

Nonprofit Ethical Case:

Betraying the Trust of SDWR Clients

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NPA 601: NONPROFIT ETHICAL LEADERSHIP

Fall / 2018

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#Thankful4SDWF

Summary

- This case study examines the Services Dogs by Warren Retrievers Nonprofit organization controversy and lawsuit that emerged in May 2018.
- SDWR was sued by Virginia Attorney General Mark R. Herring. SDWR and Warren (founder & ED) violated the VCPA (Virginia consumer protection act) and the VSOC (Virginia Solicitation of Contributions) law, by misrepresenting to clients, about the Diabetic Alert Dog's testing, training, skills, abilities, and efficacy (Erin, R, 2018). All of the services that would be included in the cost of the dogs and how the dogs could be paid for.
- They also misrepresented to clients how long consumers would have to pay their balances due for their dogs and whether consumers could receive refunds or not.
- Finally, Warren also made specific misrepresentations about his military service and background as well as their partnership with JDRF (Juvenile Diabetes Research Foundation) a charitable organization dedicated to funding type 1 diabetes research.

Autism. Diabetes. PTSD. Seizures.

- [Video](#)

Facts...

- Service Dogs by Warren Retrievers, Inc. is a 501 (c) (3) organization.
- SDWR represents itself as a nonprofit devoted to raising, training, and placing service dogs with individuals who have disabilities specifically diabetes. It offers hope for diabetics and their families that a Diabetic Alert Dog will save them or their family members' lives by identifying and alerting them to blood sugar fluctuations that could become life threatening.
- These individuals and families are told that, if they just raise \$25,000 for SDWR, they will receive a trained Diabetic Alert Dog (DAD) that can detect high and low blood sugar, get help, or even dial 911.
 - In reality, in many instances these hopeful and venerable clients receive poorly trained dogs that are not equipped to help them manage a life-threatening disability and are little more than very expensive pets.
- On the 2015 990 form it was also discovered that SDWR paid \$124,715 to companies owned by Warren for routine expenses like office rental.
- Warren's salary accounted for about 75 percent of the organization's salary expenses in 2016,



...Facts

- The lawsuit against Charles Warren states that he is the executive director, president of the board and chief financial officer. Bylaws of the organization state that he will remain in that position unless removed by a unanimous board vote on material, intentional breach of duty.
 - Warren is the only person who has is making decisions to policies and regulations
- On the SDWR website there was a statement in the biography of Warren that stated the following: “After serving our country as a Marine where he worked and trained dogs, he was diagnosed with type 1 diabetes. It is through his own diagnoses that he decided to train retrievers to give back a quality of life for people with invisible disabilities.”
 - This statement is no longer available on the website and it was reported that all information was false. Warren has never served in the U.S. Marine Corps or any other Military branch.
- Reports show that the partnership with Juvenile Diabetes Research Foundation was also a false statement from Warren.
 - JDRF never endorsed SDWR, and had never partnered with or worked with the org
- As this is an ongoing legal investigation and the media has continued to cycle the story, SDWR released a statement to recover from this exposed unethical behavior: “SDWR will have to get back in the public’s trust. Going forward, it needs to focus on reviewing and amending bylaws, improving the leadership and good governance principles and protecting the rights of the clients as well as restoring any of the clients money that was acquired.”



Compliance

- SDWR and Warren (founder & ED) have violated the VCPA (Virginia consumer protection act) and the VSOC (Virginia Solicitation of Contributions) law
- These laws were broken by misrepresentation to clients about the Diabetic Alert Dog's testing, training, skills, abilities, and efficacy (Erin, R, 2018). Thus, charging clients a fee based on deceit.

SDWR

Until There's A Cure...There's A Dog



Individual Responsibility

- There is one major player to analyze in the case, Charles D. Warren Jr.
- Warren is the epitome of unethical decision making
- From illegally encouraging clients to solicit charitable donations to lying about having served in the military, an individual must lack a complete moral conscience

Organizational Responsibility

- Since there was no balance of power within the leadership of SDWR, it would have had to be a mid-level employee to address the ethical issue
- Given the culture of the org it is our educated guess that mid-level employees did not feel comfortable with whistleblowing in fear of job security.



Systemic Responsibility

- SDWR had a complete lack of financial accountability
- The corruption that took place in the institution had the foundation of exploiting the needs of the medically handicapped.

