresenting to clients, or deceiving clients, about the Diabetic Alert Dog's testing, training, skills, abilities, and efficacy (Erin, R, 2018). All of the services that would be included in the cost of the dogs and how the dogs could be paid for. They also misrepresented to clients how long consumers would have to pay their balances due for their dogs and whether consumers could receive refunds or not. Finally, Warren also made specific misrepresentations about his military service and background as well as their partnership with JDRF (Juvenile Diabetes Research Foundation) a charitable organization dedicated to funding type 1 diabetes research.

Applications

This case is relevant to governance, and unethical leadership. In regards to governance, we discovered violations of state and federal laws of Virginia as detailed in the Attorney general of virginia lawsuit. In regards to unethical leadership, the founder Charles Warren has been accused of several unethical leadership practices and false statements made to the clients of SDWR.

Outcomes

- Ethical failures in leadership
- Role of the founder/ Executive Director in maintaining integrity, clear and reliable information of SDWR
- Good governance principles and accountability
- Importance of compliance with state laws

Video

<https://www.newsweek.com/virginia-claims-company-gave-clients-untrained-puppies-instead-service-dogs-917910>

Description

Service Dogs by Warren Retrievers, Inc. is a 501 (c) (3) organization. SDWR represents itself as a nonprofit organization devoted to raising, training, and placing service dogs with individuals who have disabilities specifically diabetes (sdwr.org). It offers hope for diabetics and their families that a Diabetic Alert Dog will save them or their family members' lives by identifying and alerting them to blood sugar fluctuations that could become life threatening (sdwr.org). These individuals and families are told that, if they just raise \$25,000 for SDWR, they will receive a trained Diabetic Alert Dog (DAD) that can detect high and low blood sugar, get help, or even dial 911. In reality, in many instances these hopeful and venerable clients receive poorly trained dogs that are not equipped to help them manage a life-threatening disability and are little more than very expensive pets (Erin, R, 2018).

The lawsuit made for Charles Warren states that he is the executive director, president of the board and chief financial officer (lawsuit, 2018). By laws of the organization state that he will remain in that position unless removed by a unanimous board vote on material, intentional breach of duty (Erin, R, 2018). This means Warren is the only person who has and is making decisions to different policies and regulations of the nonprofit. On the 990 form it was also discovered that SDWR paid \$124,715 to companies owned by Warren for routine expenses like office rental.

On the SDWR website there was a statement in the biography of Warren that stated the following:

“After serving our country as a Marine where he worked and trained dogs, he was diagnosed with type 1 diabetes. It is through his own diagnoses that he decided to train retrievers to give back a quality of life for people with invisible disabilities (lawsuit, 2018)”.

This statement is no longer available on the website and it was reported that all information was false. Warren has never served in the United States Marine Corps or any other Military branch (lawsuit, 2018).

Reports show that the partnership with JDRF (Juvenile Diabetes Research Foundation) was also a false statement from Warren. As stated by Warren, he claimed having a partnership with JDRF where they were endorsed by them. Turns out JDRF never endorsed SDWR, and had never partnered with or worked with the organization (lawsuit, 2018). In addition to that Warren had told clients about all of the “recognitions made by JDRF” in their newsletters. Upon research, JDRF did include one post on their newsletter but did not have any criteria for quarterly inclusion. Turns out that JDRF sent a letter to the organization telling them to remove their logo from the SDWR’s website. The site never gave any kind of consent to include their logo representing partnership.

Following several additional newspaper articles online, being published about SDWR, this is a fairly new case that still has several investigation being done. In order to recover from this exposed unethical behavior, “SDWR will have to get back in the public’s trust. Going forward, it needs to focus on reviewing and amending bylaws, improving the leadership and good governance principles and protecting the rights of the clients as well as restoring any of the clients money that was acquired.

Questions

1. Should there be regulatory laws established federally that limits the number of positions a single individual can hold at a nonprofit to eliminate a conflict of interest?
2. To whom and to what do you give your loyalty as a person and as a member of the nonprofit?
3. How can you protect the rights of those involved (or your own character) while still maximizing the overall good for all of the stakeholders?
4. What are the specific ethical behaviors that are required of all organizational leaders?
5. Can a good leader have immoral or bad private morality?
6. Ought the leader’s view of what is ‘right’ prevail? Must one have ethical agreement to work together and achieve the mission?

Resources

<https://www.sdwr.org/about-sdwr/>

<https://nonprofitquarterly.org/2018/10/25/the-unaccountable-nonprofit-a-job-for-regulators/>

<https://people.com/pets/lawsuit-service-dogs-warren-retrievers-untrained-dogs/>

https://www.washingtonpost.com/news/animalia/wp/2018/05/08/company-sold-25000-service-dogs-that-were-really-just-untrained-puppies-virginia-says/?utm_term=.1723a8ecea51

Endnotes

Erin, R. (October 25, 2018). *The Unaccountable Nonprofit: A Job for Regulators*. Retrieved <https://nonprofitquarterly.org/2018/10/25/the-unaccountable-nonprofit-a-job-for-regulators/>

Oag.state.Va.Us. (Lawsuit, May, 2018). *In the Circuit Court For Madison County*. (Retrieved October 28, 2018). <https://www.oag.state.va.us/files/SDWR-complaint.pdf>

Sdwr.org, About. *Service Dogs by Warren Retrievers*. (Retrieved October 28, 2018). <https://www.sdwr.org/about-sdwr/>