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BULLETIN THE NEWSLETTER OF VETERANS UNITED FOR TRUTH, INC.

#13

*"VETERANS STANDING UP FOR EACH OTHER"*

4 APRIL 2007

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## VETERANS ARE A GREAT CAUSE ~ FOR SOMEONE OTHER THAN THEMSELVES

Today I received an envelope mailed from Dumfries, VA, \$.09 bulk-rate postage, with a very large, red "CHECK ENCLOSED" stamp on the front. Upon opening it I did indeed find a check for \$2.50 payable "To the bearer or <my wife and me by name, with address>". The stub attached to the check said that it was for the 2007 Annual Fund Drive in my area for [Help Hospitalized Veterans](#), of Winchester CA. It also begged me not to cash it, rather to return it with a donation to their fund.

I was curious, so I went on line and looked the charity up on [Charity Navigator](#). It is there and it's rating was two stars out of four possible – compare to Navy/Marine Corps Relief (4 of 4), Army Emergency Relief (4 of 4), Air Force Aid (3 of 4), and USO (3 of 4). The ratings are based on several facets of organization and finance, but largely on the portion of funds that actually go to the programs they tout, rather than to administration or fundraising. The organization's "Efficiency Rating" was zero stars out of 4.

The entry showed that they used only 60% for their programs and that the rest was spent on administration and fundraising. The entry also said that in 2005 they had raised \$43M, and that they ran a program to give free craft kits to hospitalized veterans. The check was signed by a Roger Chapin, and he was listed as "President, Founder" receiving \$250,000 in salary along with another \$254,000 going to the executive director. Pretty big salaries for a mid-size charity.

I decided to look further and found that Roger, a San Diego resident, also had another charity – [Coalition to Salute America's Heroes](#), where he is listed as "President and co-founder".

According to a [Center for Media & Democracy – Source Watch article](#), which is worth reading in its entirety, there is somewhat more to Roger Chapin than meets the eye. Although the site looks like the site of a completely independent entity,

"the CSAH donation page bears the same logos and information as other CSAH web pages. The web address to make a donation, however, is that for [DonationReport.com](#) (plus an extension code for CSAH).

The connection for the DonationReport.com [website](#) arrives at a [Login](#) page—requiring both a User ID and Password—which belongs to eDonation.com, a member of [The Donatelli Group](#), a fundraising company that has raised campaign funds for the [Republican National Committee](#), [Republican National Convention](#), [Bush-Cheney '04 Inc.](#), [John McCain](#), the [NRA](#) [6], and an exhaustive list of Republican members of the [U.S. Senate](#) and the [U.S. House of Representatives](#), as well as other political organizations.

The Donatelli Group, using its "primary segment" Campaign Solutions, is associated with [Creative Response Concepts](#), the public relations firm that advised [Swift Boat Veterans for Truth](#), the "organization that accused Kerry of inflating his Vietnam War record" during the 2004 presidential campaign.

The Donatelli Group, which produced the RNC website, also created the SWIFTBOATVETSFORTRUTH.ORG website on July 30, 2004, with [Connell Donatelli Inc.](#) (a.k.a. The Donatelli Group) as Registrant. Connell Donatelli Inc. was also listed as both Administrator and the Tech Organization for the Swift Boat Veterans for Truth website. The Coalition to Salute America's Heroes SALUTEHEROES.ORG [website](#) was [registered](#) May 13, 2004, to [Becki Donatelli](#) of The Donatelli Group, who is also the website's administrator. The technical contact is Network Solutions, LLC."

A further search turned up a four-month old Forbes article which is interesting enough to be quoted in full:

### **CHARITY CASE**

William P. Barrett – Forbes - 12.11.06

**Roger Chapin is a man with a cause. A whole bunch of them.**

You mail your \$1,000 donation to what sounds like a worthy cause. What's at the receiving end? Sometimes a tightly run organization that puts almost every dollar spent to work curing disease or feeding kids—one like Juvenile Diabetes Research Foundation or Children's Hunger Fund. **Sometimes an outfit that is not so efficient. To get a glimpse of what goes on in the latter kind of charity, let's drop in on Roger Chapin, a 74-year-old businessman turned fundraiser in San Diego.**

Chapin calls himself a "nonprofit entrepreneur." In the world of charity that normally would be an oxymoron, but for him it is a considerable understatement. Over four decades Chapin has launched upwards of 30 nonprofit charitable or advocacy endeavors, which have, collectively, raised \$400 million. His causes have gone all over the board—disabled veterans, assorted illnesses, decisive action in Vietnam, afterschool programs, government deficit reduction and antidrug efforts. Most have been IRS-certified nonprofits, but some have been little more than a letterhead or a trademark application.

Despite obvious passion that Chapin brings to his cause of the moment, all but two have faded away or merged into others, usually after no more than a few years of existence and modest fundraising. "I shut it down when I believe that I am not having the impact I hoped for, or it is not economically viable," Chapin says, sounding like the for-profit entrepreneur he once was.

Chapin's biggest venture is Help Hospitalized Veterans, a Winchester, Calif. charity that hauled in donations of \$71 million for the year ended in July. HHV's primary mission, as stated on its Web home page: providing free therapeutic arts-and-crafts kits to GIs recovering from injuries. The hobby sets are evidently much appreciated by these veterans. But of every dollar spent in the fiscal year only nine cents went for the kits, plus another five cents for associated overhead and for counselors to visit hospitals and nursing homes. Forty-seven cents of every dollar of spending went toward mailings.

