

# Conflict of Interest: Mischief, Thou Art Afoot

by Rick Cohen

**L**IKE BEAUTY, CONFLICT OF INTEREST is often in the eye of the beholder. Or, as the 17th-century French dramatist Jean Racine put it, “Crime, like virtue, has its degrees.”<sup>1</sup> The public, the press, and the government frequently hold different definitions of conflict of interest, focus on different aspects, and act or fail to act in ways that are sometimes hard to fathom and predict.

In the past year of press coverage of nonprofits, the term *conflict of interest* pops up regularly. Sometimes conflict of interest is insinuated by outside observers and reporters, as in, “This is something that looks like it might be conflict of interest.” Other times it is addressed by nonprofits themselves, asserting that what might look like *a priori* conflict of interest really isn’t or that “we’ve dealt with it already.” In still other circumstances, government monitors themselves discover conflicts of interest that leave them flummoxed about what to do.

This review of press coverage of nonprofit conflicts of interest draws on examples that illuminate some of the different circumstances and meanings of conflict of interest in the nonprofit sector. The Fourth Estate’s coverage reveals a slippery concept, but one that suggests that the constituents of the nonprofit sector are none too pleased at what they see as inappropriate behav-

iors they categorize as conflicts of interest. The veneer of charity and philanthropy, of doing God’s work on earth, doesn’t provide the cover for nonprofit behavior that it used to. The public increasingly perceives what Shakespeare’s insightful Hamlet found, that “one may smile, and smile, and be a villain.”<sup>2</sup> Or, in more contemporary terms, we might adopt conflict of interest policies, but if we can’t understand, test, and implement them in real-world situations, the pernicious effect of conflicts of interest will chip away at the public’s trust in the nonprofit sector.

## Nothing Wrong

It took the state auditor of Ohio nearly four years to complete an audit of Oriana House, Inc., a nonprofit that runs the Summit County correctional facility, some halfway houses, and other facilities. The audit concluded that there was no mispending of government funds (or at least it found nothing that warranted recovery of monies).<sup>3</sup> One of Oriana’s executives welcomed the report, saying, “The audit is a lot of speculation but no substance—other than that we spent the money appropriately.”<sup>4</sup>

What the audit did find, however, was 138 related-party transactions, including 44 real estate sale or lease deals between July 1999 and December 2002, amounting to more than \$3.5

million between Oriana House and its subsidiaries and business interests controlled by the president and CEO of Oriana. The audit contains pages of graphics depicting complex real estate transactions between for-profit firms associated with the Oriana CEO and various nonprofit affiliates of Oriana. As the auditor’s spokesperson noted, the number and diversity of related-party transactions constituted a red flag. “It’s something you don’t want to see when it comes to accountability,” she said.<sup>5</sup>

*The backstory.* There aren’t many alternative sentencing programs that have real estate subsidiaries engaged in buying and selling resort properties in Aruba and Aspen. That alone probably makes Oriana House, operating on an annual budget of some \$25 million, unusual. The principal of a for-profit that engages in transactions with Oriana, the CEO also happens to own property in the same two resorts and has a salary and benefits of nearly \$400,000, twice the salary of the mayor of Akron, the county’s largest city.<sup>6</sup> The CEO’s spouse is also on the Oriana House payroll as his executive assistant.

The investigations of Oriana House were not spurred by its lack of programmatic success. From the courts to the media, various sources had long declared Oriana House a model; one judge described it as “the best alterna-

tive programming system in the state and possibly the nation.”<sup>7</sup>

But an otherwise laudatory review of Oriana’s programs by a University of California–Berkeley professor unleashed a hailstorm of investigations by noting in passing the organization’s various potential conflicts of interest. Oriana’s executive director lambasted the Berkeley study as a “personal vendetta,” sued other critics for defamation, and condemned the Ohio auditor’s investigation as a political “witch hunt.” In response to the investigation, the Oriana executive director fought the auditor’s access to Oriana’s financial records, claiming the confidentiality afforded 501(c)(3) nonprofits against certain kinds of financial disclosure. Despite its near-total dependence on government funds, Oriana was not the equivalent of a public agency, the courts said, and did not have to accede to the auditor’s request for unrestricted access to the records.<sup>8</sup> Despite having argued in court for public disclosure, the auditor then joined Oriana House in a display of contempt for the public’s right to know and turned the investigation over to a private firm, meaning that the details of the investigation, per Ohio law, could be kept secret.<sup>9</sup>

