

Gloria Wise Boys and Girls Club: *Implications of the Scandal*

by Rick Cohen

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A LONG THE LINES OF A WELL KNOWN CONSERVATIVE TV PUNDIT, there are some obvious and not so obvious “talking points” worth raising about the unauthorized and illegal diversion of hundreds of thousands of dollars from the Gloria Wise Boys and Girls Club in the Bronx to Air America and other examples of that organization’s profligate non-profit delinquency.

MEMO TO ALL OF US: *Remember who really suffers because of the Gloria Wise scandal.*

As for most nonprofits in trouble, a truly telling indicator is when the Web site is pulled down. The Gloria Wise Boys and Girls Club, chartered in 1993, began life much earlier as the Youth Activities Committee in 1977. Its original director was a legendary social worker, Gloria E. Wise, one of those heroes and heroines of public service who was a courageous and inspiring youth advocate and civil rights leader in the Co-op City area until she succumbed to brain cancer in 1993. That was when Charles Rosen, the convicted executive director of the Boys and Girls Club, who originally recruited Wise, decided to take the reins of the organization and loot the place for himself and his cronies.

Who really suffers? The residents of Co-op City in the Baychester section of the Bronx. If you’ve driven into or out of New York City on Interstate 95, you’ve seen the collection of some 35 high-rise apartment buildings, with townhouses tucked around them, looking huge and isolated, in New York City but somehow apart.

Co-op City was and may still be the largest cooperative housing development in the U.S. or maybe even the world, comprising 15,372 apartments. It was developed in the 1960s on the site of the old Freedomland amusement park by the United Housing Foundation, itself a product of the Amalgamated Clothing Workers of America union. The men and women who created Co-op City envisioned it as a refuge for garment workers escaping from the teeming tenements of the Lower East Side. Originally largely comprised of Jewish families, Co-op City’s population is now 70 percent non-white, including a heavy concentration of African-American, African, and Latino residents.

Other than the schools, there was no freestanding youth center in this community for years, except for the Gloria Wise Boys and Girls Club. The organization became a magnet for various programs—not just for kids, but for the entire community—serving populations ranging from pre-K to seniors, maybe reaching 10,000 young people and some 1,500 seniors regularly. This wasn’t just a Boys and Girls Club; Gloria

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Wise operated programs at the local schools through the city's Beacon Schools program and The After School Corporation program (TASC).

With more than 700 employees and a budget of \$20 million, the Gloria Wise Boys and Girls Club is best known for a litany of abuses orchestrated by Rosen and other senior staff that amounted to thievery, pure and simple. Rosen's booty consisted of taking an unauthorized \$69,000 between 2001 and 2004 (on top of a salary and benefits just below \$250,000 in 2004). The deputy director, Jeffrey Aulenbach, clipped \$87,000 on top of his salary (\$185,000). Development director Evan Montvel-Cohen diverted \$875,000 of Boys and Girls Club funds to invest in the for-profit parent of the Air America radio network, on top of which he pocketed \$46,000 in illegal compensation. A charter school employee of Gloria Wise pinched sixty grand, which she used for two BMWs, among other things (Rosen got a Volvo and Aulenbach a Subaru Forester, cars being a common interest of the Co-op City youth service leaders). The finance director

walked off with an illegal \$13,400 before he joined the staff of Air America, and another Boys and Girls Club employee clipped \$13,800 based on a phony contract with a clothing store he operated (the Gloria Wise culture included numerous fraudulent reports to cover the money trails, including the charter school woman faking school vaccination information reports, part of Rosen's booty for renovations of beach-front property he owned coming from money he said was used for gang prevention programs, etc.).

The investigations revealing the brazenness of the Gloria Wise executive staff do not tally up simply as misuses of tax exempt funds, punishable by tut-tuts and wrist-slaps. The miscreants running the Gloria Wise Boys and Girls organization basically trashed and devastated a program of services to kids and seniors in an area where there are few if any other organizations prepared to take up the slack and provide what this organization was funded to do. The damage will not be easily repaired.

