

Misdeeds Large and Small

Three recent scandals show donors cannot be too careful what they fund

By Barbara Joanna Lucas

Summary: *What do these three people have in common? A morbidly obese man hailed by Michelle Obama for setting a good example for Americans by slimming down turns out to be a sex offender. A race-obsessed Black Lives Matter activist turned newspaper columnist insists he's African-American even though he's not. A holier-than-thou Latino actress aims to politically empower fellow Latinos – but only if they're Democrats. These three people have all created or had connections to sketchy non-profit organizations. Donors beware.*

Two of the Left's favorite trump cards to play are (1) to claim a monopoly on compassion and (2) to use a cult of personality to soar above the regular people. Typically, the compassion argument is used to justify massive government programs. Some of the same liberals—in many cases to their credit—still embrace private charity as well. Still, most liberals have an equivocal view of private charity, and given the highly mixed records of some liberal charities, that may be understandable.

This report will examine three striking examples of this phenomenon, involving charities tied to a Hollywood celebrity, to someone who wants to be black, and to someone currently in prison.



Former Subway pitchman Jared Fogle (R) in an undated photo with then-Sen. Barack Obama (D-III.).

Of these three examples, Democratic Party celebrity/activist Eva Longoria is perhaps the best of the worst. Black Lives Matter leader Shaun King's complicated relationship with the truth puts him somewhere in the middle. And clearly the most disgusting example is Jared Fogle, formerly known as the Subway guy, now someone Subway wants to forget about.

Aside from separate personal or legal issues they dealt with, each of these individuals were directly involved in starting nonprofit

January 2016

CONTENTS

Misdeeds Large and Small
Page 1

Philanthropy Notes
Page 8

FoundationWatch

charities and then watching as the organizations become engulfed by ethical questions. Also, to some degree, each expressed their sympathies with the Democratic Party.

Fogle's Fundraising

Jared Fogle had possibly the most astonishing fall of any celebrity spokesman. Becoming the Subway guy in 2000, he was famous for losing 245 pounds by eating only low-fat subs at the fast food chain. His testimonial boosted the restaurant's profile as well as Fogle's image and wallet.

In between the time he burst on the public scene and was hobnobbing with politicians, celebrities, and professional athletes, he posed for pictures with then-Senator and longshot presidential candidate Barack Obama in 2007. President Obama's economy apparently didn't keep Fogle from eating, as he gained 40 pounds by 2010. But Subway used that to its advertising advantage in getting their beloved Jared back into shape. Fogle even ran the New York marathon, finishing in five hours, 13 minutes and 28 seconds.

Editor: Matthew Vadum

Publisher: Terrence Scanlon

Foundation Watch

is published by Capital Research Center, a non-partisan education and research organization, classified by the IRS as a 501(c)(3) public charity.

Address:

1513 16th Street, N.W.
Washington, DC 20036-1480

Phone: (202) 483-6900

Long-Distance: (800) 459-3950

E-mail Address:

mvadum@capitalresearch.org

Web Site:

<http://www.capitalresearch.org>

Organization Trends welcomes letters to the editor.

Reprints are available for \$2.50 prepaid to Capital Research Center.

Fogle, valued at \$15 million, was considered the restaurant industry's most effective advertising brand, according to a study by Technomic's Consumer Brand Metrics in 2013. After he helped double the chain's sales to \$8 billion, Ad Age wrote that "The length and authenticity of Jared's endorsement as a real person who, despite his struggles, has maintained a healthy lifestyle by eating Subway most likely resonates with consumers" (*Los Angeles Times*, Jan. 24, 2014).

Fogle's career seemed mostly apolitical. But then progressives chose to make obesity a key political issue with the likes of first lady Michelle Obama, former New York Mayor Michael Bloomberg, and others on the left who placed trans fats and terrorism at the same threat level.

The first lady recruited Fogle to her "Let's Move!" campaign that tries to fight childhood obesity by encouraging children to eat more fruits and vegetables (*San Jose Mercury News*, Jan. 23, 2014).

In 2014, Subway agreed to spend \$41 million over three years to promote Ms. Obama's healthy eating campaign. Fogle visited the White House and appeared with the first lady at a nearby Subway restaurant in Washington, D.C., along with Olympians Michael Phelps, Nastia Lunkin, as well as New York Giants player Justin Tuck.

