

A Triumph for Donor Intent

The Daniels Fund achieves a rare victory

By Martin Morse Wooster

Summary: Sadly, one of the least-seen outcomes in philanthropy is for a donor's wishes to be respected after his death. The Daniels Fund, Colorado's largest foundation, wobbled at first but eventually substituted its donor's intentions for those of its staff.

In November 2003, the Daniels Fund, a three-year old Denver-based charity, announced a dramatic downsizing, closing regional offices in three states and sacking 21 employees—a third of its staff. “We have to operate more efficiently,” foundation president Hank Brown said at the time.¹

Three months later the liberal establishment fired back. The *New York Times* reported on the turmoil. “Had his ashes—combined at his request with those of his beloved cat, Sydney—not been scattered over the Pacific three years ago, Bill Daniels would probably be turning over in his grave.”²

Denver Post columnist Susan Barnes-Gelt also objected, noting that the fund's creator, Robert William “Bill” Daniels, gave millions of dollars in his lifetime to the University of Denver to establish courses in business ethics. Daniels was so generous the university renamed its business school after him.

“Daniels believed that rigorous training in leadership and values were the key to business success,” Barnes-Gelt observed. “Meanwhile ... the Daniels Fund struggles to emulate the



Bill Daniels

charitable struggles of its namesake. The fund's behavior appears more appropriate to a compliance-based widget factory than a charitable foundation.”³

“I think there is politics at play here,” protested Georgetown University philanthropy scholar Pablo Eisenberg. “This is sort of like a right-wing coup.”⁴

Given that Bill Daniels had explicitly told his foundation he never wanted to support liberal causes, it's silly to imagine that the

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Daniels Fund could be “taken over” by the Right. If the foundation was to respect its benefactor’s intentions, it could not continue to drift leftward. Consider that Daniels was a life-long Republican who ran for governor of Colorado in 1974, losing the primary. He gave six-figure contributions to the GOP in at least two presidential contests, and in 1991 hired Neil Bush, son of President George H.W. Bush and brother of President George W. Bush, to work in his company’s Houston office. In addition, Daniels held a campaign fundraiser for the elder Bush in 1987 and in 1990 sponsored a charitable fundraising event hosted by First Lady Barbara Bush and Neil Bush’s wife, Sharon.⁵

In 2003, President George H.W. Bush wrote a preface to a biography of Daniels commissioned by his estate. “If one were to ask me to name someone who exemplified the dynamism of America in the twentieth century,” he said, “I’d be hard pressed to come up with a better example than my old friend, Bill Daniels.”⁶

The true story of the Daniels Fund is that rarest of things—a foundation that has recovered its donor’s intent.

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Beginnings

Robert William Daniels was born July 1, 1920, in Greeley, Colorado. His father was in the insurance business, and like many families, the Daniels struggled during the Great Depression. “My dad was selling life insurance to farmers then, in Omaha,” Daniels said. “Farmers started paying their premiums in chickens and pigs. We lost our house and moved to Council Bluffs, Iowa, where my grandmother had a home with no mortgage. My brother and I had to scrounge around in the woods in the winter, gathering firewood. We couldn’t afford coal.”⁷

Daniels was a wild teenager, and his parents scraped up enough money to send him to the New Mexico Military Institute. To help with tuition, Daniels worked nights.

Daniels never went to college, but went straight from high school graduation in 1941 to fighter pilot training. Commissioned as a lieutenant in 1942, Daniels learned to fly at night and how to land on the pitching deck of an aircraft carrier whose lights had been turned off to avoid detection by the Japanese.

Daniels served in the invasion of North Africa in 1942 and after that in the Pacific, downing 11 enemy planes and receiving the Air Medal, Distinguished Flying Cross, and Navy Cross.

While Daniels served on the USS *Intrepid*, two kamikaze aircraft crashed into the deck. “I was in the ready room, two decks below flight deck,” he later recalled. “The ship was on fire, and one of my squad mates was trapped with his leg half blown off. I had to apply a tourniquet, cut off the rest of his leg, administer morphine, and carry him up two flights to the flight deck for help.”⁸

Daniels carried several other wounded men to safety. His heroism earned him the Bronze Star.

After the war, Daniels returned to the family insurance business. In 1950, he was recalled to duty for the Korean War. After several missions, he returned stateside where he

served a flight instructor. Among his students were pilots who would later become the first members of the Blue Angels, the famous flight demonstration team.