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No relation to this author, Montvel-Cohen's dual role as development director of the Gloria Wise Boys and Girls Club and co-founder and chairman of Air America's parent organization (Radio Free America) allowed him, with the unwitting and witting connivance of his Gloria Wise colleagues, to invest \$875,000 of the nonprofit's funds in his for-profit Air America venture. In some of his prior lives, Montvel-Cohen was variously a businessman and a venture capitalist. His commitment to the Air America effort was to raise \$30 million to capitalize the fledgling progressive radio network, but he was clearly falling short in attracting investors. Rather than put up his own money, he sort of "borrowed" cash from the nonprofit and handed it over to Air America. To its credit, Air America has since returned the funds, though it should be obvious that the Montvel-Cohen investment was not structured as a loan, but has been redefined as such to make the misuse of funds seem a little less egregious.

Maybe someone should have reminded him that being a venture capitalist means investing your own money and the funds of other willing investors, not purloining funds from your nonprofit employer, government agencies, charitable donors, and the American taxpayer.

But Montvel-Cohen wasn't the only active borrower there. The executive director, Charles Rosen, and others were also freely dipping into the organization's cash for various personal expenses from the petty to the lavish. Here was an organization whose leaders fêted themselves with secret checking accounts, exorbitant salaries, and unimaginable perks and benefits, while at the same time it would dun poor families who were late with their Boys and Girls Club membership fees and deprive kids of services. At the upper echelons of Gloria Wise, this was a piggish free-for-all, without a thought or care for the kids and seniors for whom the funds were supposed to be used.

Could this have all been occurring under the radar screen with no one noticing? The city's Department of Investigation report points to the role—or lack of role—of the board of directors and recommends that they, like other nonprofit boards, get training to better fulfill their over-

sight roles. All well and good, but where were the city government funders in ensuring that their funds were being used appropriately? Where were the partner nonprofits that were funding Gloria Wise to deliver services? Where was the due diligence of the private foundations that were making grants to this nonprofit? Where was the Boys and Girls Clubs of America (BGCA), which dropped Gloria Wise from its members' listing in September 2005 after widespread publicity of the city investigation, though the Air America "loan" revelations had been known for at least a year previously?

Although a BGCA spokesperson acknowledged in the press that depriving Gloria Wise of Boys and Girls Club status was a serious action meant to send a strong message, the BGCA Web site doesn't reference the organization or scandal at all. There's no explanation of the BGCA findings and actions and a pledge to monitor members to minimize the likelihood of future examples of leadership groups like Montvel-Cohen and Rosen. Yes, had Gloria Wise submitted its required 2004 audit, maybe—just maybe—the national association would have spotted the Air America transfer, but the problems in this organization predated Montvel-Cohen. There have been a number of examples of major national membership organizations that have been skittish or silent about recalcitrant members until the members' behavior blows up, only reluctantly taking action without explanation. These national organizations are supposed to function in some ways as additional levels of accountability in the nonprofit sector, able to monitor their members and take action before the state attorney general or the IRS has to take action.

But unfortunately, many of our nation's self-regulators take action just about after the fact, usually when the press has already laid out the scoundrels in front-page, above-the-fold exposés. The National Urban League was silent when its Albany, NY, affiliate imploded across the pages of the *Times-Union*. The Council on Foundations took action against the Getty Trust only after detailed published investigations by the *Los Angeles Times*, but that's a step up over the American Association of Museums' silence

about Getty's problems. The Maryland Association of Nonprofit Organizations (MANO) quietly dropped CHIMES from its Web site list of organizations certified for complying with MANO's standards of excellence only after the *Baltimore Sun* uncovered problems there. And the Boys and Girls Clubs of America has dropped Gloria Wise from its members list, but like the others (except

for the Council on Foundations), you'll find no explanation of the action, what happened, and what the regional or national parent or accrediting organization will do to minimize future similar circumstances. Gloria Wise was not only an example of one organization's unaccountability, it was yet another case of the shortcomings of self-regulation.

