

Oklahoma City, New York City and Baton Rouge

Remarks of William Josephson

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You might be interested in some of the work of the Charities Bureau that has implications beyond New York. A full description of the jurisdiction of the Bureau is available for those interested. I am told by New York Assistant Attorney General Karin K. Goldman, who is President of National Association State Charities Organization this year, that Louisiana does not have a comparable agency.

1. As a consequence of September 11, Attorney General Spitzer had an opportunity to testify before the House Ways and Means Committee. One of his subjects was cooperation (or the lack of it) between New York and other states' charities regulators on the one hand and the Internal Revenue Service on the other. For example, thanks to the reporting of The New York Times's Judith Miller and others, in 1999 we launched an investigation of the Holyland Foundation, a California nonprofit headquartered in Texas, raising funds in New York and other states allegedly for Palestinian terrorist organizations. We unsuccessfully sought the

Internal Revenue Service's assistance. After September 11, as you know, the President froze Holyland's assets.

The Attorney General has submitted to the Ways and Means Committee draft legislation that if enacted would require cooperation between the states' charities regulators and the Internal Revenue Service. I solicit your support for that legislation. Ms. Beth Vance in Representative Charles Rangel's office is the person to contact.

Our investigation continues now into whether or not Holyland distributed funds to charities overseas and whether or not those funds were used for charitable purposes. Recently, we have also been cooperating with the California Attorney General which is also investigating Holyland.

2. Annually, the Charities Bureau issues Pennies for Charity, a few copies of which are here. It analyzes how much of the funds raised by professional telemarketers actually goes to charity . The average is only about 30 percent, and in some cases the amount is zero.

Because the Supreme Court, in a series of fairly recent cases, has constrained the states charities regulators' efforts to require professional fund-raisers to disclose to the public how much actually goes to charity, we propose the strengthening of our regulations to require charities to bid competitively professional fund-raisers contracts and federal legislation to amend the Internal Revenue Code to limit tax deductions in certain cases to the amount actually received by the charity and to subject charities that are arguably only extensions of for-profit fund-raisers to excise taxes.

3. What I want mainly to talk about today is the impact of September 11 on the philanthropic world in New York and what that could mean for Baton Rouge and any city or town anywhere in the United States.

The Attorney General's personal office on the 25<sup>th</sup> floor at 120 Broadway looked out over the World Trade Center, separated from it only by what used to be a small park which is now a staging area first for rescue and now for construction crews. The Attorney General was in his office with two of the Deputies and a few other staff when the first plane hit the first tower at 8:48 a.m. I joined them very quickly thereafter. When the order to evacuate the building came, I went to the third floor to make sure the Charities Bureau staff were out, which they were. While I was there, the first tower came down, and outside everything turned black. The debris, soot and dust were so great that it was about half an hour before we could safely leave the building. While we were walking towards presumed safety, the second tower came down which forced us to take refuge again. After another hour, I joined hundreds or even thousands of others walking home over the Brooklyn Bridge.

As you all know, the response of Americans to the victims of this tragedy in emotional support and in dollars was unprecedented for its generosity and quantity. The hard task that faced the Attorney General and the Charities Bureau, even before we were finally able to return to our offices on September 24, was to make sure that generosity found its way promptly, efficiently and economically to those in need and to deal with the, mercifully few so far, cases of charity fraud.

I was a member of a small group that, with President Kennedy's brother-in-law, Sargent Shriver, started the Peace Corps in January, 1961. Sarge was attracted to my colleague, Warren Wiggins, and myself by a paper we wrote in December 1960 about how the Peace Corps should be done, if it was to be done. Warren and I were both in the State Department at the time. We called our paper *The Towering Task* after a phrase from President Kennedy's inaugural address.

Forty years later, I found myself confronted with another towering task. I am happy to report that under the Attorney General Eliot Spitzer's leadership a lot has been accomplished, though much of this task still towers above us.

Attorney General Spitzer immediately foresaw the need for information, for the victims, for each charity, and for sharing it among the charities.

Among other things, we brought to New York two remarkable women who helped organize and lead the response of the Oklahoma City charities to the Oklahoma City bombing, Jeanette King, who started out as a volunteer, and Anna Faye Rose, Director of Scholarship Programs and Survivors' Education Fund of the Oklahoma City Community Foundation. I have since also had the pleasure of meeting in New York Nancy B. Anthony, the Executive Director of the Oklahoma City Community Foundation. What the Oklahoma City charities did is best described in the November 9 [Chronicle of Philanthropy](#) and a description of Oklahoma City Communities Network Database that I would be glad to send everyone who gives me their business card.

In brief, they got together. From among the leading citizens of Oklahoma City they selected an impartial chair, they met weekly, they kept minutes of their meetings, they identified the victims, they shared information about their needs and their grants. As short-term need charities fulfilled their tasks, they dropped out. To the extent that medium and long-term needs were not met, the cooperative mechanisms established by Oklahoma City charities are still functioning today.