Daniels set up a branch of the insurance business in Casper, Wyoming. While driving to the new locale from New Mexico, Daniels stopped for a meal and had an experience that would change his life.

The bar had a television set on it, showing “Pabst Wednesday Night Fights.” Daniels loved boxing and was a two-time Golden Gloves champion.

“I was shocked,” Daniels said. “I’d never seen a television set before. I boxed as a kid, and I couldn’t believe I was sitting there watching two guys box in New York or Chicago or someplace. I said to myself, ‘Now there is an invention.’ I immediately wanted to know how Denver could get television reception but not little places like Casper.”

In 1952, the Federal Communications Commission had just lifted a four-year freeze on issuing television broadcast licenses. Television was available only in large cities, and Daniels routinely trekked to Cheyenne or Denver to watch boxing on TV.

“I began to think there had to be a way to get TV to little towns like Casper,” Daniels said. “I discovered there were a lot of rich oil men in Casper who wanted to watch TV. They became my stockholders. I got together with a Denver TV engineer, Tom Morrissey, who showed me what had to be done.”

Daniels leased a microwave transmission line from AT&T for \$8,500 a month and raised \$125,000 to post as a bond “because the phone company was sure I’d go broke.” Daniels signed up customers for \$7.50 a month. “It was a big hit. Everyone wanted the service. The stockholders loved it.” He also offered innovations, including one of the first cable news shows, where a camera was pointed at an Associated Press teletype.

Daniels soon found himself at the center of a small but steadily growing industry. He first

operated his cable business as a sideline to insurance, but in 1958 he launched Daniels and Associates to buy and sell cable systems. While not a major investor, as a broker Daniels not only received commission but also usually acquired a five percent stake in the cable system being bought.

Until the 1970s cable systems tended to be located in small, isolated towns like Casper that couldn't receive over-the-air broadcasting signals. But cable systems steadily grew. In 1962 *Business Week* devoted three pages to Daniels, noting that a million homes received cable and that Daniels had successfully brokered a \$10.7 million deal. "At 42, Daniels is at the center of this little-known, but whirling industry."⁹

As larger companies began to enter the field, Daniels acted both as someone with an endless source of suggestions and as someone who would be a constant source of encouragement to other entrepreneurs frustrated by bureaucracy or the strength of entrenched broadcasters.

Liberty Media founder John C. Malone told Daniels biographer Stephen Singular, "Bill was always the guy who put on the suit of armor and went out to do battle with the industries that were our adversaries, whether it was the broadcasters or the telephone companies or whoever. Bill was always upbeat and always positive."

"Daniels had another trait that was rare in any industry, and he used it to great advantage to build his business," says Singular. "He genuinely wanted to see others succeed, even when they were competitors. Success for anyone in cable, he realized, ultimately meant success for all."

It took over a quarter-century before cable became commonplace. Daniels' persuasive abilities were often tested. In a 1982 *Forbes* profile, Daniels said, "I've been thrown out of more banks than any man in the country."¹⁰ But these cable entrepreneurs reaped rewards when larger cities began to refine rules to allow cable operators to establish

franchises in big urban centers, most notably New York City.

A deregulatory policy known as "Open Skies" allowed cable companies to buy time from any satellite operator willing to launch a satellite and sell their services. Before 1970, anyone who had to broadcast anything from one city to another had to buy transmission time from AT&T, which charged punitive monopoly prices.

In 1972, the Federal Communications Commission adopted Open Skies, and by 1975 satellite operators were launching communications satellites. Transmission fees dropped dramatically, making national cable networks financially feasible. By 1980 such cable networks as CNN, ESPN, and C-SPAN—which, remember, stands for Cable Satellite Public Affairs Network—were created.¹¹

As a broker, Daniels helped create most of the major cable networks and owned small percentages (or "equity positions") in most of them. In 1983 the *New York Times* reported that Daniels and Associates had conducted \$4.2 billion in deals. "Though a relative unknown outside the business, the short and wiry 63-year-old Mr. Daniels is practically a legend within cable's ranks—and with good reason. Mr. Daniels has probably worked on more cable deals than anyone else in the business."¹² According to a 1985 profile, Daniels played a role in building all of the top six cable operators in the U.S.—and eight of the top 10.¹³

The rising tide of cable TV success lifted everyone's boats. But two major financial scores made Daniels a billionaire. The first came in 1998, when 24 small cable systems Daniels owned merged with United Artists Communications, enriching Daniels personally to the tune of \$100 million.