MEMO TO PEOPLE CONCERNED ABOUT ACCOUNTABILITY: *It's a rare nonprofit scandal that can be confined to a small, severable piece of the organization.*

Montvel-Cohen's adventure with venture capitalism on behalf of Air America might have been big-time for political pundits and bloggers pro and con, but the Air America loan constituted only one festering sore in an acutely ailing nonprofit organization. Alongside the Montvel-Cohen nonprofit treachery was a panoply of financial and managerial abuses that the head of the city's Department of Investigations described as the worst package of nonprofit abuse she had come across in her tenure.

A pre-scandal case study of the Gloria Wise Boys and Girls Club, obviously written by one of the organization's senior leaders, includes the remarkable observation, "In the beginning, we were a bit naïve." Obviously, they shed their naïveté quickly, learning to game the system for their own self-indulgence. Sparked by the 2004 reports of the Montvel-Cohen scheme with Air America, city investors discovered a parade of abuses totaling nearly \$300,000 in moneys stolen by the executives on top of their beefy salaries; a pattern of falsified records and reports to cover their tracks; government program funds for kids and seniors diverted to home renovations, tennis club fees, and of course, lots of cars; and the maintenance of an array of off-the-record accounts ostensibly for kids' track, wrestling, and tennis programs serving as slush funds for Rosen and his cronies.

With the Air America loan, Montvel-Cohen hardly hid his tracks, using multiple subterfuges to take the Boys and Girls Club money for his own purposes. His superiors signed off on his requests to use Boys and Girls Club moneys for his personal investments, the ED's brother actually made one of the requests on his behalf to the board, and Montvel-Cohen himself requested loans, according to board members, to pay for

bills because he was suffering from cancer (he apparently recovered) or to take care of his ailing father (who was long dead). The Gloria Wise investment in Air America was not an aberration, but a component piece of a mosaic of nonprofit corruption.

Not only was Montvel-Cohen's "loan" not the entire story of Gloria Wise, the array of abuses were hardly one-time, recent aberrations, but long time reflections of the leadership culture of the place. Who caught this? None of the usual sources. Like the woman at Southern Utah University who left the clues for investigators to find regarding the foundation of the HHS Secretary Leavitt's family this past year, like the beleaguered board member of the National Capital Area United Way in 2002 who couldn't and wouldn't stand silent, like the departed COO who revealed the problems at the James Irvine Foundation in 2002, and like the sister of the CEO of the Carl B. and Florence E. King Foundation in Dallas who was disgusted by her brother's behavior at the helm of the foundation, it was an inside whistleblower, in this case an anonymous one, at Gloria Wise who tipped off the press and the public investigators.

The irony of the Gloria Wise debacle can be seen in the biography of the now convicted executive director, Charles Rosen. Due to a bevy of construction, management, and corruption problems at Co-op City, the state government (which had contributed to the financing of the development through the Mitchell-Lama program) took over the project and tried to foreclose in 1970, an action that could have led to the eviction of the residents and the loss of their investments in the cooperative housing units. A night-shift typographer at the *New York Post*, Co-op City resident Charles Rosen led a rent-strike and negotiated

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with the state to turn over effective control to the residents. Rosen became a well-known reformer, even going so far as to wear a wire to help the district attorney convict a politician who tried to bribe Rosen. Now, Rosen is a felon, convicted of larceny, forgery, and pure and simple theft. It's the tragic story of a guy who went from crusading reformer and anti-corruption advocate to the epicenter of nonprofit corruption.

Contrary to the opinions of some, the problems of nonprofit accountability aren't simply due to a few malefactors who enter the nonprofit world with the predetermined intention of

ripping off 501(c)(3)s and screwing their constituents. Like Rosen, there are too many who simply slip, perhaps deciding to compensate themselves for their years of underpayment or volunteerism, perhaps looking at the indulgences of other organizations and thinking that they could dip into tax exempt coffers as well. Rosen's wretched spiral from reformer to felon should remind us all that charitable accountability requires mutual accountability, because certainly the downfalls of organizations such as Gloria Wise impair the credibility and probity of all nonprofits.

MEMO TO THE RIGHT WING: *Sorry, but Gloria Wise isn't a left-wing scandal.*

Air America's Al Franken never actually ran for president with a platform targeting ATM fees, despite the winning formula implied including campaign advisors such as Dan Haggerty, TV's Grizzly Adams, and former Clinton political advisor Dick Morris. It was a brilliantly satirical book he wrote called *Why Not Me?* Franken never made it to the White House as the 44th president only to serve 144 days. It was a novel, satire. Dan Haggerty wasn't and isn't a left-wing Karl Rove.