A decade before partnering with the first lady, Fogle started the Jared Foundation in 2004, an organization dedicated to ending childhood obesity. Five years later, Fogle installed his then-friend Russell C. Taylor as the executive director. As it turned out, both Fogle and Taylor were similarly repulsive.

The Jared Foundation raised \$2 million in private donations, which it advertised to the public as support that would go toward anti-obesity programs at schools and other organizations to teach healthy eating, exercise, and other nutrition lessons for children.

Except, not a single grant was ever issued (*USA Today*, Aug. 22, 2015).

Records obtained by *USA Today* found that from 2009 through 2013, the foundation's average annual spending was \$73,000 per year, with 60 percent—about \$44,000—going to Taylor's salary, and more than a quarter of the spending unaccounted for. The foundation didn't even manage to pay the \$5 yearly registration fee to the Indiana Secretary of State's office since 2008, the year the Jared Fogle Healthy Lifestyle Nationwide School Grant Program was launched. The grant program was an appendage of the Jared Foundation. The Indiana Secretary of State's office stopped recognizing the Jared Foundation as a nonprofit, although the Internal Revenue Service continued to recognize its existence.

Law enforcement first raided the home of Taylor on April 29, 2015, arresting him on child pornography charges after finding about 400 videos he secretly recorded of minors—ages 9 through 16—changing clothes and showering in his home. After Taylor's arrest, Fogle asserted he was "shocked" and fired Taylor from the post as executive director of the foundation. Taylor survived a jailhouse suicide attempt days after his arrest (*New York Daily News*, Aug. 24, 2015).

Fogle opted to lay low for a while, not tweeting for a month, until he returned to Twitter with a post about the "Top 10 Health Foods."

But as federal authorities investigated Taylor, the trail of wrongdoing led them to Fogle. Fogle's tweeting ended when authorities raided his home on July 7 and seized documents, electronics, and other items. Soon afterwards, evidence surfaced showing he began his infidelities by paying prostitutes around the time of the end of his first marriage but moved on to underage girls years later. According to the federal charges, it was in 2009, after hiring Taylor, that Fogle's

interest in underage girls surfaced. Authorities said Taylor began sharing the images of children with Fogle in 2011. In 2013, after Fogle had remarried and the couple's second child was on the way, Fogle began having paid encounters with underage girls (*USA Today*, Aug. 22, 2015).

More drama was yet to come.

Fogle, on his way to prison, sued Taylor in Marion Superior Court for not repaying a 2014 loan for \$191,000 that Taylor used to buy a home in Wayne Township, Indiana—the same home where some of the secret recordings were made. The total due was \$184,400, according to the lawsuit. Fogle also sued Taylor's ex-wife (*USA Today*, Aug. 31, 2015).

Needless to say, Subway severed its ties with Fogle. Fogle was sentenced in November 2015 to 15 years in prison for possession of child pornography and for traveling across state lines to have sex with a minor. Then in December, Taylor was sentenced to 27 years since he had recorded and distributed the images, and had had encounters with girls as young as 14, according to prosecutors.

The Lying King

There is absolutely nothing wrong about a white person being a leader in the Black Lives Matter movement. Arguably, it's even commendable and principled. The problem for Shaun King is that he doesn't seem to be telling the truth about his racial identity.

Perhaps to build bona fides in his movement, King has told a story of being a victim of a hate crime in high school. But now he's suspected of lying to win an Oprah Winfrey scholarship, while he continued to refer to himself as black or biracial.

In the midst of all this, King started two nonprofit organizations largely contingent on his professed identity: Justice Together and Justice That's All. But as King's various



Eva Longoria with her two friends, Maria Bravo (L) and Alina Peralta (R), at a Global Gift Foundation gala in Paris in 2014.

tales have come unraveled, both groups have disgruntled King's fellow activists.

First in November, a Justice Together letter from 30 activists involved with the organization said, "Despite our collective talent, our hard work, and our commitment to justice, Shaun King made an executive decision to erase the collaborative efforts that State Directors had worked to create, and he effectively closed all state chapters of Justice Together except the chapter in his home state of Georgia."

The letter goes on to say that the complaints aren't personal.