A second major windfall came because of Daniels' interest in professional sports. A close friend of Los Angeles Lakers owner Jerry Buss, Daniels owned five percent of the Lakers. In 1985 Buss and Daniels cre-

ated Prime Ticket, the nation's first sports network controlled by the owners of sports teams, which controlled TV rights to Lakers games and Los Angeles Kings hockey matches. Daniels ended up controlling 82.5 percent of Prime Ticket, which he sold in 1994 for over \$200 million.

A *Los Angeles Times* columnist noted that with the Prime Ticket sale, Daniels had a billion dollars, no children, no wife, and no immediate members of his family except for his brother Jack. "So what's he going to do with all his money?" Daniels "says he doesn't know."

But by this time, Daniels was well on the way to deciding to become a major philanthropist.

Creation of the Daniels Fund

As an employer, Daniels was very generous. As his company prospered, he made sure he helped employees who had personal financial crises. "At his memorial service," Shari Caudron observed, "stories were told of employees who received airplane tickets to visit sick family members, clothing for an important event, and rent money during hard times. He even paid for plastic surgery for a receptionist who was very self-conscious because of an eye disorder."¹⁴

Daniels said that "if people feel they are part of the company, if they feel they are part of the action, don't you feel they will produce more?"¹⁵ In 1994, when Daniels sold Prime Ticket, he made sure that \$10 million went to 15 senior vice-presidents and department heads, while an additional \$1 to \$2 million would be divided between 105 less senior employees. "I just want to reward people for a job well done," he said.¹⁶

Daniels was particularly supportive of veterans who worked for him. Vietnam veteran Steve Halstedt began working for Daniels in 1973. Around a decade later, Halstedt came into the office to find a replica of the Vietnam Memorial on his desk with a note from Daniels stating, "Thank you for your service."

“Having been ostracized by my peers when I came back from Vietnam,” Halsted said, “I realized that this was the first time anyone had ever said, ‘Thank you.’ I was very touched by that.”

Daniels was both personally charitable and low-key about his giving. “Often during the winter holidays he went to poor neighborhoods in Denver and secretly left cash on people’s doorsteps or had others do it for him. He worked in soup kitchens, and he handed out food to the indigent so that he could be reminded of all that he had and how little some people got by on. He encouraged everyone who worked for him to be charitable toward the needy.”¹⁷

Although Daniels was generous with his own money, he didn’t believe in government-coerced redistribution of wealth. His Denver mansion, Cableland, featured a collection of elephants—including two giant ones—which reminded his guests which political party he preferred.

“Remember I am a conservative and want no money going to liberal causes,” Daniels wrote in a memo to his foundation board in 1998. “The only thing I have in common with liberals is my concern for the homeless, the poor, and the downtrodden.”¹⁸

During his lifetime, Daniels made two major donations: creating the Young Americans Bank and funding business ethics programs at the University of Denver. The bank was part of Daniels’ effort to teach young people the importance of free enterprise. Daniels never forgot all the trouble he had getting banks to lend him money in the early days. “I was 24 when I first walked into a bank, and I felt as though I was either going to go on trial for murder or go through major surgery.”

“Children want their own accounts, they want to learn about banking, and this will teach them the responsibility of earning money.” Daniels said the goal of the bank was to produce “more responsible, productive adults who are better equipped to utilize the options inherent in our free-enterprise system.”¹⁹

Linda Childears, the current Daniels Fund CEO, was hired by Daniels in 1987 to run the Young Americans Bank. She tells *Foundation Watch* that these regulators, never having seen such an entity, were worried the bank was being created for some sort of hidden reason, perhaps as a way to hide some of Daniels’ profits. She says Daniels told the regulators, “Why do you think I’m trying to make money off of kids?”

The bank began operations in 1987 and has thrived ever since. It is a for-profit entity whose losses are covered by the Daniels Fund. The bank is controlled by the Young Americans Center for Financial Education, a nonprofit that holds entrepreneurship classes for young people and operates Young America-Towne, a program that goes to fifth- and sixth-grade classes and shows young people what it’s like to run a small city.