## Oh My!

For several months, the *Myrtle Beach Sun News* reported on the mounting accountability problems of the Five Rivers Community Development Corporation (CDC) in Georgetown County, South Carolina. Some of the articles consist almost entirely of annotated lists of alleged conflicts of interest involving the leadership of the CDC. If there were a national conflict of interest competition, Five Rivers might win based solely on the numbers of instances and allegations. A sampling of the charges includes the following:<sup>10</sup>

- Investigators discovered that one of the daughters of the executive director was placed on the payroll without the knowledge, much less approval, of the board of directors.

- Despite her employment running the CDC, the executive director enrolled in one of Five Rivers’ job training programs and paid herself \$3,900 for participating. One of her children served as the CDC’s chief financial officer (CFO) and was also paid for attending the job training program.

- The executive director’s family got additional cash out of the CDC for life, health, and car insurance.

- The CFO’s husband (and executive director’s son-in-law) received more than \$2,700 in compensation for tagging along on his wife’s business travel; it’s not clear that his travel on the CDC’s nickel had any relationship to his business receiving the CDC’s Entrepreneur of the Year award in 2004.

- A private developer on the Five Rivers board sold a vacant property to Five Rivers for a development that never happened, but the purchase established the “precedent price” that he needed in order to develop and sell adjacent properties under his control.<sup>11</sup>

- In 2005, consulting payments of \$113,000 went to a consulting firm run by the former executive director of another local CDC, which happened to employ the executive director of Five Rivers and one of her daughters as consultants.<sup>12</sup>

- One CDC board member received a \$25,000 loan from Five Rivers toward the purchase of a \$75,000 home.

As of October, the members of the Five Rivers board had apparently submitted their resignations, and by November, the Five Rivers CDC was out of business.

*The backstory.* Georgetown County, South Carolina, presents a stark contrast between the conditions of African Americans and that of whites. Located along the Atlantic Ocean between Charleston and Myrtle Beach, with luxury resorts and Jack Nicklaus golf courses abounding, Georgetown County’s population is nearly half African American, some descended from the Gullah communities of the

coast and offshore islands. Almost 30 percent of black families live below the federal poverty level, compared with 5 percent of whites.

Started in 1995, Five Rivers CDC had the aim of developing affordable housing in otherwise luxury development focal points like Pawley Island, launching entrepreneurship programs for local residents, and running subsidized individual development accounts (IDAs) programs for local asset building. The CDC’s programs won millions of dollars in federal grants and earmarks, “best practices” awards from the Department of Housing and Urban Development (HUD), case studies examining Five Rivers national replicability, and widespread recognition for the CDC’s executive director.

Without the panoply of conflicts of interest, Five Rivers would be a case study of a nonprofit fighting to protect the economic and civil rights of a historic African-American community against the ravages of unbridled tourism development. If press reports are to be believed, the alleged misdeeds of the Five Rivers family of managers were not aberrations occurring at the end of an otherwise long history of stellar organizational ethics. Somehow, eager to see Five Rivers as a successful rural development model, plenty of people who should have cared and known—particularly federal and state government agencies, local banks, and philanthropic grantmakers and regrants—seem to have turned a blind eye to the CDC’s dubious practices until the accumulated evidence was simply too overwhelming to deny.

Stories like Five Rivers have human and organizational consequences. At a minimum, federally subsidized community centers and entrepreneurship training facilities probably won’t be built, with most of the millions in federal monies gone without a paper-work trail. Georgetown County families counting on the CDC to fulfill commitments of matching funds for their IDAs

or down-payment assistance with their home purchases must be fretting that those monies have disappeared into the organization's conflict of interest morass.

