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Change the World with Nonprofit Leadership

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Nonprofit Ethics Case

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NPA 601: Nonprofit Ethical Leadership

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1. Title

Too Much Brotherly Love: Vaccines Misused By Friends of Philly Fighting COVID

2. Summary

This case focuses on Philly Fighting COVID (PFC) surrounding the ethical questions of using expiring vaccines, unethical behavior of PFC executive staff as well as the lack of oversight by the City of Philadelphia. PFC was started by Drexel University students who started supporting Covid efforts by supplying PPE and then opening Philadelphia's first "mass vaccination" site (Reyes 2021). It was designed to be unique, and worked to help vaccinate people in areas without adequate healthcare facilities. While vaccinating 20,000 people, this organization started to face issues of funding (Reyes, 2021). This, combined with their lack of experience and use of the nonprofit to enrich themselves led to a path of unethical behavior. Suddenly, PFC was brought into national news after it was discovered the CEO (Andrei Doroshin) had taken vaccines and administered the vaccines to his friends. Complicating this issue was the fact that the vaccines were about to expire, and in the CEO's words "It was better to use them than to lose them" (Chinchilla, 2021).

After this story went national, more insidious issues emerged, such as site inefficiency,

changing of PFC status to for-profit, special accommodations made by the city, changing and confusing data collection practices and lack of long-term financial sustainability. All of these issues stemmed from the organization's leadership, thus confirming the unethical behavior. While the use of the vaccines could be argued from a utilitarian perspective, it amounts to a small caveat in a larger problem, in programs that could greatly impact lives. Owing to this, PFC has been separated from the city and is now facing criminal and civil lawsuits.

3. Applications

Nonprofit/Government Collaboration

The case of Philly Fighting COVID exemplifies issues that can arise when nonprofits and governments work together. PFC with their charismatic leaders, use of new technology, and their ability to “show how they were different” lead to the government's overreliance on the organization (Scott, 2021). PFC's ability to schmooze with Philadelphia's political elite by espousing racial progressivism and taking the burden off the city lead to a lack of oversight on an extremely important service. Further, PFC had miniscule internal oversight and accountability as they wanted to “look good” to the city and people they were serving (Sellers, 2021). Thus, this case had significant impacts on people's ability to get vaccines and wasted both PFC donors' and the government's resources. While much of the scrutiny and anger began with PFC's actions it quickly bled into the politics of Philadelphia and has led to calls for the dismissal of politicians. Indeed, this illustrates that both the NPO and government are not insulated from one another's mistakes.

This case illustrates that while these partnerships can be helpful, they need to be well run, transparent and have oversight on both sides in order to be successful. Nonprofits have an obligation to be open and honest with partners and even more so with the government, as many rely on funding from public funds. Ethical leaders need to know what a partnership with the government entails and need to refrain from viewing the partnership as “free money”. NPO's have a responsibility to use government funds ethically and effectively as the sector in the United States is build upon this relationship

Transparency

This case shows exactly what happens when nonprofits and governments lack transparency. It rapidly led to Andrei Doroshin decision making to be compromised and self-serving. He (and other executives) make decisions without bringing in stakeholders and dedicating themselves to the mission of the organization. They similarly lied about their status (as a nonprofit), how they collected data and how they were allocating government vaccines (Scott, 2021). If they had shown the willingness to be transparent, many of these issues would have quickly caused the city and people of Philadelphia to pull their support or, hopefully, hindered these decisions from being made in the first place. This base of unethical actions culminated into Andrei Doroshin's decision to take the vaccine home for his friends and then denying his actions. Again, this illustrates the selfishness of PFC where a culture of

self service was established. Without openness and transparency, people are right to question what nonprofits actions.