As for ethics, numerous accounts tell how Daniels insisted on several rules in dealing with clients and staff. Keep a neat desk. Do what you tell clients you will do. And, like many veterans, he stressed the importance of punctuality.

Developer Steve Schuck worked with Daniels over the years on several projects. “Bill was the kind of guy who became friends with everyone he met,” Schuck said in an interview with *Foundation Watch*. “He had this magnetic personality and sincere interest in others. When you met him, you had an immediate sense that he meant what he said.”

Daniels’ proudest moment in upholding business virtues came in 1975. He loved sports, and owned the Utah Stars. But in the mid 1970s Daniels had a financial crisis and couldn’t meet the team payroll. The club folded having played only nine of the 42 home games in the 1975-76 season.

Five years later, Daniels paid back all season ticket holders and creditors with eight percent interest, a move that cost him \$750,000. “I owned a basketball team in Utah and went bankrupt,” Daniels subsequently said. “The banks simply said, ‘Bill, you can’t go any

further.’ I had to look myself in the mirror every morning. I had no legal obligation (to pay) but it bugged my conscience.”²⁰

When Daniels announced his decision to repay season ticket holders in 1980, class action suit plaintiff Charles S. Fox said the reimbursement plan was “a truly Christian act” that “totally satisfies me.”²¹

LaDell Anderson, who coached the Stars for two years when Daniels was owner, said that when Daniels “said something to you, you could take it to the bank. It was very emotional to me to have known a guy like that.”

In announcing a grant to the University of Denver in 1988, Daniels said he hoped students would learn the right way to act in business. “There is virtually no place in the country where young men and women can learn such basic assets as manners, protocol, communication skills, treatment of people, ethics, integrity, respect for others, dress, and all the other qualities that go toward successful business careers for men and women.... In addition, few are taught at a young age the value of giving back to their community and society.”

Initial Problems of the Daniels Fund

In the mid-1990s, Daniels worked on bylaws for the Daniels Fund, which was incorporated in 1997. In many ways Daniels was quite specific about what he wanted. He said his fund would have 11 purposes, but its primary purpose, to which 30 percent of the fund’s grants would be budgeted, would be “providing scholarships and other financial assistance to graduates of high schools” in Colorado, New Mexico, Wyoming, and Utah. Other purposes included supporting innovative education initiatives, helping the homeless and disadvantaged, helping alcoholics and drug addicts recover, assisting the elderly. Another purpose was to fund educational programs “which emphasize ethics and integrity, supporting amateur sports, and specifically supporting the Young Americans Educational Fund and the South Platte River Greenaway Fund.

Most causes were personal ones. For years Daniels dealt with the problems of his aging mother, so his fund supports programs to help the elderly. As a keen amateur boxer, Daniels wanted to support amateur sports. And Daniels was an alcoholic until a horrific night in 1985 when he passed out in a hotel room after drinking two fifths of Scotch. Daniels went to the Betty Ford Center for six weeks to dry out. He stayed sober the rest of his life—and wanted to make sure his fund would help other troubled alcoholics.

Daniels was also emphatic which causes he was not interested in. Daniels barred his foundation from supporting “research of any kind.” His authorized biography says this was “probably because he always gave to programs that actively worked to help people, not to programs that analyzed how to prevent problems.” Also barred were grants to programs that treated AIDS, because Daniels knew that such grants were the focus of many other foundations.

Finally, the Daniels Fund is prohibited from supporting cultural activities. “Most of my giving does not match with symphonies, art, and opera,” Daniels wrote. “I am just not into that. I am into helping people who need help, who are hungry, unclothed, in trouble.”²²

The Years of Crisis

The Daniels Fund is organized in perpetuity. History provides many examples of foundations drifting from a donor’s intent once the people who knew him died. Daniels liked the idea that his scholarships would be awarded for generations. But Childears says, “I don’t think any of us” saw the problems of donor intent inherent in “setting up a foundation this size in perpetuity.”

In March 2000 Daniels died and the Daniels Fund began operations. Its first president, Phil Hogue, had worked for Daniels and Associates as an executive vice president. Hogue, who died in 2007, asked outsiders for help. Hogue, Childears said, “went to experts to see what should be done.... We went to big foundations and hired people with expertise in grants and scholarships.”