"We understand that the racist opponents of our movement are powerful, and they are organized against the work we are doing on a daily basis. We understand that the goal of these opponents is to fracture our cause and to maintain America's existing system of social and economic control steeped in white supremacy," the open letter explains. "We held a great deal of respect for Shaun King. Honestly, we are grateful that King launched Justice Together, because without that step, we would not have connected as a

team. Ultimately King is a great reporter and motivator, but he lacks the necessary skills to lead a platform like Justice Together."

The letter continues, "He silenced dissent without productive discussion, he removed volunteers for speaking up due to his self-proclaimed paranoia, he repeatedly failed to meet his own timelines for his participation in the work, and he failed to delegate or discuss internally anything of consequence within the organization."

Justice Together included big names on its board such as journalist Glenn Greenwald, actress Gabrielle Union, and notable Black Lives Matter activist Deray McKesson. McKesson resigned from the board.

In November, 13 activists with Justice That's All (JTA) wrote a similar open letter, voicing concern that King's mismanagement could damage the larger Black Lives Matter movement. "He refused to specifically account for where donations went in any verifiable manner," the letter said. "He used JTA's organizational e-mail list to promote his book and solicit contributions for Justice Together. He dismissed people with legiti-

mate criticism of his behavior as ‘trolls,’ to the point that one member presented him with a cease-and-desist letter demanding an end to character attacks.”

“We believe that King’s lack of transparency and accountability give rise to the appearance of impropriety and threaten to undermine the work we’ve accomplished,” the letter continues. “King solicited contributions from JTA, which he explained would allow him to file for non-profit status. This was never done, and King unilaterally shut down JTA’s online collaboration team in December 2014.”

The activists with JTA did not speak out until Justice Together was closed due to similar complaints. Justice Together was registered with the IRS and with the state of Georgia, but Justice That’s All was not.

“The damage he has caused not once, but twice in two years now, is to squander the collective time, labor, energy, passion, and relationships created in the organizations he builds and then dismantles,” the letter said (Daily Caller, Nov. 21, 2015).

King eventually announced he was returning all donations sent to both Justice Together and Justice That’s All. Though it’s not clear how much money the two shuttered organizations raised, an archive of the Justice That’s All website said the group raised \$2,116 from 125 different donors.

“Unfortunately, I am afraid my best intentions have become a hindrance,” King wrote on his Facebook page. “Toward that end, we have refunded every single donation that we’ve ever received (all the way back to September of 2014) and will no longer be accepting donations privately or publicly. We will securely and permanently delete your contact information from all databases” (Daily Caller, Nov. 17, 2015).

King is a former pastor who has become an opinion journalist, first writing for the far-left Daily Kos blog before parlaying that into a job as a columnist (“senior justice writer”) for the more mainstream *New York Daily News*, where he has compared George Washington to Adolph Hitler—the kind of stuff that is par for the course on the Daily Kos site, but would be at least a little stunning to the center-left readership of the *Daily News* (*New York Daily News*, Nov. 20, 2015).

Then there’s another Shaun King charity issue. In 2013 King co-founded a company, Upfront Media Group, and pledged it would send a portion of its profits to the Upfront Foundation. “It was important to us to incorporate a significant way to give back so a percentage of every transaction completed on Upfront will go to the newly formed Upfront Foundation to support the causes that matter most to our influencers, fans, and staff,” King said in a press release.

The Daily Caller explored IRS records and found no records of an Upfront Foundation, while King’s partner with Upfront Media, Ray Lee, said the Upfront Foundation never actually existed. “It was something that was discussed internally, but it was never established,” Lee said. King sold his stake in the company for \$125,000, Lee told reporters (Daily Caller, Nov. 16, 2015).

King first became known for starting the organization called A Home for Haiti in January 2010, after the country suffered a horrendous earthquake. (Hollywood actress Eva Longoria, discussed below, served as spokeswoman for the effort.)

Even that charity was never incorporated with the Georgia Secretary of State, as is required of charities. A Daily Beast article by Goldie Taylor, who has sometimes defended King, reports that while A Home for Haiti claimed to have raised “over \$1 million” for an or-

phanage in Haiti, the Christian group that actually serves children there reported that only \$540,000 was actually raised and that it received only a grant of \$200,000. Taylor concludes her review of King’s numerous charitable enterprises with a demand that King “open his records, stretching back to his disaster relief efforts for Atlanta and Haiti, for independent inspection,” and publish it online (Daily Beast, Dec. 16, 2015).

