

Nonprofit Ethical Case:

FLORIDA COALITION AGAINST DOMESTIC VIOLENCE

Gross Misuse of Funds Leads to Dissolution

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NPA 601: NONPROFIT ETHICAL LEADERSHIP

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Summary

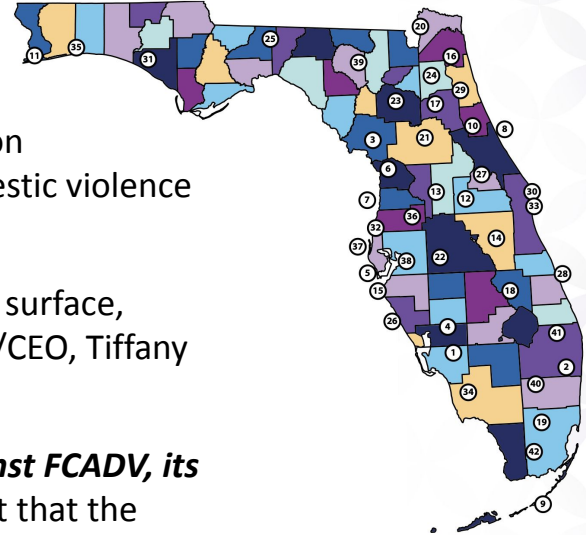
FCADV provided programs and services to support survivors of domestic violence ***beginning in 1979***.

FCADV ***awarded exclusive status as the clearinghouse*** for \$52 million in annual state and federal funds intended to help survivors of domestic violence through 42 centers throughout the state 14 years later in 2003.

By ***2017, reports of serious mismanagement*** within FCADV begin to surface, revealing neglect and excessive compensation paid to the President/CEO, Tiffany Carr, who had served in that role for over 20 years.

In March 2020, the ***Florida Attorney General files a complaint against FCADV, its Foundation, and President/CEO Carr*** individually including a request that the organization be placed in receivership and dissolved; ***Court orders dissolution in May 2020***.

Carr remains at the center of at least a half-dozen lawsuits related to her excessive compensation.





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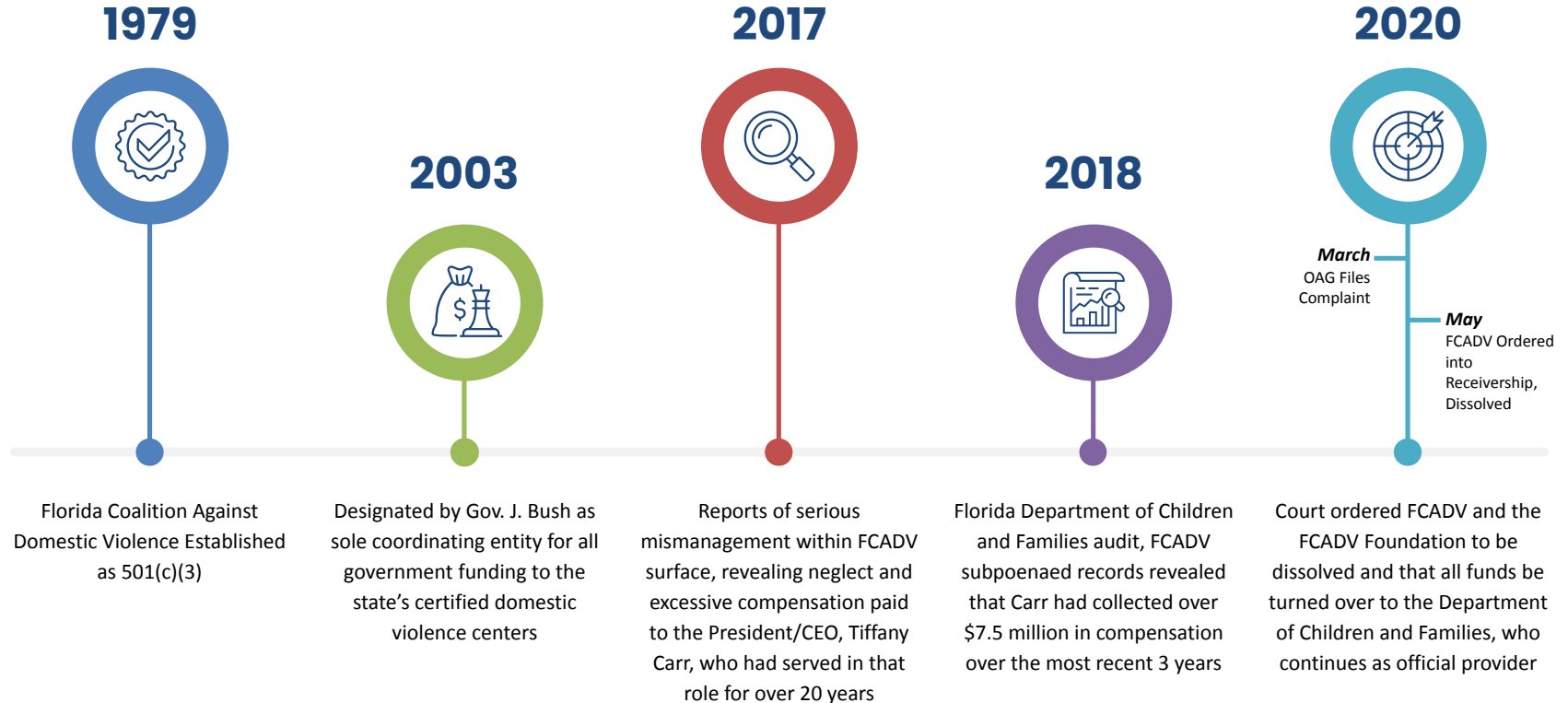
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OUR MISSION

FCADV's mission is to provide quality support, information, and resources to the Florida juvenile justice system.