Of course, by looking to large foundations for guidance, Hogue ended up receiving advice from a philanthropic establishment that is firmly on the left. He also consulted Harvard’s Hauser Center, whose wealth comes from Gustave Hauser, former chairman of Warner Cable Communications. These experts pointed Hogue towards well-credentialed veteran grantmakers, most of whom were liberals. The Daniels Fund’s new chief operating officer, Jesse King, for example, came from the Rockefeller Foundation, whose divergence from donor intent is chronicled in *The Great Philanthropists and the Problem of ‘Donor Intent.’*²³

Once these high-ranking officials were hired, they in turn hired program officers who also had résumés filled with establishment credentials. “We hired on credentials,” Childears said. But these program officers, too, were on the left.

Two Daniels Fund policies allowed these liberals to get away with quite a lot. Program officers, according to Childears, were allowed to approve grants of up to \$100,000 without board approval. Moreover, they could award multiple grants of under \$100,000 to the same organization without restraint, so organizations they favored would get several grants of over \$90,000 at a time.

Board members knew only about the grants these program officers had approved. They did not know about grantees that had been rejected.

In 2002, Hogue resigned as president of the Daniels Fund for health reasons, although he remained on the board. He was succeeded by Hank Brown, who had been a Republican Senator from Colorado and, like Daniels, had served in naval aviation, volunteering for service in Vietnam.²⁴ According to Childears, in 2002 and 2003 the Daniels Fund board kept getting “wake-up calls” from rejections made by program officers using their unlimited discretion. Rejected grantees alerted the board that the program officers’ decisions didn’t “feel like Bill Daniels.”

One decision made by the liberal program officers was to ban all grants to the Boy

Scouts because of the Scouts’ decision to block homosexuals from membership. The program officers unilaterally nixed funding, even though the board had stated that the Daniels Fund was officially neutral on the issue of gays and the Scouts. “Bill *loved* the Boy Scouts,” Childears said.

A second rejection went to the National Air and Space Museum. In 2002 the museum sought a grant to preserve World War II aircraft. The application was refused because, in the program officer’s words, it was against policy to give grants to preserve “instruments of war.”

The museum wrote back, explaining it wanted to preserve many of the planes that Daniels flew during the war. The museum received a second rejection, stating that the fund’s official policy was not to support preserving objects that “kill people.”²⁵

Another deviation from Daniels’ intentions came with the administration of the Daniels Scholarships. The program officers proposed selecting potential recipients from a college prep program the fund would create and administer. Childears told *Philanthropy* magazine that while the prep program had found “many great candidates ... there was nothing” to suggest that Bill Daniels had favored such a program.

Ultimately the deviations from donor intent proved too much for the board, leading to the November 2003 meeting at which many of the liberal program officers were sacked. The board’s decision had only two dissenters—Phil Hogue and Daniels’ niece, Diane Denish, a liberal Democrat.

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Many thanks.

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With one exception, the fired program officers did not comment on their dismissal. One told a reporter that among the new programs created by the liberals and terminated by the board was one on fighting homelessness that was “reflecting a modern approach to philanthropy that emphasizes targeting donations to go to the root of problems rather than just high-profile giving.”²⁶

The anonymous source did not explain how such “root-cause” philanthropy—where donors give money to groups that hire highly credentialed experts to study the poor and issue reports, rather than give money to organizations that help the poor improve their lives—in any way reflected Bill Daniels’ traditional approach to poverty-fighting.

Recovering Donor Intent

The Daniels Fund made several reforms after 2003. The freedom of program officers to issue unseen rejections and unilaterally approve grants up to six figures was removed. The board now approves all grants and sees all rejections.

The rejection of the National Air and Space Museum grant was overturned. In 2005, the Daniels Fund approved a \$3 million grant to the museum, which has a section of its Sea-Air Operations Gallery detailing Daniels’ career. In addition, the fund supports the Medal Of Honor Foundation, which has created a curriculum that teaches students about medal winners. In 2011, the fund hosted a reception where France’s consul general awarded medals to Denver veterans who took part in D-Day operations.

But more needed to be done to determine what Bill Daniels wanted the Daniels Fund to do. John V. Saeman, a long-time friend of Daniels who served on the Daniels Fund board for over a decade, explained that while Daniels had “very specific instructions” in some aspects of his giving, such as the percentages that would be given to various causes, “those instructions didn’t actually tell us very much about how he saw the world.”

