GENERAL

Nonprofit Newsrooms and Charity Oversight (Part One)

11.21.24 | Linda J. Rosenthal, JD

It was one of our most popular blog posts from 2023: *Some Charity Fraud With Your Hot Dog, Sir?* (September 1, 2023).

There was a scandal at Petco Park, breaking in headlines in the award-winning *Voice of San Diego*, the nation's first nonprofit local newspaper. The crazy-but-true story was *not* about the exorbitant prices of food and drink at the stadium: that was no secret to the Padres fans who willingly shell out big bucks for it every home game during the season.

Instead, what happened was a case of charity fraud: a brazen heist of hundreds of thousands of dollars each year for almost a decade.

We're revisiting this tale now because what looked like a successfully closed case in early September 2023 is not, in fact, over. And the reason we know about it in the first place – and how we also know that the assurances it would be fixed have not been fulfilled – is *solely* because of the diligence of lead investigative reporter, Will Huntsberry. In the thirteen months since then, he has written eight follow-up articles, the latest two just a few weeks ago in late October 2024.

It's always a good time to be reminded that charity fraud is a major challenge for philanthropy. But right now is particularly appropriate: on Monday, the 2024 Charity Fraud Awareness Week kickoff conference will begin in London. There, leaders of the global charitable community, along with top security experts, charity regulators, and law enforcement officials, will meet to assess the latest threats and discuss education and prevention measures as well as loss-mitigation and enforcement

remedies.

Recap

The Padres/Petco Park management has a special program – like similar ones in major-league sports stadiums around the nation – to benefit a select few of the local charitable organizations. It is a highly coveted opportunity: the chance to operate one of Petco Park's concession stands in return for about 9-12% of the profits. Sadly, though, there is not much of a screening process in awarding these lucrative gigs. And there is little or no internal or external oversight during the season.

And so it was that a pair of imposters pretended to be officers of a small, youth-baseball nonprofit, filled out a form or two, and were awarded this gold mine of a chance. It happened over and over in each of nine years.

It may well have gone on much longer but for the sleuthing skills of *Voice of San Diego's* Will Huntsberry. He picked up the scent of something "off." Among the clues was one in plain sight: There was chatter around the stadium – described as almost an "open secret" – that the operator of the most lucrative concession stand at Petco Park was not a legitimate charity at all.

The *Voice of San Diego* probe resulted in four articles, all published in the final week of August 2023, in which Mr. Huntsberry exposed the wrongdoing in great detail.

These headlines – appearing during the height of the season – made it uncomfortable enough for the stadium-management firm to throw these fraudsters out on their ears and promise to immediately fix the screening and oversight process.

It's relevant to note that the region's major newspaper – the for-profit *San Diego Union-Tribune* – slept through the entire story. It had been a tough decade or so for major media in the region. The U-T had been tossed around among the billionaire class; the latest ownership change occurred in that summer of 2023.

Follow-Up Reporting

Will Huntsberry and his crack investigative team did not close their books at that apparent moment of success.

By the following week, he was already hard at work on a follow-up: *Sports Arena Realized Fake Softball Charity Wasn't Real Years Ago* (September 6, 2023). Another local venue's representatives had told the *VOSD* reporter that the wrongdoers who had been exposed in the late August articles in connection with the Petco Park program had been doing the same thing at the Sports Arena in 2015. That management had no trouble identifying them as phonies and tossing them out.

For a year more, *Voice of San Diego* has stayed on the story.

Despite assurances from the billion-dollar firm hired by the Padres and Petco Park for stadium management that they would immediately clean up the program and reform the application and oversight processes, there is no evidence any of it happened. They repeatedly ignored or evaded requests by *Voice of San Diego* for further comment or answers.

The FBI and the San Diego District Attorney's Office apparently opened probes into the matter in the fall of 2023. But another baseball season has since opened and closed without any further word or action from federal or local law-enforcement officials.

Another angle that Will Huntsberry pursued was a lead that this type of for-profit/nonprofit fundraising partnership is popular in sports and entertainment venues around the United States. These programs are ripe for abuse in a variety of ways including labor and tax violations.

And from the Department of Chutzpah comes news that the Petco Park imposters have resurfaced again in 2024, gaining entry to the program under the cover of another – apparently phony – nonprofit.

New Articles Since Fall 2023

The additional articles are listed and linked below. They are collected on a special page on the *Voice of San Diego* website under the title: *Stadium Concessions Investigation*. (This is how to do investigative journalism well!)

- *The Supposed Volunteers Keeping Major San Diego Venues Staffed Are Often Paid Under the Table and Below Minimum Wage* (November 8, 2023)
- *Chula Vista Amphitheater Concessionaire Informed Years Ago that Workers Paid Under Table* (November 15, 2023)
- *The FBI and DA's Office Are Investigating the Stadium Scandals* (December 5, 2023)
- Stadiums Across the Country Are Using a Volunteer Labor System Ripe for Exploitation (December 29, 2023)
- *Padres, Concessionaire Silent on How, or If, Concessions Will Change at Petco this Season* (March 28, 2024)
- *After Fake Charity Departed Petco Park, Former Workers Formed New One with Unclear Mission* (October 21, 2024)
- *Padres Silent on Questionable Nonprofits Operating Concessions* (October 25, 2024)

Conclusion

Instead of a one-off post catching up on the Petco Park charity scandal, we hinted last week that it will be the first in a series: one that – at first blush – may seem unrelated. See *Hot Dogs, Charity Oversight, Nonprofit News, and Democracy* (November 14, 2024).

"You're invited on a small road trip with us over the next few posts," we explained. The journey begins at Point A …" with the latest news on the hot-dog story.

So far, so good.

What's next? Point B: "How local nonprofit newsrooms are adding invaluable eyes and ears for charity oversight." The Petco Park concessions fiasco is not the crime of the century, but – nevertheless – should have been on the radar screen of any number of agencies, officials, or news organizations.

A serious question ahead for all of us concerned about the proliferation of charity fraud is: Who is minding the store? It's clear from this story that, but for the work of the *Voice of San Diego* journalists, the malfeasance here would not have come to light.

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