### No One Noticed

An audit of the nonprofit Palm Beach County Convention and Visitors Bureau discovered activities that "could be conflicts of interest, at least in appearance, if not in fact," including the following:<sup>13</sup>

- Board members' spouses were hired to work for the bureau.
- Elected officials also had their spouses on the bureau's payroll.
- The bureau contracted with elected officials for consulting services.
- A relative of the CEO got a contract to provide unspecified goods and services to the bureau.

A much larger example was the finding that the chairman of the board had won the contract to build the convention center hotel. According to the audit, "CVB Board members have the ability to affect the business of the Convention Center and to otherwise oversee their operations by voting on rate changes, contracts, policies, procedures, staffing, etc."<sup>14</sup> In other words, the bureau's oversight of the convention center might have been a factor in choosing the board chair's development company for the hotel project and therefore a potential conflict of interest.<sup>15</sup>

*The backstory.* The gentleman in question, serving simultaneously as the bureau's board chair and as a developer of the convention center hotel complex, termed much of the audit report "innocuous" and many items "nonexistent."<sup>16</sup>

But the audit wasn't prompted by innocuous or nonexistent accountability programs inside the organization. Try the bureau's controller stealing \$1.55 million over three years, which involved the forgery of 222 checks. Apparently no one noticed counterfeit checks and other questionable, if not illegal, misappropriations. While audi-

tors were busy uncovering conflicts and embezzlement, the CEO displayed remarkable managerial insouciance and took off for one of his 30 all-expense-paid trips on behalf of the bureau, this time to a trade show in London.<sup>17</sup> The globe-trotting CEO has retired, the embezzling controller has been fired (but not yet charged), and the board is pondering whether it should establish a more muscular, enforceable conflict of interest policy.

### Cracking the Nut

The Association of Community Organizations for Reform Now (ACORN) is the largest community organization in America. Although its home office is in Little Rock, Arkansas, and its national operations office is in Brooklyn, New York, ACORN has a special connection to New Orleans. Its founder, Wade Rathke, runs an organizing center there and serves as chief organizer for Local 100 of the Service Employees International Union (SEIU).

In the wake of the combined devastation of Hurricane Katrina and the abysmal response of the Federal Emergency Management Administration, ACORN was on the scene, winning visibility and plaudits, advocating on behalf of the neighborhoods most affected by the storm. ACORN quickly become involved in helping shape the city's recovery plans and positioning its development affiliate, ACORN Housing, to take on the redevelopment of much of the Lower Ninth Ward. ACORN Housing applied to get control of more than 250 residential properties, of which the organization was designated to develop about 150.

In October 2006, however, ACORN was booted from the planning team behind the Unified New Orleans Plan (UNOP). The executive director of the Greater New Orleans Foundation, Ben Johnson, attributed ACORN's removal to a potential conflict of interest.<sup>18</sup> From Johnson's public description, the allegations concerned an organiza-

tional, rather than an individual, conflict of interest. At least two other community organizations, Neighborhoods Empowering Neighborhoods (located itself in the Ninth Ward) and the Faubourg Marigny Improvement Association contended that it was a conflict of interest for ACORN to serve as both planner, determining what properties would be redeveloped, and developer, rebuilding the properties identified in the plan for subsidized reconstruction.

*The backstory.* In the wake of Hurricane Katrina, city leaders offered several plans for the redevelopment of New Orleans, most of which were pilloried by community organizations, including ACORN, as giving short shrift to the needs of the city's minority population and neighborhoods that had been most devastated by the disaster, especially in the Ninth Ward. The current plan for recovery, helped by a \$3.5-million investment from the Rockefeller Foundation and \$1 million from the Greater New Orleans Foundation, is UNOP, comprising neighborhood and citywide rebuilding plans that the city had hoped would be formally adopted in early 2007. ACORN had been designated for both planning and implementation roles in the Ninth Ward and elsewhere. ACORN's ability to position itself at the forefront of planning and development functions made it a logical target for community groups that might have also coveted the federally subsidized redevelopment deals or simply questioned the appropriateness of one organization's carrying out both functions.