As various leaders of Black Lives Matter began attacking King in late December, he gave the Daily Beast an unusual self-justification for the messes he’s made: “failure is not fraud.”

King later changed A Home for Haiti’s name to Hopemob, and broadened its mission to being a vehicle that allowed people to use the organization to raise money for their own social causes.

But users said they struggled to obtain the money for their causes until after King departed from the charity. The 2013 IRS 990 form filed from Hopemob listed King’s income at \$166,000, out of \$422,000 in revenue. The organization made 136 grants totaling \$198,787 (Daily Caller, Nov. 16, 2015).

The apparent mismanagement and lack of transparency in the nonprofit world is perhaps the more consequential story behind King, but it’s overshadowed by his bizarre personal narrative that has been subject to change.

Reporting by Milo Yiannopoulos at Breitbart News, by CNN, and by The Daily Beast determined that King’s claims to be biracial were suspect. Blogger Vicki Pate’s site Re-NewsIt first raised the issue, and then news organizations verified that King might have been dishonest about his race.

He had already said his mother, Naomi Kay Fleming, was white. Kentucky public records show his father, Jeffrey Wayne King,

was also white. As the controversy spread, King stepped forward to say the man listed on his birth certificate was not his biological father, and he insisted that his mother had had an affair with a black man. “I have been told for most of my life that the white man on my birth certificate is not my biological father and that my actual biological father is a light-skinned black man. My mother and I have discussed her affair,” King said. He further asserted that he “did not concoct a lie” about his race (The Daily Beast, Aug. 19, 2015).



Shaun King is shown in a screen grab from a YouTube video.

In a long series of tweets, King claimed, “what is happening today is a white supremacist conspiracy.” If that’s the case, then CNN was a part of it, and a key conspirator would have to be the network’s African-American anchorman Don Lemon. “A family member tells CNN that both of King’s parents are white,” Lemon said. Lemon further reported that the high school altercation that King had called a hate crime was indeed racially motivated, but only because King was “a white guy dating a black girl” at a Versailles, Kentucky high school. When Lemon raised the issue with King, “Initially he did not answer but later referred to himself as biracial,” Lemon said. “But then when I asked him if that’s what it shows on his birth certificate I did not hear back from him. No answer on that” (Mediaite, Aug. 20, 2015).

In his series of tweets, King went on to explain a convoluted family situation, saying, “my family, like many of yours, is one big mess,” and “Like many of you, I have siblings I don’t know, siblings I’m estranged from, and a family full of secrets, divorce, affairs, etc.” He added, “No 2 siblings in my family have the same set of parents. We’re all over the place. Some of us are not even blood relatives.”

He assured the public that the confusion arose because most people hadn’t heard of him

until after the Ferguson, Missouri shooting and its aftermath that thrust the Black Lives Matter into the national spotlight.

“Some of the problem here, is that MOST of you (friend & foe alike) have only known me since the day Mike Brown was killed,” King tweeted. He added, “If you have known me from when I was in elementary school at Huntertown Elementary until now, you’ve known me as black or bi-racial.” He sent more than 40 tweets ranting about the topic (Breitbart News, Aug. 19, 2015).

One reason his race matters is because he won the Oprah Scholarship to Morehouse College on the claim he is biracial. That’s a scholarship targeted to minorities, which means another, more deserving minority student missed out on it if King lied about himself. He wrote on Daily Kos on Nov. 1, 2014, “Oprah Winfrey paid my way through Morehouse. The leadership scholarship that I received from her is why I have a college degree today. Five hundred other brothers have the exact same story.”

He also made a living out of being a black activist, including getting jobs with the Daily Kos and *Daily News* to write about racial

issues. He told the magazine *Rebel* in its March 2012 issue that he was the “son of a Caucasian mother and an African-American father.” He described himself on Twitter as “mixed with a black family.”

Even Daily Kos writer Burt Miles has expressed concern, “I’ve seen a number of people on Daily Kos complain that Shaun plays fast and loose with the truth.” Then citing several websites that called King’s claims into question, Miles wrote, “Is there anything to all this, or is it some kind of organized smear campaign? And, if it is a smear campaign, how does it involve so many different sites, publications and individuals?” (Daily Kos, July 24, 2015).