The year before Daniels died, Saeman said he and Daniels’ brother Jack “tried—unsuc-

cessfully—to set up a meeting in which we would sit down and ask Bill questions: ‘What do you mean by this? What do you mean by that?’ But we never got that opportunity.”

So to catalogue its benefactor’s intentions, the Daniels Fund staff spent a great deal of time gathering every letter Daniels wrote. Take, for example, the bylaw clause that states that the fund should provide “financial support to educational organizations that include courses in their curricula which emphasize ethics and integrity, as well as courses which develop skills relating to managerial and societal effectiveness.”

What did Bill Daniels mean by the word *ethics*? As Saeman explained in *Philanthropy* (Spring 2010):

We went through his files, his letters, and, just as importantly, his actions. What kind of a man was Bill? What kind of an ethical posture did he have? The board concluded that Bill was fundamentally a principle-based ethicist. He believed that there are certain principles—man’s integrity, honesty—that are inviolable. He believed in the reality of absolute ethical principles, and the need of all people to follow them. He was known for being extremely honest and fair in business. He made business decisions solely on the basis of what he thought was the right thing to do, not what was in the best financial interest of the company... So the Daniels Fund supports ethics programs—but only if they’re principle-based. If they don’t follow the guidelines of a principle-based ethics program, the Daniels Fund won’t support them. Period.

In 2012, the board adopted a set of principles to ensure that donor intent is preserved. Every Daniels Fund employee and board member has to sign a statement that reads, “The Daniels Fund is committed to ensuring the mission does not drift from that which Bill Daniels originally intended. You, as Directors and Associates, play the single most critical role in this effort... You agree to set aside your personal views or preferences when acting on behalf of the Daniels Fund.

It is the Board and Associates’ responsibility to ensure that the Daniels Fund most effectively fulfills Bill Daniels’ intentions and remains true to his ideals.” The contract concludes, “Yes, as a Director or Associate of the Daniels Fund, I understand everything I have read above and in this document. I am committed to preserving Bill Daniels’ donor intent and I understand the seriousness of this endeavor.”

To aid the board and the staff, the fund has come up with many ways to understand donor intent. Kiosks at the Daniels Fund and elsewhere help people understand Daniels’ life and ideals. The board commissioned a new biography of Daniels that featured documents expressing his donor intent as part of the fund’s bylaws, particularly 10 principles that guided Daniels throughout his life, including loyalty, support for free enterprise, patriotism, and etiquette.

“It is imperative that Directors, Potential Directors, and Associates understand who Bill Daniels was, the charitable purposes he set for the Daniels Fund, and what motivated him throughout his life,” the fund wrote in a statement of its donor intent policy.

Linda Childears noted two additional ways the board tries to preserve donor intent. Once a year, the primary topic at a board meeting is donor intent—what has been done to preserve Daniels’ legacy and what will be done in the future. In addition, all program officers who deal with Daniels Fund programs in New Mexico are sent on a trip to the New Mexico Military Institute to understand the institution that molded Bill Daniels’ character.

Conclusion

Bill Daniels’ donor intent played a part in the 2010 New Mexico gubernatorial race between Republican Susanna Martinez and Daniels’ niece, Democrat Diane Denish.

The Daniels Fund, as part of the commitment in its bylaws to support “innovative educational systems,” has long supported school choice. In the contest, Democrats bashed Martinez for supporting state-funded

vouchers. Republicans responded by noting that Denish, a voucher foe, served 10 years as a board member of a foundation that supported vouchers.

The *Albuquerque Journal* noted that Denish “said she disagrees with voucher programs but could stomach the Daniels Fund donations because they were private money going to other private organizations.”

Denish, who lost the race, said her goal on the board was preserving her uncle’s donor intent. “I loved and respected my uncle,” she said. “We often didn’t agree politically, but by serving on the board I accepted the responsibility of carrying out donor intent.”²⁷

As for the Daniels Fund’s efforts to preserve donor intent, it’s too early to tell if they will work. The philanthropy is only 13 years old, and the strongest drift away from donor intent usually comes around 25 to 30 years after a benefactor dies. But donors can learn at least three powerful lessons from the Daniels Fund story.