Nationally, ACORN is hardly a stranger to people challenging its connections and priorities. In New York City, Forest City Ratner, led by CEO and president Bruce C. Ratner, has long promoted plans to redevelop the Atlantic Yards section of central Brooklyn, proposing major residential and commercial development plus a basketball arena for an NBA team. Despite the

opposition of several community groups, ACORN's New York City chapter received funding from Ratner to help promote the development's affordable and luxury apartments (Ratner is apparently among the largest donors to ACORN in New York City.<sup>19</sup>) ACORN is hardly the only community organization to have struck a deal with Ratner. Brooklyn United for Innovative Local Development—unlike ACORN, which is an organization of dubious provenance—has seen its budget increase from \$10,000 in 2004 to \$2.5 million in 2005 and a projected \$2.6 million in 2006, with just about every nickel coming from Ratner.<sup>20</sup>

In both Brooklyn and New Orleans, ACORN's track record of advocacy is known and admired. But while Ratner was unlikely to ditch ACORN's support, the Greater New Orleans Foundation did act on an alleged instance of ACORN's appearing to make deals that worked as much in its organizational self-interest as the broader community's. Having lost its UNOP planning role, ACORN subsequently challenged the legitimacy of the Unified New Orleans Plan and issued its own vision for the Ninth Ward.<sup>21</sup>

### A Potpourri of Conflicts

The examples cited above are hardly the only instances of alleged conflict of interest to find their way into recent press coverage of the nonprofit sector. A few more examples demonstrate the diversity of meanings and situations attached to the concept:

- The dogged work of the *Oregonian* newspaper examining charities across the nation that train and employ blind and severely disabled people revealed numerous abuses, including the brazen practices of a nonprofit in El Paso, Texas, whose executive director had channeled \$14 million from the nonprofit to his own management firm and additional millions to for-profits also connected to him and his associates. The executive director resigned, but the

*Oregonian* also discovered that the federal committee that oversees grants to these nonprofits (the Javits-Wagner-O'Day committee) "relied on two nonprofit trade associations to regulate the program . . . which receive up to 4 percent of the contract revenues as a commission." In other words, conflict of interest at the individual organization level and conflict of interest involving the regulators themselves.<sup>22</sup>

- In Omaha, Nebraska, a city councilman and chair of the Omaha Housing Authority (OHA) became the first and only paid staff person of a nonprofit, Housing in Omaha, Inc., which functions as OHA's nonprofit development arm. The councilman's personal attorney advised him that there was no conflict of interest in his running Housing in Omaha and simultaneously serving on the city council (in charge of providing funding for its projects), but he did decide to step down as chair of the Housing Authority.<sup>23</sup>

- In San Antonio, public officials were a little surprised to discover that a major affordable housing developer, under FBI investigation for its activities in Dallas, struck a \$20-million partnership deal with a local nonprofit, Our Casas Residents Council. The executive director of the small nonprofit happened to be a commissioner (and onetime chair) of the Housing Authority of Bexar County. He didn't think the agency's conflict of interest rules, including disclosure, applied to him because Our Casas was a nonprofit. The county's law firm also didn't see a reason to call the commissioner's dual roles a conflict of interest, perhaps blinded by the substantial fees the firm earned from its legal work on behalf of the partnership.<sup>24</sup> The for-profit's problems with the FBI in Dallas include another nonprofit developer attracting millions in city government project funds, with a board comprising people who all had personal or business dealings with the firm.<sup>25</sup>

- In January 2007, as the result of a federal corruption investigation, the former mayor of Ravenna, Ohio, pleaded guilty in federal court. One part of the guilty plea was failing to disclose his ownership of a lawn mowing company that earned more than a \$250,000 from a local nonprofit community development corporation that managed millions in city contracts.<sup>26</sup>