SERVICE DOGS
Lifetime Training Guarantee

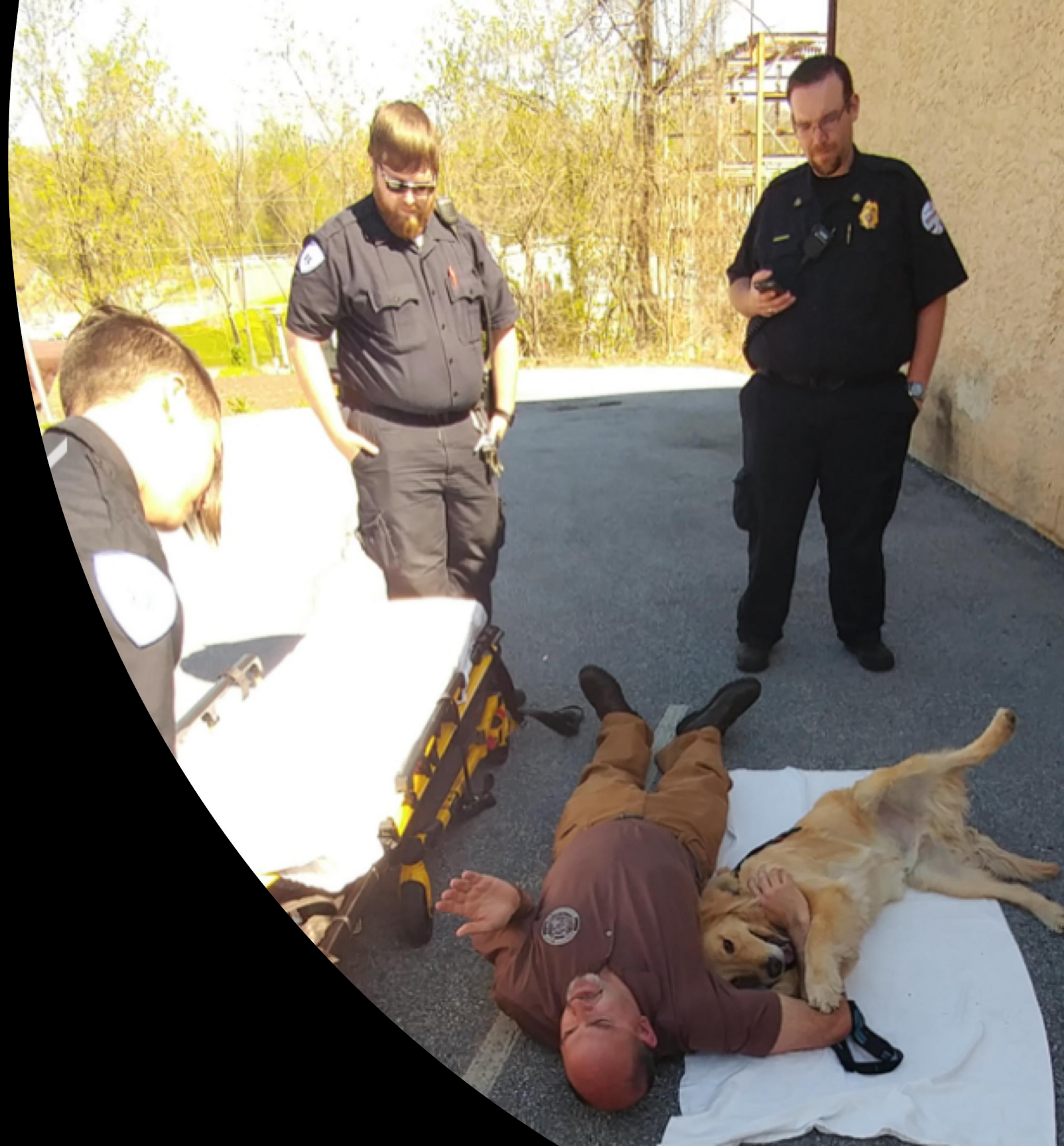
A group of seven fire rescue personnel in blue uniforms stand in front of a white fire truck. The truck has "ALBEMARLE COUNTY FIRE RESCUE" and "OUT OF SERVICE" written on it. A light-colored service dog is sitting in the center foreground. The background shows a parking lot with orange traffic cones.

Stakeholders Analysis

- If a client had a seizure and their service dog was not trained to alert or alleviate the situation it could lead to the **death** of a stakeholder
- For families with autistic children, a veteran with PTSD, or a person with diabetes, there is already a daily struggle, financial burden of an untrained animal could be to the detriment of the stakeholder's lifestyle.

Alternative Solutions

- The current org structure of SDWR made it destined to fail leaving little prevention measures, Warren had an agenda from the get-go
- The original intention of providing service animals is a good intention, SDWR can be salvaged if:
 - Warren is replaced with new leadership
 - There is a board and CFO separate from the CEO so that there is balance power, and source of accountability
 - A rebranding with new logo and org name can relieve the negative connotations leftover from Warren's indiscretions



The background of the slide is a dark, semi-transparent image. On the left, a dog, possibly a Weimaraner, is lying down with its mouth open. On the right, a young child is lying down, looking towards the camera. The overall tone is somber and contemplative.

Questions

1. Should there be regulatory laws established federally that limits the number of positions a single individual can hold at a nonprofit to eliminate a conflict of interest?
2. To whom and to what do you give your loyalty as a person and as a member of the nonprofit?
3. How can you protect the rights of those involved (or your own character) while still maximizing the overall good for all of the stakeholders?
4. What are the specific ethical behaviors that are required of all organizational leaders?
5. Can a good leader have immoral or bad private morality?
6. Ought the leader's view of what is 'right' prevail? Must one have ethical agreement to work together and achieve the mission?

References

Erin, R. (October 25, 2018). *The Unaccountable Nonprofit: A Job for Regulators*. Retrieved <https://nonprofitquarterly.org/2018/10/25/the-unaccountable-nonprofit-a-job-for-regulators/>

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