Please remember

Capital Research Center

in your will and estate planning.

Thank you for your support.

Terrence Scanlon, President

FoundationWatch

Another King claim that has many holes is the story that he was beaten up by a group of racists at Woodford High School in Versailles, Kentucky in 1995, which he called one of the first hate crimes reported in that state. The FBI has no record of it in the federal hate crimes registry, and police records of the incident say it was a one-on-one fight (TheBlaze, Aug. 17, 2015). In his book, *The Power of 100*, King said the confrontation left him a “bloody mess on the floor”; he was “physically ruined” after rednecks were “punching him from every angle” and stomped on his “broken body.” A *Forbes* profile on March 28, 2013, repeated the story: “as a fifteen-year-old he was beaten so badly in what was one of the first registered hate crimes in the state.”

Yet the police officer that responded to the case in 1995 had a very different recollection. “Keep in mind I didn’t see any X-rays or anything taken, but when I interviewed him and saw him in the emergency room he was not beaten to a pulp. His injuries appeared to be minor to me,” former Versailles detective Keith Broughton said in an interview with TheBlaze.

Broughton continued, “All of the witnesses described it as a one-on-one fight. Now there was a crowd gathered around, but I assume they were just watching the fight. Only Mr. King and the individual that assaulted him were involved in the altercation. ... There was nothing to indicate this was a hate crime.”

Eva Longoria’s Desperate Charities

Eva Longoria, a former star of “Desperate Housewives,” has used her star power to promote the Democratic Party and progressive causes. For example, the *New York Times* reported that Longoria was among 13 guests that included business and media titans at a White House meeting in February 2015

to plan out the post-presidency of Barack Obama (for more, see *Foundation Watch*, November 2015).

Longoria is the co-founder of the supposedly nonpartisan Latino Victory Project, with the professed goal of increasing the Latino voices in the political dialogue. The other co-founder of the Latino Victory Project was Henry Muñoz, finance chairman of the Democratic National Committee (so much for nonpartisanship). In an interview on the project with Fusion, Longoria named several Latino Democrats, but ignored Sens. Ted Cruz of Texas, Marco Rubio of Florida, and Govs. Susana Martinez of New Mexico and Brian Sandoval of Nevada, all Republicans (*National Review*, May 16, 2014).

Longoria is also a vocal advocate on illegal immigrant rights, opposing Arizona’s Senate Bill 1070 that was signed into law. She was a top bundler for Obama’s re-election campaign, was a campaign co-chair in 2012, and spoke at the Democratic National Convention that year.

The nonprofit she is most identified with is the Eva Longoria Foundation (ELF). While it hasn’t come under scrutiny, it has benefited from a nonprofit that has.

Longoria is also the honorary chair of the Global Gift Foundation, run by her two close friends, Maria Bravo and Alina Peralta. Bravo and Peralta were reportedly using the nonprofit group to provide millions of dollars in business to their for-profit event planning and advertising agencies (*Hollywood Reporter*, Feb. 4, 2015).

In California, the Global Gift Foundation did not comply with the state’s Corporation Code section 5233, which forbids transactions of “unjustified favoritism” in cases “in which one or more of its directors has a

material financial interest” and “results in a benefit” to them, according to the *Hollywood Reporter*.

Longoria has said her two friends are her “gang of girls.” They call her “Evita” and consider themselves her “soul sisters.” The three have posed for pictures with left-wing Supreme Court Justice Sonia Sotomayor and Mexican billionaire Carlos Slim.

The *Hollywood Reporter* says “there’s no doubt” that Longoria’s association with Bravo and Peralta has resulted in undeniable benefit to her own foundation, bringing the organization \$1.3 million in just three years.

Global Gift Foundation is tied to Global Gift Galas, which is involved in establishing events that raise money for other nonprofits. The foundation holds six events per year, which have been attended by major celebrities such as Victoria and David Beckham as well as the notorious Jane Fonda.

The *Hollywood Reporter* added: “The discrepancies between tax documents and Bravo and Peralta’s own accounting raise questions. The big one: Did they present [*The Hollywood Reporter*] with a financial summary that does not fully address how much revenue their Global Gift empire has generated? Since they haven’t turned over audited financial statements, it’s hard to know for sure.”