Is sending out junk mail a charitable activity? Up to a point, yes. At least, accounting rules allow Chapin to classify much of his direct-mail operation as furthering "awareness," so that the expense can be chalked up to the charitable mission, as opposed to management or fundraising. This educational mission--costing considerably more than the kits, overhead and counselors combined--is not mentioned at all on HHV's home page, although it is listed elsewhere on the site and in filings.

After inquiries by FORBES and before the latest financials were issued, HHV paid for an outside study of other patriotic-themed nonprofits that concluded HHV could allocate a lot more of its direct-mail costs away from fundraising. Chapin's outside accountant agreed. The efficiency numbers also got a boost from a one-time in-kind donation of communication services. This donation allowed GIs in the Middle East to check via telephone on sports scores. The donation is valued--using retail prices--in HHV's financial statements at \$20 million. Not exactly assistance to the wounded but still counted as both gift revenue and charitable-purpose expense.

Result: Thanks significantly to accounting, HHV's fundraising efficiency--the percent of donations remaining after fundraising--jumped from 59% two years ago to 73% in fiscal 2006. That's still the sixth lowest on the FORBES list, starting on page 202, of the 200 largest nonprofits (overall average: 90%) but finally above the 65% minimum acceptable to the Better Business Bureau. HHV's ratio does top those of other veterans groups: Disabled American Veterans (72%), Paralyzed Veterans of America (69%) and Veterans of Foreign Wars (63%).

At the same time, and for much the same paperwork reasons, HHV elevated its charitable commitment ratio--the share of total expenses spent on the charitable purpose as opposed to what it spends on management and fundraising. A dismal 53% in 2004 has become 68% now, still the fourth-lowest ratio on our list.

The energetic Chapin says HHV puts its financials and full mission on its Web site with no effort to hide anything. It's not fair, he goes on, to highlight HHV on charitable efficiency when its donor base is small givers, when expensive direct mail is the only approach that has worked and the charity spends in one way or another nearly every dime that comes in. "We're just doing what everyone else does," he declares, adding that he hopes his new spruced-up financials will finally earn HHV a favorable rating from charity watchdogs.

Scrutiny is nothing new to Chapin. In 1989 his Citizens for a Drug Free America (one of several he has had sporting the words "drug free") got some bad press for spending \$6.8 million of the \$7.1 million it raised on direct mail. (Chapin says it was an advocacy group and not a charity.) He also drew frowns for moving \$1 million from HHV to two of his drug-free units. (Chapin says drug use was a problem for injured soldiers, too.) Other accounts suggested that a well-publicized program to send gift packs to Desert Storm personnel charged donors too big a markup, coverage Chapin calls unfair.

His only other active nonprofit now is the two-year-old Coalition to Salute America's Heroes Foundation, in Ossining, N.Y. Its stated mission is to raise awareness of the plight of injured veterans returning from the Middle East and to muster resources. Originally this group said it would give houses to needy veterans but, finding real estate expensive, stopped after five and shifted toward more efforts to find jobs.

Unlike HHV the coalition doesn't rely on mailed appeals. Most of the \$17 million it raised last year came from corporations and large donors, including \$2.4 million cash from Chapin's HHV. In the curious accounting of nonprofits this money counted toward HHV's charitable cause and then, handed to the sister organization, boosted the latter's efficiency. The coalition also owes Chapin \$600,000 on a personal loan he made to get it going. Still, that doesn't make the transfer into self-dealing, he says.

At least HHV seems alone in its arts-and-crafts-kits niche. But Chapin has started causes with names like Conquer Cancer and Alzheimer's Now Foundation (drawing a warning to the public from the long-established Alzheimer's Association about "sound-alike organizations"), War on Cancer, Americans United to Conquer Disease, Fix America's Schools, Rescue America's Disadvantaged Children, Basic Skills Learning Program and Let's Beat Deficits. Why jump into fields that have well-established (and more efficient) entities? "I get stirred up about things," he says, adding that in some cases he is hoping increased awareness will generate government support.

Raised in the New York City area, Chapin graduated from Middlebury College in Vermont and spent two years rising to corporal in the Army Finance Corps. Ironic, given his veterans' causes: "I didn't get along very well with the Army," he recalls. One duty was processing GIs returning from abroad; he moonlighted selling them vacuum cleaners.

After mustering out, Chapin moved to San Diego in 1958. He has been at various times a land developer, an insurance marketer, a seller of bulk long-distance service and a toy manufacturer. (Chapin is still an officer of board game maker USAopoly, run by his son.)

His first cause: a grassroots campaign in 1967 pushing a bomb-them-to-hell-or-get-out-of-Vietnam strategy. Chapin started HHV in 1971 after visiting wounded Vietnam vets in a San Diego military hospital. He figures he's been working full-time in nonprofits since the 1980s. It's a living. Last year HHV paid Chapin \$385,000 in total pay, plus another \$110,000 to his wife of 50 years, Elizabeth, who edits an HHV newsletter. Meanwhile, he is planning his newest nonprofit, Citizens to Win the War on Terror.

[http://www.forbes.com/personalfinance/philanthropy/free\\_forbes/2006/1211/198.html](http://www.forbes.com/personalfinance/philanthropy/free_forbes/2006/1211/198.html)

I don't know about you, but I begin to sense that Mr. Chapin is using our veterans to fund a very nice living for himself and a few friends. The sad part of this story is that he gets rave reviews from serving military, I suspect because they don't do the 20 minutes of googling necessary to find out that they might very well be being used.

He certainly isn't going to get a dime from me. Not when less than 1 cent of that dime will end up going to the troops.

**DONOR BEWARE!**