Financial Accountability

Financial stewardship is a main responsibility of a nonprofit board. The Board of PFC clearly failed in its ability to cultivate donors and use their resources effectively for sustained impact. Furthermore, they did not take the necessary steps to make sure their plan could be financially successful, jumping in first without understanding the full costs. Much of this could be attributed to the smooth-talking CEO and the board's lack of experience in this field. PFC quickly understood that their model did not work and that they were blowing through funding much faster than they were taking it in. They needed to be open about this issue to their donors, stakeholders and themselves. However, instead of holding themselves accountable, they tried to weasel themselves out of debt by collecting and selling data and charging insurance companies \$28 for vaccines they were getting for free (Reyes, 2021). This board failed on all aspects of accountability and the outcome of PFC shutting down highlights what happens when boards do not fulfill their role and financial stewards and only listen to their CEO. The board of PFC needed to do their own research and be willing to tell the government and donors about the hard truth of their situation. Without this accountability and stewardship, negative outcomes for nonprofits are guaranteed.

Nonprofit leaders without training (or code of ethics)

PFC was set up for the right reasons and with the best intentions. They really did supply needed PPE equipment and vaccinated 20,000 people. The issue was born from the leaders. This executive group had no prior work experience leading nonprofits and minimal work experience. While we can (and should) question why Philadelphia chose 20 year old college graduates with limited experience instead of an established health care nonprofit, the deeper issue comes from the incorrect mentality they built. This mentality was upon the business classes they were taking rather than what a NPO should do. While they may have had a “good idea,” they clearly did not know the full scope of what they were trying to do. They misunderstood the scale and focused all efforts in business-style marketing. Thus, the government chose their bid, with the belief they would be able to fulfill the requirements set forth by the city. Yet their inexperience shaded the reality of the project scope, something all other established nonprofits knew was impossible.

They made these far-fetched promises because they did not have the experience to understand what they could actually achieve. They relied on sales training to “promise the world” without understanding they were not meant to make money. These decisions made without experience were then compounded by their lack of ethics towards their stakeholders. They quickly reverted to business ideas of how to find more profit and funders, rather than acting on their mission. This case exemplifies what happens when business ethics and business profit motives affect nonprofits. Nonprofits need to be able to insulate themselves on these pulls towards financial motives and keep themselves on mission. PFC shows when bad ethics mix with misunderstandings of nonprofits it creates an organization that both fails to be financially stable or to deliver on its mission.

4. Outcomes

Many nonprofits rely heavily on government funding and public donations. Both are heavily affected by public opinion. Without public trust, governments will put even more burdensome restrictions and reporting on grants, raising the costs of applying and fulfilling these grants (especially for smaller nonprofits). These restrictions extend into private funding, as results reporting is now more demanded, further raising the costs of service. Governments can also make new laws about funding and usage, further restricting the third sector's ability to come up with unique ideas, thus continuing the risk aversion nonprofits are known for. Finally, many nonprofits struggle with restricted funds, and eroding trust in the sector continues to drive people to request restrictive funds, rather than letting the nonprofit decide themselves.

Trust is the foundation for nonprofits: without it, the sector cannot function effectively and lose donations. Deeper than these is the infiltration of business ethics and ideas into the third sector. As the sector becomes larger and more formalized, it has taken on many aspects of business culture, such as the corporate structure, hierarchies and more complex funding systems. While these and others do help nonprofits fulfill their missions more effectively, nonprofits need to ensure that the attitudes and culture of for-profit businesses do not infect the totality of a nonprofit. There is a reason business and nonprofits are separate sectors, and this separation needs to be more than a IRS tax designation.

Oversight, transparency and accountability were the three top values that were lacking, leading to a bad outcome.

5. Videos

<https://www.nbcphiladelphia.com/news/local/the-lineup/philly-fighting-covid-ceo-says-he-gave-vaccine-to-friends-the-lineup/2682432/>

-Explanation of why the CEO took home vaccines and how he defends some of the other issues facing Philly Fighting Covid.

