Nonprofit Ethical Case:

Unethical Telemarketing by Disabled Police And Sheriffs Foundation, Inc.
Anna Tait
Raymond Gray

NPA 601: NONPROFIT ETHICAL LEADERSHIP
Fall 2019
Prof. Marco Tavanti. Ph.D
Presentation Sequence

- Disabled Police and Sheriff’s Foundation, Inc.
- Case Summary
- Timeline of events
- The Facts
- Media Coverage
- Individual Responsibility
- Organizational Responsibility
- Systemic Responsibility (Form 990)
- Stakeholders Analysis
- Discussion Questions
- Alternative Solutions
- References
Mission statement:
“To create, design and organize and offer instructional programs to law enforcement, provide assistance to disabled law enforcement officers and to the survivors of law enforcement officers killed in the line of duty, provide educational and safety orientated resources to the general public and to engage in activities that heighten the image of law enforcement.”
(guidestar.org, 2019)
CASE SUMMARY

• Complaints filed by both the Federal Trade Commission (FTC) and the State of Missouri (OAG) claiming the organization had been misleading the public by making false claims of the allocations of their donations
• March 27, 2019 the Disabled Police and Sheriffs Foundation was dissolved.
• Founder David Kenik was banned from engaging in charitable fundraising or nonprofit organizational activity.
• David Kenik may have agreed on the settlement but refused to admit any wrongdoing.
Timeline of Events

- 2002-Began the Police Officers Safety Association
- 2008-Began the American Police and Sheriff’s Association, Inc.
  - DBA-Police Officers Safety Association
- 2013-Began organization as Disabled Police and Sheriff’s Foundation, Inc.
  - DBA-American Police and Sheriff’s Association, Inc.
  - DBA-Police Officers Safety Association
- 2018-Filed their last year Form 990 (for 2017)

FTC (2019)
Disabled Police and Sheriffs Foundation Inc. collected over $9.9 million in donations from telemarketing and direct mail in the USA form 2013-2017.

95% of 2015 donations were spent on CEO wages and the hiring of professional fundraisers.

Less than 1 penny per 1 dollar donated (0.0065 cents) was spent on helping disabled law enforcement officers – this money was spent on 5 individual officers.

Between 2013-2016 only 5.41% of donations was spent on any charitable program.

United States District Court For The Eastern District of Missouri Eastern Division. (2019)
What does the charity of this organization look like?

Total of donations collected = $9.9 Million

Total contributed in grants to support 5 families = $64,350

The average income is about $53,000 as of a Missouri Police Officer which is about an average of $4,416 a month. (Billy Mash, friend, St. Louis County Sheriff Department)

This would come to $12,870 to each family which was helped by this organization. As you can see this wouldn’t even have covered 3 months pay.
# MEDIA COVERAGE

Charities Employ Controversial Telemarketers To Tug On Heartstrings — And Loosen Purse Strings. Article from The Center for Public Integrity 13 Dec 2017

<table>
<thead>
<tr>
<th>Charity name</th>
<th>CharityWatch (A+ to F scale)</th>
<th>Charity Navigator (0 to 4 stars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breast Cancer Survivor Foundation</td>
<td>not rated</td>
<td>high concern advisory</td>
</tr>
<tr>
<td>Center for American Homeless Veterans</td>
<td>F</td>
<td>not rated</td>
</tr>
<tr>
<td>Childhood Leukemia Foundation</td>
<td>F</td>
<td>0 stars</td>
</tr>
<tr>
<td>Crisis Relief Network</td>
<td>not rated</td>
<td>not rated</td>
</tr>
<tr>
<td>Defeat Diabetes Foundation</td>
<td>F</td>
<td>1 star</td>
</tr>
<tr>
<td>Disabled Police and Sheriffs Foundation</td>
<td>F</td>
<td>0 stars</td>
</tr>
<tr>
<td>Firefighters Support Foundation</td>
<td>F</td>
<td>not rated</td>
</tr>
<tr>
<td>Healing Heroes Network</td>
<td>F</td>
<td>not rated</td>
</tr>
<tr>
<td>International Union of Police Associations</td>
<td>F</td>
<td>not rated</td>
</tr>
<tr>
<td>Kids Wish Network</td>
<td>F</td>
<td>0 stars</td>
</tr>
<tr>
<td>Law Enforcement Officers Relief Fund</td>
<td>F</td>
<td>not rated</td>
</tr>
<tr>
<td>National Vietnam Veterans Foundation</td>
<td>F</td>
<td>high concern advisory</td>
</tr>
</tbody>
</table>

Two First Responder Charities Banned For Taking Millions Of Dollars From Donations – News Report from ABC11 Eyewitness News 4 April 2019

Individual Responsibility

- Lack of self awareness - understanding his own personal motives and conflicting interests.

- Lack of Integrity - inability to admit ethical wrongdoing.