Attorney General Spitzer, from September 26 on, encouraged the New York charities to follow the Oklahoma City model, to meet regularly to share information, to create a medium for one-stop shopping by the victims, and to share information about whom they were aiding for what purposes and in what amount so as to avoid or minimize duplication and waste.

The primary purpose of the relief effort was to address the needs of the victims and their families as promptly and coherently as possible. Very soon after September 11<sup>th</sup>, with the pro bono help of Silver Stream Software, Quest Communications and Hewlett Packard we launched the WTC Relief Info website ([www.wtcrelief.info](http://www.wtcrelief.info)), which makes it easier for victims to learn what relief is available. To quantify this benefit, the website averages *over 4,500 hits per day* and contains information on and links to *almost 100 direct relief organizations and 100 funders*.

In addition, immediately following September 11<sup>th</sup>, the Attorney General also organized a pro bono group of McKinsey & Co., led by its retired chair, Carter F. Bales, its current head, Peter Flaherty, and André Dua, in charge of the working party; IBM, led by Robin

Wilner and Reg Foster; KPMG, led by Ellen Zimiles. They worked with the largest of the front-line charities to create a victims database. They created a database containing records of approximately 30,000 victims, which became operational on December 14 and is now owned and operated by the 9/11 United Services Group, an umbrella organization formed by 13 major social service organizations in New York City to coordinate charitable assistance. Monsignor Kevin Sullivan, the head of Catholic Charities of the Archdiocese of New York, has been elected chair of the 9/11 United Services Group, which has a small staff headed by a distinguished volunteer, Robert Hurst, Vice Chair of Goldman, Sachs. This is a critical step forward in improving the process.

We are also working with the relief organizations to institute monthly website reporting of the amounts they have raised and spent and the number of victims they have served. Such reporting will allow potential donors and funders to make more informed decisions.

We are also working with the 9/11 United Services Group, the new umbrella charity formed to coordinate the efforts of the various relief organizations, to streamline the application process for victims. A common application form will significantly reduce the time victims have to spend filling out forms and offering proof of identity and eligibility.

I have gone on at some length about this effort because, as has been said many times but is nonetheless true, none of our lives will ever be the same after September 11. What happened in Oklahoma City or New York could happen anywhere, as could and do the natural disasters that suddenly strike from nowhere. If, God forbid, anything should ever happen in

Baton Rouge or anywhere else that is comparable to what happened in Oklahoma City or New York City or the South Dakota/ Minnesota floods or Hurricane Andrew, I hope all of you in this room will immediately remember the Oklahoma City model and follow it, with the improvements that you surely will make to meet your own circumstances.

Our work with respect to the World Trade Center disaster is far from done. As you know, the United States has enacted the September 11th Victim Compensation Fund. It is a damage fund, not a charity fund. Attorney General Spitzer has commented extensively further on its proposed regulations and operations. In this effort the Attorney General is working with the Governor and the Mayor to present joint New York State and City comments.

September 11 victims are still complaining of difficulties getting information and service. Many medium-term and long-term needs are constantly being discovered, and many of these needs will have to be met over many years.

Many difficult issues need to be faced. For example, after the immediate needs of people of who were injured and of the families of people who died are met, should there be means tests for medium and long-term needs? Should the small businesses and unendowed arts organizations whose economies have been shattered by this disaster also be considered its victims? I believe they should be, but at least with respect to the arts organizations the *New York Daily News* has editorially said no.

Preparing for a talk similar to this one that I gave in Rochester, N.Y. in January, I was struck by the survey data reported in the opening pages of the Rochester Area Community

Foundation 2001 Report. I wondered if 53 percent of the people of New York City trust each other as Rochesterians say they do. I felt sure that if 60 percent of the people of Rochester did not in a year attend a single meeting about town or school affairs, the New York City percentage would be higher. No doubt barriers to community involvement in Rochester cited in the report are much more formidable in New York.

On the other hand 33 percent of Rochesterians said that people like themselves can have a big impact on making their community a better place to live. That seemed to me to be a big number, and I wondered, what can we do to build on that?

I have no idea if there are similar survey data for Baton Rouge, and if not, I wonder as I hope you do, what they would show.

Perhaps creating a charitable infrastructure to deal with disaster, if it should ever strike, could be a focal point for Baton Rouge's citizens who want to do something but do not know where to go or what to do from the myriad possibilities.

Why confine the charities' mechanism to major disasters? Small disasters happen to hundreds of deserving people and organizations all the time. Many of those victims do not know where or how to go, and the possible sources of relief do not know about them.

Could Oklahoma City be a model for Baton Rouge and for the Nation as it was for New York?

Thank you for inviting me to come to Baton Rouge.