- The indefatigable Republican Senator Charles Grassley of Iowa conducted the Senate Finance Committee's two-year investigation of the nonprofit National Association of Investors Corporation (NAIC) until it was turned over to the IRS and the Securities and Exchange Commission (SEC) for their review and action. Among the items of interest to the Senate Committee investigators were overlapping board memberships between NAIC's nonprofit and for-profit arms; benefits to board members that included company cars, entertainment expense accounts, and Detroit Athletic Club gym memberships; and NAIC's efforts to silence a whistle-blowing board member.<sup>27</sup>

### The Slope on Which We Slip

These and other incidents might be mistaken allegations, innocent actions by well-intentioned people, maybe nothing subject to prosecution. Many are examples of small-scale conflicts, involving inconsequential sums that hardly look worth the risk. But whether actionable or not, there are lessons to be drawn from how the public and the press are sniffing hard at the heels of nonprofits looking for conflicts of interest.

*Big mouthfuls often choke.*<sup>28</sup> Sometimes the conflicts of interest yield benefits that are seem petty—a few thousand here, a few thousand there. But the people involved can't seem to pull themselves away from the table, scarfing down larger portions of illegal swag until they are exposed and caught. It is difficult to imagine that the examples cited here went unnoticed for years

and years by board members until finally an investigating reporter or disgusted whistle-blower stumbled on the facts. The practice of nonprofit *omerta*—silence about the misdoings of colleagues on a board, on staff, or within the sector—is ultimately self-defeating.

*One deceit needs many others.*<sup>29</sup> It cannot be more obvious that conflicts of interest do not emerge as isolated instances. If the news reports cited here are to be believed, each organization's conflicts of interest were surrounded by other inappropriate, if not illegal, nonprofit muck and mire. Conflict of interest doesn't sneak up by surprise; it is part of organizational culture, usually embedded in layers of misbehavior.

*Commit a crime, and the earth is made of glass.*<sup>30</sup> Or perhaps Emerson might have said, "Engage in conflict of interest, and sooner or later, you'll be found out." Connecting the dots between family members and their businesses or their personal lives doesn't take much digging. In nearly every instance profiled here, the conflicts of interest were discovered by intrepid newspaper reporters and then followed up on by government agencies. The pathetic defense of some alleged miscreants that they had publicly disclosed their conflicts of interest—and then blithely pursued the self-aggrandizing booty nonetheless—fails to provide the immunity of "hide in plain sight."

*The law hath not been dead, though it hath slept.*<sup>31</sup> In every instance recounted here except for the anomalous ACORN story, an explicit conflict of interest regulation or statute covered these organizations and their behavior. Remarkably, despite instance upon instance of conflict of interest and often months of front-page newspaper coverage, there was little government action. For the nonprofit organizations themselves, the mere adoption of a conflict of interest policy (one of the recommen-

dations of charitable accountability reform efforts such as the Panel on the Nonprofit Sector at Independent Sector) does not mean anything if the policies aren't remembered, tested and implemented by the board members that adopted them. In nearly every case noted here, the organizations had conflict of interest policies, the board members were vaguely aware of them and may have even signed off on them, and even controlling government statutes contained explicit conflict of interest provisions. Clearly the self-regulators and peers of these nonprofit organizations seem to have turned a blind eye to the thievery occurring in the sector's midst.

*A new science of politics is needed for a new world.*<sup>32</sup> Conflict of interest is seen as a problem of both individuals and organizations. Where organizations are seen as manipulating circumstances to their own benefit to the disadvantage of others, the public and the press will call them on conflicts of interest. The ACORN example in New Orleans may be an innocent public debate, an example of competing nonprofits in the scrum for funding opportunities in nonprofit environments, but the perception of an organization enriching itself to the detriment of its nonprofit competitors may at times be construed of and described as organizational conflict of interest.

Some of these stories sound like they were plotted by Shakespeare himself, lacking only witches and ghosts. Speaking to the entire sector, Shakespeare might have witnessed the sector's still-languid efforts to rid itself of conflicts of interest and observed, "False face must hide what the false heart doth know."<sup>33</sup>

The prevailing wisdom articulated by some sector leaders is that nonprofit conflict of interest occurs when malefactors slither their way into positions of power and plunder the nonprofit storehouse. As egregious as some of these alleged conflicts of interest might

appear, not all of their perpetrators were people who joined nonprofits to loot and pillage.