Montvel-Cohen's investment of Boys and Girls Club funds in Air America represented not a left-wing plot orchestrated by Franken, but one example of dozens highlighted by the city's investigation of a nonprofit spiraling downward in ethical freefall. He could have put the funds to many uses, including into his own pockets, and just like his peers and supervisors at Gloria Wise, he did take tens of thousands of dollars for himself. Actually, Montvel-Cohen's shenanigans

screwed Air America along with everyone else. As the network's bankruptcy filing shows, lots of people are listed as creditors, including Franken himself to the tune of \$360,000. No one should count on being made whole any time in this millennium.

Nonetheless, second-tier right-wing pundit Michelle Malkin has made the Gloria Wise scandal her *cause célèbre* vehicle to attack her ideological opposites at Air America. For

Malkin, the scandal is manna from the political gods, a handy spear to skewer the left from her blog, her op-eds, and her appearances on *The O'Reilly Factor* and *Fox & Friends*. But Malkin can stoke the political content only so long. Air America's financial problems predated and postdated the Montvel-Cohen perfidy, its bankruptcy much more connected to the network's business plan than this crook from the Bronx.

MEMO TO PROGRESSIVES: *Nonprofit accountability crosses ideological lines and should concern everyone.*

When the Gloria Wise scandal blossomed, Air America talk-show host Al Franken called Montvel-Cohen a "crook." Montvel-Cohen himself seems to have dropped out of circulation, not responding to inquiries and investigations. The last report of the guy was that he had been interviewing for jobs raising money for nonprofits in Hawai'i, we kid you not, and followed up that failing effort to tend to his business investments in Asia.

He may be a crook, he is hardly a poster child for nonprofit accountability, but it doesn't make him part of a right-wing plot. At one point, Franken intimated that Montvel-Cohen was a closet conservative, perhaps because 15 years earlier he had once served as an aide to a Republican legislator in Guam. In reality, Montvel-Cohen's history in Guam, where his father taught anthropology at the local university, involved him in a variety of business and political ventures of all stripes. It's not hard to read the scintillas of Montvel-Cohen's professional escapades in Guam and imagine his easy path to the Gloria Wise Boys and Girls Club.

Dismissing the Gloria Wise scandal as a tempest in a teapot does not stand the left well. Like an earlier progressive, Teddy Roosevelt, who went after corporate cartels regardless of their political affiliations, today's political reformers would be well advised to take up the cause of nonprofit accountability as part of the progressive agenda. Ceding it to the Republicans, making nonprofit accountability a national issue associated with Republicans such as Iowa's Chuck Grassley at the Senate Finance Committee, makes a travesty of progressives'

professed concern reviving ethics and extinguishing corruption in public life.

Assaults on nonprofit accountability—whether by Montvel-Cohen freely dipping into Boys and Girls Club coffers for his business investments, as Air America was, or Jack Abramoff using the Capital Athletic Foundation to advance the interests of his lobbying clients—are nonprofit crimes. No, this isn't the soft underbelly of a Democratic cabal to take over the country nor a Machiavellian scheme of Republicans to undermine a progressive alternative to *Fox News*. It's simply a classic—albeit horrible—story of abuse and misuse of tax-exempt resources by nonprofit managers for their personal gain and interest. It occurred under the noses of a sleepy, trusting, ill-prepared board; it occurred despite government contract personnel and foundation program staff whose oversight was truly oversight; it occurred in an environment where other organizations who had to have had an inkling of what was going on simply turned a blind eye.

After his resignation from Gloria Wise in 2005, Charles Rosen admitted to a friend, "I did some dumb things." That's a gross understatement. But as outside observers, we should call the Boys and Girls Club scandal for what it is—an implosion of ethics and accountability, compounded by a breakdown in government oversight and nonprofit sector self-regulation. The only ideology involved was naked corruption, and all too often, that's politically nonpartisan.

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