<https://www.fox29.com/news/philadelphias-problematic-partnership-with-philly-fighting-covid-raises-larger-questions>

-Questions why the city chose to work with this group and goes into the issues that were evident even before the vaccines were taken.

https://www.instagram.com/tv/CKrswopjOGy/?utm_source=ig_web_copy_link

6. Description

Noble Beginnings

Philly Fighting Covid (PFC) began nine months ago, headed by charismatic CEO Andrei Doroshin and his fellow classmates at Drexel University. At the beginning of the pandemic, Andrei Doroshin and his classmates used 3D printing resources they had to create PPE equipment that was badly needed in Philadelphia (Scott, 2021). Eventually this morphed into full-scale testing facilities throughout the city and beyond. Eventually, due to Doroshin's charismatic descriptions of "throwing out of the model" and "Silicon Valley disruption model," they were receiving interest by the city to run vaccination sites (Scott, 2021). They, however, presented a model to the city far beyond what the city was expecting. Along with their seemingly "too good to be true" offer to the city, PFC also touted their ability to serve black communities in Philadelphia and diversify vaccine percentages (Scott, 2021). The PFC bid was expedited and approved by former Philadelphia Health Commissioner Caroline Johnson, owing to a friendly relation with her office and Doroshin's tech savvy plans for vaccine rollout (Sellers, 2021). To do this, they leased out the Philadelphia Convention Center, created an online sign-up system, partnered with the city health department to get vaccines and hired many student volunteers from nursing colleges in Philadelphia (Whyy and Kaiser Health News, 2021). On January 1st, 2021, PFC started, and unbeknownst at the time, it would close within three weeks.

Early Issues

Before the actual shutdown, many people within the Philadelphia healthcare and nonprofits expressed concerns about why PFC was chosen over other well established groups who had cultivated relationships over many years (Sellers, 2021). Calls of concern started as soon as the city appointed PFC to run vaccines as the CEO and high level staff were 20-year-old college students without medical backgrounds (Scott, 2021). Questions around the 1,000-4,000 daily vaccinations abounded as this seemed like an impossible number to run sustainably (Scott, 2021). Furthermore, PFC also touted its "rejection of vaccination time norms" and that they were the "Elon Musks of vaccinations" (Whyy and Kaiser Health News). While these should have been red flags, much of this was ignored and the complete lack of oversight and "no reviews of internal practices let them continue" (Sellers, 2021). These issues came to a head immediately as the sign up system worked incorrectly, allowing ineligible people to sign up and continuing to allow appointments even when supplies were exhausted. Furthermore, data collection was faulty and the city was receiving incomplete data (Scott, 2021). Even on the ground, individuals complained about the speed of vaccinations and the overhyped media attention being paid to those individuals running the sites (Sellers, 2021). These early issues were only the tip of the iceberg and once it was reported in Mid-January that Doroshin took vaccines home to his friends, the real face of PFC came out.

National Scandal

One night in early January, Andrei Doroshin took “leftover” vaccines and without a medical clearance to do so, vaccinated his friends. This was discovered by a nurse working for PFC, and after a few days of denial, he admitted to NBC on air that he took them home (Chinchilla, 2021). While he said he did this in order to “use expiring” vaccines, earlier in the day eligible individuals were turned away (Chinchilla, 2021). While the ethics of using these vaccines is debatable, this national attention drew increased scrutiny into what PFC was doing and exposed the insidious culture PFC had.

A note about Andrei Doroshin

PFC was completely built and run by this charismatic “22 year old wiz kid ”(Sellers, 2021). He fully accepted the moniker of a tech disruptor by “throwing out the model” and got people to invest and volunteer by promising to “serve the underserved in a new way” (Sellers, 2021). He combined “schmoozing” with the city's power brokers and exploiting the media with his tech know-how to create fancy presentations and marketing that allowed him to gain access to Philadelphia’s vaccines. He became the local “go to COVID guy.” With the spotlight shining bright, he was able to undermine and blind people to real issues with PFC. He even stated to PFC staff that he was going to take PFC and make it a “money making machine” which would “pump up his resume” (Sellers, 2021). To date he still denies any wrongdoing, even though all social media and government filings have been deleted, while still claiming that he is being targeted as a “scapegoat” and that “everyone in Philly is against him”(Feldman, 2021).