First, donors need to put in a great deal of effort to make sure their wishes are followed. The more information a donor writes down about what he wants his foundation to do, the better his wishes can be protected.

Second, the fund’s story provides more evidence that the liberal philanthropic establishment remains hostile to donor intent. Donors should be suspicious of anyone who argues that donor intent can be preserved without explicit instructions from the donor. They should also be wary of hiring anyone who has worked for organizations well known for their hostility to donor intent, such as the Ford, MacArthur, or Rockefeller Foundations, or the Pew Charitable Trusts.

Third, beware the subtle dangers of a credential-happy “professionalism.” Often a professional—a lawyer, say—who has served a family for years is asked to help run the family’s new foundation. Not knowing a lot about philanthropy, this professional then goes to the “professionals” in the field for advice. Those professionals then ensure no one without establishment credentials

ever works for the foundation, which almost ensures the foundation will tilt ever more leftward over time. The better approach is to people a foundation’s board and staff with persons who are philosophically in tune with the donor, whether or not they have Ivy League credentials.

We won’t know for at least another two decades whether or not the Daniels Fund’s pro-donor intent protections have proven effective. But their story already provides valuable lessons for other donors who rightfully worry that the foundations they create will ignore their wishes once they pass away.

This article is excerpted from the forthcoming fourth edition of CRC senior fellow Martin Morse Wooster’s The Great Philanthropists and the Problem of Donor Intent.

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PhilanthropyNotes

Sun Microsystems co-founder **Scott McNealy** thinks other billionaires like **Bill Gates** and **Warren Buffett** should stop giving so much money to charity and instead invest their money in start-ups. If Gates and Buffett had donated to aspiring entrepreneurs instead of the poor, they would have generated many more jobs, McNealy said on **CNBC's** "Squawk Box" show. "Imagine if they had taken their tens of billions of dollars, chopped it up into \$5 million chunks and pledged it to a business plan, sponsored by an MBA graduating from an MBA school with engineers and marketers that he's recruited and they got 50 percent of the company back to the foundation," he said. The wealthy should also pay less in taxes, he said, because the government does a lousy job spending their money, said McNealy, who now focuses on a California-based charity called **Curiki** that provides schools with free textbooks.

Easy come, easy go: Two months after pledging \$250 million to **Centre College** in Danville, Ky.—one of the biggest donations in the history of American higher education—the **A. Eugene Brockman Charitable Trust** reneged. The gift of shares in **Universal Computer Systems Holding Inc.**, which would have doubled the small college's endowment, was contingent on "a recapitalization of the company," but the details of the gift to the endowment "were too complicated to meet the deadlines for a deal last week," the *Wall Street Journal* reports. The money would have gone to a scholarship program at the small college that hosted the national vice-presidential debates in 2000 and 2012. The withdrawal of the donation was "really unusual," said **Betsy Brill**, president of **Strategic Philanthropy Ltd.**, an advisory firm in Chicago.

Nine out of 10 children donate to charity, even if it's just pennies, according to a study by the **Lilly Family School of Philanthropy** at **Indiana University** and the **United Nations Foundation**. The years-long study tracked 903 American children from age 8 to 19, the *Chronicle of Philanthropy* reports. Children whose parents discuss giving with them are 20 percent more likely to donate than children whose parents do not, said report co-author **Debra Mesch**, director of Indiana University's **Women's Philanthropy Institute**.

Goldman Sachs WATCH

Goldman Sachs Group Inc. was rewarded for its consistently solid profitability by being added to the Dow Jones Industrial Average (DJIA) last month. Goldman replaces Bank of America, which has spent five years as part of the blue chip benchmark. S&P Dow Jones Indices LLC, which oversees the DJIA, said Bank of America, Alcoa Inc., and Hewlett-Packard Co. were dropped because their stock prices collapsed.

Swiss labor ministry officials are investigating Goldman's offices in Zurich, where almost all of the company's Swiss-based staff members work, the (U.K.) *Guardian* reports. Inspectors performed an on-site check last month based on complaints from Schweizerischer Bankpersonalverband, a bank employee lobby, that the bank hasn't kept proper records of working hours and overtime. "In Switzerland's finance industry, which generates 6% of the Alpine nation's gross domestic product, the financial crisis has piled additional pressure on employees in a traditionally fast-paced industry," the newspaper reports.