

# Transparency, Philanthropy, and Disaster Relief

## Introduction

THE PONZI SCHEME orchestrated by Bernard Madoff revealed that major Jewish institutions are not adequately transparent, and innocent individuals and organizations have suffered as a result. In a post-Madoff world, we have become more watchful of our personal finances, no longer allowing others to invest our money without having a clear idea of where it is going. After the loss of so many billions, we must also raise our ethical bar and demand the same transparency for our philanthropic dollars. Now that we've been burned as a community, it is time to refashion our personal and communal standards.

## Jewish Law and Values

Jewish law has very stringent standards for donor transparency. The Torah commands that *tzedakah* have the highest gravity not only in terms of quantity given but also in its distribution: For example, the *Talmud* says that a charity fund must be collected by two people and distributed by three (*Peah* 3:7); it was impermissible for a donor to wear shoes or a sleeved cloak lest he be suspected of hiding some for himself (*Shekalim* 3:2); collective monies were counted 1-by-1 rather than 2-by-2, in order to prevent suspicion in the

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counting process (*Yoreh Deah, Hilkhoh Tzedakah 257:1*); the Rabbis even taught that Moshe himself called others to be present while he did the accounting (*Shemot Rabba, Pekudai 51*). The message is that one must actively take preventative steps to ensure that the process and its executors are completely above suspicion.

Charitable money must be very carefully allocated only by those who take their sacred role in addressing the needs of the vulnerable seriously. Much of the Jewish community has blindly poured funds into charities without demanding transparency. Our culture of trust should be supported by a culture of accountability, and our organizations must be willing to be accountable and subject to public measures of success.

### *Transparency in the Non-Profit Sector*

Even a casual follower of the news cannot avoid seeing some call for transparency in business on a regular basis. What does this concept of transparency connote? Ann Florini of the Brookings Institution defines transparency as “the release of information that is relevant to evaluating those institutions.” To be transparent is to provide information to consumers, donors, or stakeholders that will help inform their choices. Transparency is closely linked to responsibility because maximum information allows stakeholders to measure performance and demand accountability.

Non-profits should be updating their web sites frequently with updated information concerning programming, strategy, and finances, posting annual reports as well as 990s (an IRS letter of determination) and other audited financial statements. Religious institutions are exempt from filing 990s, but after witnessing preventable scandals in the community, the Jewish Funders Network (JFN) has seen the wisdom of enforcing conflict-of-interest policies and becoming more transparent, stating recently that all non-profits should file and make public their 990s. This call for greater non-profit transparency is not only about holding non-profits ethically accountable. This also makes for a stronger and more efficient non-profit sector. Transparency leads to accountability and accountability is necessary for success. Providing more accountability in our philanthropic community will likely lead to a more thriving non-profit sector.

### *Haiti Earthquake 2010*

We all watched in horror when Haiti was struck by last spring’s devastating earthquake. Months later, hundreds of thousands are still living in tents in

refugee camps without sanitation as the devastation and fear continues with little signs of progress. When I was in Haiti, the western hemisphere's 2nd poorest nation, after the earthquake, I was overwhelmed by the lack of accountability. I was there as a representative for the *Disaster Accountability Project*, an organization which calls for transparency in the allocation of donor and government funds for disaster relief; although organizations have received millions of dollars, they have provided little to no information on how that money is used in the disaster area.

The physical, emotional, and spiritual demands on the ground in Haiti are great, and our monetary contributions to the relief effort are imperative. After we give *tzedakah*, we feel comforted, satisfied that we have fulfilled an obligation. The requirement does not end here, however: We must resist the urge to throw money at problems and simply look away.

In Haiti, I regularly noticed signage for American organizations but was unable to locate staff leading their work. Shortly after arriving, the executive director of one relief organization told me that some of the largest recipients of philanthropic dollars are yet to be seen as active partners on the ground. There are very real human needs that need to be addressed – such as food, medicine, sanitation, education, and hope, yet it remains unclear where those dollars are going. Donors often receive appeals in the form of heart wrenching stories, but they don't receive updates on how much of the money is really being spent or how much practical good is being affected. It is unacceptable to request billions of dollars and then neglect to report back. Now is the time to reverse this dangerous trend.

The Department of Homeland Security, FEMA, American Red Cross and other such organizations must ensure that their procedures balance the need for a swift response with the ethical imperative to avoid unwarranted spending, fraud, and excessive overhead. Pouring aid into the wrong channels too quickly can potentially do more harm than good. American food aid often wipes out local agricultural industries, leaving a stricken country less sustainably independent in the long term.

One striking illustration of mismanaged funds in a disaster situation was the response to Hurricane Katrina. The American Red Cross received billions of taxpayer dollars as well as individual donations to aid affected residents of New Orleans. Once again, it has been reported that it is unclear how the money was allocated. While wasting existing resources, the Red Cross demanded more funds even though it did not have the ability or know-how to address the situation. One example of this was the decision to fly in from all over the country nurses who ended up being unlicensed in the state of Louisiana and therefore unable to serve. A system must be put

in place to ensure these billions of dollars are not being wasted, and that they actually assist those in need.

We should begin to demand transparency concomitant to our philanthropic giving. During my visit to Haiti, I met with NGO leaders and urged them to commit to documenting their daily activities. In turn, groups would gain publicity for their work, including on a relief transparency *blog*. Transparency produces higher efficiency and a greater imperative to follow through on commitments, since public scrutiny will lead to greater results. We must contact NGOs we support, demand higher transparency and accountability in their allocation of resources, and press them to share their outputs, outcomes, and measures of success.

Demanding that non-profits offer transparency is not the only thing we can do to help the survivors of natural disasters. I urge you to consider donating more than your money; take the next step and offer your skills on the ground. I was inspired by this possibility by *Tevel B'Tzedek*, one delegation of volunteers I met with that was doing tremendous work. From within one of the largest refugee camps in Haiti, this group, predominantly made up of Israeli therapists, educators, and international development students, is organizing trauma-relief programs, educational and leadership sessions, and community programs for refugees to keep spirits high amidst tensions and stress. The hope and love they provide amidst the foul smell, excessive garbage, bugs, and destitute poverty of the refugee camp is nothing short of heroic. The *American Jewish World Service*, an organization that leads the Jewish community in this work, has allocated serious time and resources to assisting in a sustainable way, as has the *JDC*.

Now, months after the devastating earthquake in Haiti, we must not forget our sisters and brothers still living under intolerable conditions. We must give more generously, but we must also learn from the mistakes of the US government and many NGOs to think more critically about our giving. This means tracking our donation dollars, demanding higher standards for how funds are disbursed, and volunteering in addition to donating. I personally am very worried that the hundreds of thousands currently living in tents in refugee camps will remain in this situation indefinitely if we don't raise the standards of accountability for how government and philanthropic groups are engaging in this crucial relief work. Together, through disaster relief reform, we can positively affect others in their most vulnerable time for generations to come.

## *Conclusion*

Jewish law is adamant that collective funds be handled with significant public transparency. In an era beset with scandal, this is the time to raise our ethical standards on corporate and non-profit governance to ensure that our organizations are being run with transparency, accountability and are being held to the highest metrics of success.

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I would like to thank Rav Ysoscher Katz for his assistance in Torah scholarship, Ben Smilowitz for his assistance in disaster relief accountability, and William Sudry for his assistance in editing. I would also like to thank the Ribbono Shel Olam for granting life, creativity, and a passion for change to all creatures.