A Nonprofit with a mission of profit

After PFC went national, the cracks in the facade turned into full collapse. As it turned out, PFC had transformed into a for-profit called Vax Populi which was selling patient data (Scott, 2021). This was completely against PFC policy and was done without notifying the city. They had also done personal vaccinations for government officials (Sellers, 2021). Quickly, on January 25th, the city pulled the plug on PFC and the group disappeared off the face of the earth, leaving many worried about how the city was going to vaccinate (Sellers,2021). Within the following days, a toxic culture was exposed with executives joking about vaccines and discussing how to bill insurance \$24 for vaccinations that would make them millions (Sellers, 2021). Media also picked up stories of executives acting like teenagers who, “fought with each other, lost all acquired data, used venmo to pay staff and promoted friends and family” (Nickels, 2021). Clearly, the leaders of PFC only cared about lining their own pockets. This fact is shown by their complete abandonment of the people of Philadelphia and their continued attacks on the “dirty power politics” PFC faced (Why and Kaiser Health News).

Fallout

Not only did PFC fail, but the city of Philadelphia failed as well. While criminal investigations of PFC are ongoing, the health commissioner has already been fired with calls for the removal of more health officials, growing. For its part, PFC and its CEO deny any wrongdoing and are planning to “fight for their names back and to repay donors who felt cheated” (Nickels, 2021). The real effects of this situation are on the people and health nonprofits of the city. A massive hole remains over who will run the vaccination sites, how they will be selected and how to regain trust over the already sensitive topic of COVID vaccines (PFC). Now, many nonprofits have to defend themselves over the fallout and worry about new regulatory laws that may come into place (Reyes, 2021). Trust with the vaccines is tentative at best, and this case shows that a smooth-talking salesperson can get access to the highest levels of government and funding. One can only hope that the small good that may come out of this is the ability to stop this from ever happening again. Recently, Philadelphia announced new plans to make the next vaccine approval process more transparent as well as providing regular updates about COVID vaccine progress in the city (Walsh, 2021).

7. Questions – built upon this unethical leadership case

1. Whose responsibility, in your opinion, was it to oversee the distribution of the vaccines?
2. How can the city ensure this never happens again without negatively affecting the nonprofit sector?
3. Do you believe the race of the population being served had anything to do with PFC's disregard? Did race have anything to do with the city of Philadelphia allowing inexperienced business school students to undertake such a huge operation? Why or why not?
4. If you were in Andrei Duroshin's shoes, would you have taken the vaccines and given them to your family and friends or let them expire?
5. What future implications do you think this case could have on the community it intended to serve?
6. Do you believe donors should get their money back even though PFC was able to vaccinate 6,800 people in 5 days?
7. Who do you think should have evaluated PFC's original strategic analysis?
8. How could the city of Philadelphia have measured PFC's success in real time?
9. Should nonprofits move towards more business like approaches in funding and structure?

8. Resources

1. <https://www.instagram.com/phillyfightingcovid/>
2. www.phillyfightingcovid.com
3. <https://www.facebook.com/phillyfightingcovid>
4. <https://twitter.com/PhillyFighting>
5. <https://www.inquirer.com/politics/philadelphia/philly-fighting-covid-city-council-vaccine-bill-20210304.html>
6. <https://www.youtube.com/watch?v=BKx68VYwM-E>

9. Endnotes

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Feldman, N., & Yu, A. (2021, February 24). Philly Fighting COVID CEO lashes out at 'competitors' in apology email to donors. WHYY. <https://whyy.org/articles/philly-fighting-covid-ceo-lashes-out-at-competitors-in-apology-email-to-donors/>

Nickels, T. (2021, February 24). Philadelphia Reeling After Vaccination Rollout Scandal. City Journal. <https://www.city-journal.org/philadelphia-vaccination-rollout-scandal>

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Why and Kaiser Health News. (2021, January 29). NPR Cookie Consent and Choices. NPR. <https://choice.npr.org/index.html?origin=https://www.npr.org/sections/health-shots/2021/01/29/962143659/in-philadelphia-a-scandal-erupts-over-vaccination-start-up-led-by-22-year-old>

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