Facts: Timeline



Facts: Perspectives

“

I saw so much stuff that just wasn't appropriate. It was physically making me sick.

Lisa LeBel

former employee and program recipient

“

I know many, many people who donate hundreds and thousands of dollars to this shelter. If one of those donors walked through the shelter, they would be appalled.

Mental health counselor
at Clearwater facility



“

What's important is that as the state adapts how they award funding, the local programs continue to get reimbursed and the rules for their operations aren't suddenly changed. That could destabilize the local programs and inhibit their ability to provide services.

Allison Randall
National Network to
End Domestic Violence

Compliance



- ***Failed to exercise fiduciary obligations*** that govern nonprofit corporations
- ***Failed to honor contractual obligations*** to the Florida Department of Children and Families, affecting services rendered through state centers
- ***Violated law and the private inurement doctrine*** by misappropriating and misreporting public funds and private donations

Individual Responsibility: President/CEO

- X** Failed to maintain essential operating standards resulting in unsafe and unhygienic facilities
- X** Failed to manage core program resources resulting in a lack of staff and essential counseling and education services
- X** Devised an indirect bonus scheme whereby cash-redeemable paid time off was used to compensate herself and top leadership
- X** Refused to disclose documents to FDA upon initial audit request, until threatened by legal subpoena

Tiffany Carr, President and CEO



Individual Responsibility: Board Members

Angela Diaz-Vidaillet, Board Member



- X** Participated in unethical behavior and corruption; some directly benefited from the fraudulent compensation scheme
- X** Approved CEO compensation package and salary increases by misappropriation of government funds (*individually and collectively responsible*)
- X** Failed to uphold individual fiduciary duties and oversight that directly contributed to the waste of corporate assets and taxpayer funds

Organizational Responsibility



Board Governance

- Conflicts of interest amongst board members, former CEO
- Approval of re-allocation of funds

Unhealthy Organizational Culture

- Approval from leadership/management on misuse of funds
- Understaffing and mismanagement leading to high turnover and whistleblower complaints
- Failure to address employee whistleblower complaints

Systemic Responsibility

Board Transparency

- Accountability for responsible board governance

Government Partnerships

- Reformat accountability policies and standards for grantees, including regularity for audits
- Reevaluate former and current NPO contracts more closely moving forward

Sector Integrity

- Work to regain lost public trust in social nonprofits



Stakeholders Analysis

Program Recipients

- Lack of funds led to decrease in quality of services and number of programs
- Survivors did not receive essential services

Employees

- High dissatisfaction and turnover due to resource mismanagement

Government

- Fueled mistrust of present/future contracts with nonprofits

Donors & Government Grantors

- Monies not used for intended purposes breeds distrust

FCADV Board of Directors

- Lack of leadership led to corruption, dissolution of organization
- Corruption by some Board members tainted the entire governing body

Nonprofit Sector

- Scandal negatively impacts perceptions of social services and broader sector



Remedies

Leadership: Recruitment and training of committed Board members with a demonstrated track record of ethical leadership

Oversight: Review and documentation to ensure compliance of the organization's bylaws and the Board's fiduciary duties

Policies: Enact clear conflict of interest and whistleblower policies and cultivate a culture of accountability and trust

Compensation: Establish clear salary and bonus policies, as well as performance and management systems to ensure fair compensation and to retain top talent

Financial accountability: Complete regular audits of state and federal grant funds



Questions

- (1) Tiffany Carr appointed the FCADV Board, most of whom were directors of domestic violence centers throughout Florida that relied on (and received a greater proportion of) the funds distributed by FCADV. How can these directors avoid conflicts of interest while they serve on the Board?
- (2) Are personal sacrifices of integrity made by the center directors worth some domestic violence survivors receiving needed assistance while funds for others are misappropriated? Explain.
- (3) While Board member expertise in the sector the organization serves can be an asset, how can Board appointments be managed to avoid conflicts of interest?

Questions

- (4) How can an organization like FCADV cultivate a culture of trust where all employees feel that they can report corruption without fear of retribution?
- (5) What role did the DCF play as the governing supervisory agency that was responsible for overseeing the FCADV? What does it say about relationships in the nonprofit sector between service organizations and their large funders (i.e. corporate/government)?
- (6) Should governments create a more “capitalistic marketplace” for nonprofits to compete for funding and partnerships? Or should they partner with only one organization for those services (like DCF & FCADV)? Explain.

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