

Hot Dogs, Charity Oversight, Nonprofit News, and Democracy

11.14.24 | Linda J. Rosenthal, JD



You're invited on a small road trip with us over the next few posts.

The journey begins at Point A with an October 2024 update to one of our most popular posts from last year: [*Some Charity Fraud With Your Hot Dog, Sir?*](#) (September 1, 2023). That was the story of con artists who had posed as officers of a (defunct) charity in order to win a coveted spot in a lucrative fundraising partnership opportunity with the San Diego Padres.

They were able to carry off this scam in broad daylight for over nine years! A few safeguards along the way – (including, for instance, requiring stadium authorities to actually double-check the applicant's credentials and status as a charity in good standing) – would have caught the problem right off the bat. While it's a local story, this type of cheating is likely being perpetrated at major-league sports venues around the nation that have similar concession profit-sharing programs.

The Role of Nonprofit News

So who was minding the store? Who uncovered the scheme? That takes our travels to Point B: How local nonprofit newsrooms are adding invaluable eyes and ears for charity oversight.

Will Huntsberry, a senior investigative reporter for the nation's first nonprofit newsroom, the *Voice of San Diego*, uncovered this fraud and exposed it in a series of four articles in the final week of August 2023. By that Friday, the game was over for the thieves who had brazenly stolen the identity of a (defunct) youth baseball nonprofit.

Apparently, no one else besides this news sleuth had a whiff of the fraud being cooked up in front of their noses. That would include – perhaps – government charity regulators or others with oversight

or law-enforcement duties who probably had purchased the exorbitantly priced concession fare many times.

Charity Oversight

The next stop is Point C: Which agencies or organizations – in the uncharted government waters ahead – will have *de facto* primary regulatory responsibility for the nation’s charities? Many agencies will be on the chopping block in whole or in part. For over the last decade or so, the Internal Revenue Service – the preeminent tax agency of the federal government – has already had a Congressional (GOP) target on its back. The result: the IRS – and the exempt-organizations function, in particular – has already been gutted.

What about oversight duties in the individual states or localities? How are they going to fare in the turbulent months ahead? State attorneys general are clearly on the ascendancy as key charity regulators, especially as the IRS has been weakened. But these non-federal officials are already overworked and stretched very thin with many responsibilities above and beyond charity oversight. Similarly, local government officials, including district attorneys and law-enforcement personnel, are overwhelmed and have little time or staff to sniff out charity fraud.

Funding Independent News

The final leg of our meanderings takes us to the most important destination. Point D is the protection of democracy by independent news sources not owned or otherwise funded by the for-profit sector.

Whether the purpose of this noncommercial media is to: (1) shine needed sunlight on the nation’s charities, many of which will be called upon in the near future to shoulder greater responsibilities; (2) disseminate information to the general public; and/or (3) establish safe spaces for debate and idea-sharing, the philanthropy community must take center stage in supporting new nonprofit independent news outlets, particularly in the local markets. All three functions are essential to maintaining a viable democracy.

For over a decade or so, there has been groundbreaking activity and planning by philanthropic funders to jump-start a vibrant and extensive nonprofit news operations in the United States. In the current political reality, these efforts should and will move front and center.

Conclusion

We’ll begin in the next post with the promised update to our news coverage from late last summer: [*Some Charity Fraud With Your Hot Dog, Sir?*](#) (September 1, 2023) and [*Charity Fraud & Ballpark Hotdogs: An Update*](#) (September 14, 2023).

Those posts highlighted: (a) how charity fraud – sometimes, as here, involving hundreds of thousands of dollars a year – is far too easy to commit; and (b) how simple it can be to implement a few, common-sense prevention safeguards. and (c) how watchdogs can and should follow-up to ensure compliance.

In four more follow-up articles from October 2023 to just a few weeks ago, Will Huntsberry updated the story to emphasize how watchdogs can and should follow-up to ensure continued compliance. These perpetrators were full of new tricks to try to sneak back into this action.

Mr. Huntsberry has also recently cast his investigative gaze on the outrageous doings of a San Diego foster-care charity and its secretive and suspicious Montana connections.

We'll discuss that story, too, as we edge closer to the 2024 Charity Fraud Awareness Week, coming up November 25 – 27, 2024, from London.

– *Linda J. Rosenthal, J.D., FPLG Information & Research Director*