To the contrary, the principals in most of these examples have adamant defenders, even admirers. Their organizations have track records of years of demonstrable accomplishments. Nonprofit sector apologists are shortsighted when these excesses are attributed simply to human nature and the justification that some percentage of the population is going to engage in petty larceny whether they work for charity, business, or government. No, there are dynamics in our sector that unfortu-

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nately and sometimes inexorably encourage practices that can evolve into conflicts of interest—and they require all of us to be specially attuned to make sure that things do not go horribly awry.

There is an aspect of self-interest in the nonprofit sector that some people might say is natural and positive. The motivation for creating a neighborhood community development corporation, for example, might not be airy intellectual theory, but rather the result of local residents coalescing behind a community leader to build themselves some affordable housing and find job training and placement opportunities that the private market isn't willing to supply. When does that community-based self-interest cross the line into conflict of interest? How can we guard against it?

There is also a lot of personal identification of organizations with their leaders. Funders constantly talk about making decisions based on the person

leading an organization rather than because of the institution itself. Nonprofits become not institutions but so-and-so's organization, linked inescapably with the persona of the executive director. Funders, board members, and others feed the personal identification of the executive director with inducements, perks, and indulgences that accrete over time, sometimes crossing the line between empowering talented leaders into permitting self-aggrandizing behaviors that constitute conflicts of interest.

We have a moral obligation to call out conflicts of interest in our sector—institutional as well as individual—and to adopt a critical posture toward activity that undermines the probity of charity and philanthropy. But, as one perceptive observer has noted, saying that we are all responsible means, in practical terms, that no one is responsible. That's how life works. More than the bland admonishment to do the right thing, the sector needs an ethic of honoring and supporting the truth tellers and whistle-blowers who are willing to call out the miscreants.

In our own organizations, the baseline protection against conflicts of interest should start with the board of directors, particularly the chair. Where the board is complicit in the conflict of interest, there isn't much to be said. But it should be a reminder to current and prospective nonprofit board members that, functionally, they constitute our sector's and our society's early-warning system against these depredations.

Beyond the specific organizations involved, peer organizations sustain the collateral damage of conflicts of interest. Consequently, it should be incumbent on nonprofits and nonprofit associations to raise questions with an organization sliding into the morass—and sound the alarm publicly if the descent into this circle of hell continues.

Ultimately, the backstop is the government agencies charged with guaranteeing nonprofit probity. Given the

years over which these conflicts have spanned, the diffidence of regulators and enforcers is noticeable. Without prejudging whether the Ohio auditor's suspicions were right or wrong, it clearly cost the auditor's office time and money to go after Oriana House, starting with prolonged litigation to get access to the nonprofit's financial records. Add to that charges of a political witch hunt (the Republican auditor ran for, and lost, the position of Ohio attorney general) and the fallout for alleging that a nonprofit leader has played fast and loose with nonprofit accountability, and it's not a battle that some public oversight agencies would be eager to join.

But join they must. Public funders like HUD in the Five Rivers case, local oversight agencies such as the clerk's office in Palm Beach County, state offices of the attorney general, and others all have to examine and support the conflict of interest standards that they themselves have promulgated—and they have to do this in something getting a little closer to real time. At some point, someone has to call the behavior into question and take action.

Conflict of interest in the nonprofit sector cannot be written off as the aberrant infiltration of low-level Sopranos skimming their cut of the tax-exempt dollar. Add a few bad judgments, some uncontrolled self-interest, a dose of all-too-common egoism, and the result is a conflict of interest pit that can engulf otherwise good people and organizations.

**RICK COHEN** is NPQ's national correspondent. This article's title is taken from Mark Antony's speech in William Shakespeare's *Julius Caesar*, Act III, Scene ii.