David Kenik - CEO of The Disabled Police and Sheriffs Inc.
Picture retrieved from: St. Genevieve Herald
Organizational Responsibility

- Governance - The Role of the Board of Directors
- Organizational culture (through leadership and embedded ethical values)
- Whistle blowing policy
Systemic Responsibility

- Increased government funding allocated to the Internal Revenue Service
- Increased government funding to the Attorney General Offices across the nation to improve regulation of nonprofit organizations
- Both of the above will aid earlier recognition of unethical organizational practices before crisis points
- Ethics in Education- both for-profit and non-profit sectors require further training in ethics
IRS 990 Filings

Additional Data

Software ID: 
Software Version: 
EIN: 36-4494026 
Name: DISABLED POLICE AND SHERIFF'S FOUNDATION

Form 990 (2017)

Form 990, Part III, Line 4a:
PROGRAM SERVICE AREA NO#1 TRAINING PROGRAM 1: TRAINING VIDEOS DEVELOPED WITH LEADING EXPERTS AND AVAILABLE NATIONWIDE FREE OF CHARGE TO HELP INCREASE THE SAFETY AND EFFECTIVENESS OF LAW ENFORCEMENT

Form 990, Part III, Line 4b:
PROGRAM SERVICE AREA NO#2 DISABILITY GRANT PROGRAM 2: PROVIDES GRANTS TO LAW ENFORCEMENT OFFICERS WHO HAVE BECOME PERMANENTLY DISABLED IN THE LINE OF DUTY

Form 990, Part III, Line 4c:
PROGRAM SERVICE AREA NO#3 LAW ENFORCEMENT EQUIPMENT GRANT PROGRAM 3: LAW ENFORCEMENT DEPARTMENT EQUIPMENT GRANT PROGRAM PROVIDES CASH GRANTS FOR DEPARTMENT TO PURCHASE EQUIPMENT TO IMPROVE THEIR OWN AND CITIZEN SAFETY

IRS Form 990. (2017)
### GRANTS PAID IN 2017

#### Part III Grants and Other Assistance to Domestic Individuals

<table>
<thead>
<tr>
<th>(a) Type of grant or assistance</th>
<th>(b) Number of recipients</th>
<th>(c) Amount of cash grant</th>
<th>(d) Amount of noncash assistance</th>
<th>(e) Method of valuation (book, FMV, appraisal, other)</th>
<th>(f) Description of noncash assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DISABILITY GRANTS</td>
<td>7</td>
<td>20,000</td>
<td>FMV</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) LINE OF DUTY DEATH GRANT</td>
<td>8</td>
<td>14,500</td>
<td>FMV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Part IV Supplemental Information

<table>
<thead>
<tr>
<th>Return Reference</th>
<th>Explanation</th>
</tr>
</thead>
</table>
Pay for David Kenik (President) in 2017

Schedule L (Form 990 or 990-EZ) 2017

Part IV Business Transactions Involving Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

<table>
<thead>
<tr>
<th>(a) Name of interested person</th>
<th>(b) Relationship between interested person and the organization</th>
<th>(c) Amount of transaction</th>
<th>(d) Description of transaction</th>
<th>(e) Sharing of organization's revenues?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) DAVID KENIK</td>
<td>FAMILY MEMBER OF JILL KENIK, PRESIDENT</td>
<td>75,000</td>
<td>EMPLOYMENT ARRANGEMENT</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Part V Supplemental Information
Provide additional information for responses to questions on Schedule L (see instructions)

<table>
<thead>
<tr>
<th>Return Reference</th>
<th>Explanation</th>
</tr>
</thead>
</table>
## Fundraising (Telemarketers)

### Part I: Fundraising Activities

Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

1. Indicate whether the organization raised funds through any of the following activities. Check all that apply:
   - [x] Mail solicitations
   - [ ] Internet and email solicitations
   - [x] Phone solicitations
   - [ ] In-person solicitations
   - [ ] Solicitation of non-government grants
   - [ ] Solicitation of government grants
   - [ ] Special fundraising events

2a. Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?  
   - [ ] Yes  
   - [x] No

   If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization.

<table>
<thead>
<tr>
<th>(i) Name and address of individual or entity (fundraiser)</th>
<th>(ii) Activity</th>
<th>(iii) Did fundraiser have custody or control of contributions?</th>
<th>(iv) Gross receipts from activity</th>
<th>(v) Amount paid to (or retained by) fundraiser listed in col (i)</th>
<th>(vi) Amount paid to (or retained by) organization</th>
</tr>
</thead>
</table>
| OUTREACH CALLING  
200 S VIRGINIA STREET 8TH FLOOR  
RENO, NV 89501 | TELEMARKETING | Yes | No | 2,194,270 | 1,974,807 | 219,463 |
| CHARITABLE RESOURC  
FOUNDATION  
698 OLDEFIELD C DRIVE  
SUITE 2 | TELEMARKETING | No | 236,515 | 216,433 | 20,082 |
Stakeholders Analysis

Who was affected by The Disabled Police and Sheriffs nonprofit scandal?

- The wider public
- The nonprofit sector
- The wider community
Discussion Questions

From a personal (leadership) perspective:
· What key ethical leadership values was CEO David Kenik missing?
· As a CEO of an organization how would you address the development of personal conflict of interest issues?

From an organizational (nonprofit) perspective:
· Who do you think is accountable and responsible for the organizational behavior of The Disabled Police and Sheriffs Inc?
· Which other organizational associates do you think should have made efforts to prevent this behavior?
· As an organization what policies and procedures should be in place to allow unethical practices to be recognized and appropriately dealt with?

From one more ethical perspective:
· Which approaches would you adopt as ethical leaders in addressing situations when the public’s trust in your organization has been damaged?
Alternative Solutions

**Suggestions:** As donors - question the integrity of organizations before making donations. Use databases such as Guidestar and Charity Watch to review charity’s allocations of donations.

**Ethical leadership principles:** Nonprofits require leaders who embed ethical values in their practice and create organizations where ethical behaviors are the norm. Ethical leaders must be self aware and recognise if their intentions are not in the best interests of their organizations mission.

**Audits:** Organizations require sound governance to ensure practice such as annual financial audits are undertaken, enabling the early recognition of unethical practice and such as the false allocation of public donations.

**Compliance training:** Organizations should utilize the assistance and resources provided by the IRS or the AG’s Office to train staff and ensure there is an organizational wide understanding of compliance and ethical practices.


Cont. References


References