A Global Gifts press release and news reports of an opulent event in Dubai said the organization’s “live auction raised \$400,000 for good causes.” The *Hollywood Reporter* found the amount raised appeared closer to \$500,000. Of that, the newspaper was able to document that \$166,883 went to two Dubai charities. But it was not clear where the rest went.

For her part, Bravo was in trouble with Thailand's Securities and Exchange Commission in 2001, but was never formally charged with wrongdoing. Her attorney, Andrew Sucker, who also represents her managers at Brillstein Entertainment, stated, "We trust that if Thai authorities were interested in charging Ms. Bravo with a crime or seeking civil actions against her that they would have done so already."

Meanwhile, in Spain, Bravo became the spokesperson for the country's Ashley Madison website in 2011, which makes a business out of adultery for Spaniards. In some level of irony, the company that was built on not keeping vows complained that Bravo "did not honor the full terms of that contract."

Conclusion

Longoria's biggest problem might have been picking her friends. That's clearly not true of the other two subjects of this report. While Fogle and his friend are paying the price for their sickening crimes, they won't likely face any charges for how they ran a nonprofit. Likewise, King's weird string of misinformation about his race has managed to obscure his mishandling of donor dollars.

But for the donor community, these stories drive home once again the need to exercise ceaseless vigilance against misdeeds in the nonprofit sector.

Barbara Joanna Lucas is a freelance writer in Northern Virginia. She blogs at TheSharpBite.blogspot.com.

FW

PhilanthropyNotes

For donors interested in education reform, the **Philanthropy Roundtable** has a new “Wise Giver’s Guide” that focuses on how donors of all religions and none can best support Catholic schools. Those schools, especially in the inner city, often serve mostly poor, non-Catholic students, and they help make the case for school choice: the idea that all students and parents should have the freedom to choose the best schools for their situation, and therefore that all schools should be forced to compete for private and government funds. This guidebook, available at PhilanthropyRoundtable.org, has lots of practical advice for donors who want to join in the innovative progress that has been achieved in recent years by cutting-edge funders like equity-capital pioneer **Russ Carson** of **Partnership for Inner-city Education** and **Rob Birdsell, B.J. Cassin**, and **John Eriksen** of the **Drexel Fund**. As the book’s editor **Karl Zinsmeister** observes, a sector of schooling that not long ago looked in danger of going extinct has been saved by “entrepreneurs who know that competition is the best route to success,” and “donors who are willing to share their wealth with schools that improve lives.”

Sen. **Bernie Sanders**’ (I-Vt.) bid for the Democrats’ presidential nomination has boosted interest in the Marxist group known as **Democratic Socialists of America** (DSA), a 501(c)(3) nonprofit whose full name is Democratic Socialists of America Fund Inc. The *Wall Street Journal* reports that around 10,000 people visited the group’s website the day of the Democratic debate in Las Vegas in October—which is more than six times the normal level of visitors. Since Sanders jumped into the fray in May, new membership applications have jumped by 100 to 200 percent on a monthly basis. “This is a gift from the socialist gods,” said Joseph Schwartz, a DSA vice chairman and Temple University professor. Around 120 people attended DSA’s biennial meeting in Pennsylvania in November, a third more than the previous meeting.

Goldman Sachs WATCH

Goldman Sachs is being sued because it allegedly failed to notice and then covered up a mathematical error that shortchanged investors in Tibco Software Inc. by \$100 million when the company was sold in 2014. “It comes as scrutiny of bankers’ advice, one of the top sources of Wall Street fees and bragging rights in a record year for [mergers and acquisitions] is on the rise,” according to the *Wall Street Journal*. The lawsuit claims Goldman didn’t let Tibco know once it realized a bid for the company was underpriced and that this omission tied the board’s hands at a key moment. Directors are required under the law to seek the best price they can for investors.

In another lawsuit against Goldman Sachs reported by the newspaper, the U.S. Securities and Exchange Commission is alleging that former Goldman employee Yue Han used stolen inside information to trade before client mergers, reaping a \$450,000-plus profit. The SEC obtained an emergency order freezing Han’s assets and accounts he used to conduct the transactions. “If the allegations are true, Han violated our trust and ignored extensive training that he received, so we are pleased that the authorities are pursuing action against him,” a Goldman representative stated.