## Endnotes

1. *Phèdre* (1677).
2. The Danish prince talking to the ghost of his father in Shakespeare's *Hamlet*, Act I, Scene v.
- 3.. Stephanie Warsmith, "Audit Clears Oriana House," the *Akron Beacon Journal*

(January 3, 2007). The state auditor did note that her office was not able to obtain all of the information it sought on government fund disbursements.

4. Patrick O'Donnell, "State Audit of Halfway House Finds Nothing," the *Plain Dealer* (January 3, 2007).
5. "Audit Clears Oriana House"
6. Bob Dyer, "Oriana House Founder No Easy Puzzle to Solve," the *Akron Beacon Journal* (February 6, 2005).
7. *Ibid.*
8. Phil Trexler, "Ohio Court Limits Audit of Agency," the *Akron Beacon-Journal* (October 5, 2006).
9. Mark Niquette, "Audit Secrecy Draws Criticism," the *Columbus Dispatch* (March 13, 2006).
10. Most of these are from David Wren, "Board Not Consulted on Wages: Children of Give Rivers' Chief Got Funds without Oversight," the *Sun News* (December 10, 2006).
11. The developer denies he was on the Five Rivers board at the time, saying that he joined a month after the sale, but Five Rivers documents filed with the South Carolina Secretary of State indicate that he had joined before the transaction. Cf. David Wren, "Conflicts of Interest at Five Rivers: Family Members, Loan Recipients Served on the Board," the *Sun News* (September 30, 2006).
12. "David Wren, "Board Quit, but Trouble Persists," the *Myrtle Beach Sun-News* (December 31, 2006).
13. Palm Beach County Clerk & Comptroller, *Palm Beach County Convention and Visitors Bureau Audit* (December 2006), p. 15.
14. *Ibid.*, p. 18.
15. The audit recommended that the convention center rescind the contract and "use a competitive bidding process" next time around, suggesting that competitive bidding wasn't a controlling factor earlier.
16. Deana Poole and Christine Stapleton, "Audit Attacks Visitors Bureau," *Palm Beach Post* (December 15, 2006).
17. Jennifer Sorentrue, "P. B. County Visitors Bureau: \$1.5 Million Gone," *Palm Beach Post* (November 9, 2006). The CEO was used to the good life on his travel, generally flying first class.

18. Coleman Warner, "ACORN Loses N.O. Recovery Consulting Jobs; Intent to Develop Properties Seen as Potential Conflict of Interest," *Times-Picayune* (October 19, 2006).
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20. Juan Gonzalez, "Snake in the 'Grass-roots,'" *Daily News* (September 29, 2005).
21. Cain Burdeay, "9th Ward Can Be Rebuilt, Planners Say," *Associated Press Online* (January 8, 2007); Gwen Filosa, "ACORN Offers Its Own Plan," *Times-Picayune* (January 7, 2007).
22. Tom Detzel, "Charity Work," the *IRE Journal* (July 2006/August 2006); Jeff Kossuth, Bryan Denson, and Les Zaitz, "Charity Leaders' Pay Soars Under Federal Jobs Program," *Newhouse News Service* (March 6, 2006).
23. C. David Kotok, "Board Chairman Takes Paid Position with OHA," *Omaha World-Herald* (July 6, 2006).
24. Todd Bensman, "Developer's ties to Multiple Housing Officials Raise Questions," *San Antonio Express-News* (May 22, 2006).
25. Reese Dunkin, "Nonprofit's 'Loan' Helped Builder Profit," the *Dallas Morning News* (March 26, 2006).
26. Rick Armon, "Ex-Mayor Is Guilty," the *Akron Beacon Journal* (January 12, 2007).
27. Sherri Begin, "NAIC Probe Ends in Referral," *Crain's Detroit Business* (June 5, 2006).
28. Italian proverb.
29. Baltasar Gracian y Morales, *The Art of Worldly Wisdom* (1892).
30. Ralph Waldo Emerson, "Compensation" (1841).
31. William Shakespeare, *Measure for Measure*, Act II, Scene ii.
32. Alexis de Tocqueville, *Democracy in America* (1835).
33. William Shakespeare, *Macbeth*. Act I, Scene vii.

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